



PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania

Annual Comprehensive Financial Report
Fiscal Years Ended May 31, 2025 and 2024
With Report of Independent Public Accountants

Prepared by:
Accounting & Financial Reporting Department
Finance Department

PENNSYLVANIA TURNPIKE COMMISSION

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INTRODUCTORY SECTION



October 7, 2025

To the Commissioners and Bondholders of the Pennsylvania Turnpike Commission:

Introduction

The annual comprehensive financial report (ACFR) of the Pennsylvania Turnpike Commission (Commission) for the fiscal year ended May 31, 2025, is hereby submitted. The Commission covenants in the Senior Indenture that it will cause an annual audit to be made of its books and accounts of each fiscal year by an independent certified public accountant. A copy of such audit shall be filed with the Trustee promptly after the receipt by the Commission for such purpose.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Commission. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, changes in financial position, and cash flows of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Commission was created as an instrumentality of the Commonwealth of Pennsylvania (Commonwealth) on May 21, 1937, with powers to construct, operate, and maintain the Turnpike System, and to issue Turnpike revenue bonds, repayable solely from tolls and other Commission revenues. The Commission is considered a discretely presented component unit of the Commonwealth of Pennsylvania. The Commission is composed of five members, one of whom is the Commonwealth of Pennsylvania's Secretary of Transportation. The others are appointed by the Governor with the advice and consent of a two-thirds majority of the Senate.

The Pennsylvania Turnpike Commission (the Employer) maintains an other postemployment welfare plan program (the Plan) for the purpose of providing non-pension other postemployment benefits (OPEB) for employees who meet the age and service requirements outlined in the Employer's plan documents. In accordance with GASB Statement No. 84, *Fiduciary Activities*, the Plan is a fiduciary component unit of the Commission.

The financial statements of the Commission's business-type activities (enterprise fund) and fiduciary activities (fiduciary fund) have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP) as applied to government units. The Commission's enterprise and fiduciary fund financial statements (the financial statements) are presented on the accrual basis of accounting.

Turnpike System

As of May 31, 2025, the Turnpike System is composed of:

- the 359-mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west;
- the 110-mile north/south section identified as the Northeast Extension;
- the approximately 16-mile north/south connection, known as the Beaver Valley Expressway, which intersects the Turnpike Mainline in the southwestern portion of the Commonwealth;
- the approximately 13-mile Amos K. Hutchinson Bypass, which adjoins the Turnpike Mainline near the New Stanton Interchange;
- the completed portion of the Mon/Fayette Expressway project totaling approximately 48 miles;
- a six-mile section of the Southern Beltway from PA 60 to US 22; and
- a 13-mile section of the Southern Beltway between U.S. 22 and Interstate Route 79, which opened on October 15, 2021.

The Turnpike Mainline connects with the Ohio Turnpike at its western terminus and with the New Jersey Turnpike at its eastern terminus. The Turnpike Mainline commences on the eastern boundary of Pennsylvania at the Delaware River Bridge which connects the Turnpike System to the New Jersey Turnpike. A barrier toll, based on the vehicle's number of axles and regardless of distance traveled, is paid at the Delaware River Bridge for those vehicles traveling westbound. Open Road Tolling is utilized from the Delaware River Bridge to gantry T-291 located east of the Reading Interchange (see Open Road Tolling section for further discussion). The closed toll system, based on axles, height and distances traveled, begins at gantry T-291. The Turnpike Mainline traverses the state in a westerly direction generally paralleling the southern border of the state immediately north of Philadelphia and south of Harrisburg to the vicinity of Somerset. West of Somerset, the highway follows a northwesterly direction to the northeast of Pittsburgh and to the Ohio state line, south of Youngstown, Ohio. A barrier toll, by vehicle's number of axles and regardless of distance traveled, is paid at the western most interchange (Gateway) for those vehicles traveling eastbound. The closed toll system begins approximately 30 miles from the Ohio state line at Warrendale.

The Northeast Extension is approximately 110 miles in length and connects the Turnpike Mainline and the area north of Scranton. The Northeast Extension meets the Turnpike Mainline at a point north of Plymouth Meeting and traverses the eastern portion of Pennsylvania in a northerly direction through Allentown and Scranton to its northern terminus where it connects with U.S. Route 6 and Interstate Route 81. Open Road Tolling is utilized for the entire Northeast Extension (see Open Road Tolling section for further discussion).

For additional information, see discussion of the Mon/Fayette Expressway and Southern Beltway in the Capital Improvements Program section of this letter.

The Turnpike System was constructed prior to the development of the National Interstate Highway System and no Federal Highway Trust Fund monies were utilized in the initial construction of the Turnpike Mainline, Northeast Extension, Beaver Valley Expressway or the Amos K. Hutchinson Bypass section of the Turnpike System. However, portions of the Turnpike System have been

designated as Interstate Routes. The Turnpike Mainline has been designated as Interstate Route 276 (I-276) between the area where Interstate Route 95 (I-95) crosses the Turnpike System and the Valley Forge Interchange. With the September 2018 opening of the interchange connecting the Turnpike Mainline with I-95, the portion of the Turnpike Mainline east of the new interchange has been designated as I-95. The Commission received \$241.9 million of federal funding for the I-95 portion of the Turnpike System. The portion of the Turnpike Mainline west of the Valley Forge Interchange to the western terminus at the Ohio state line has been designated as part of Interstate Route 76 (I-76). In addition, the Turnpike Mainline between the New Stanton and Breezewood Interchanges has been designated as part of Interstate Route 70 (I-70). The Northeast Extension has been designated as part of Interstate Route 476 (I-476). Portions of the Beaver Valley Expressway are designated as Interstate Route 376 (I-376).

The Turnpike System was constructed and opened to traffic in sections. The original Turnpike Mainline segment between Irwin and Carlisle was opened in 1940. Ten years later, in 1950, the 100-mile section between Carlisle and King of Prussia was completed and opened. After 1950, construction of new segments of the Turnpike System occurred at more frequent intervals with the Turnpike Mainline segment placed in service as of May 1956. The initial segment of the Northeast Extension between the Turnpike Mainline and the temporary interchange just south of the Lehigh Tunnel was opened in 1955. The final segment, from the temporary interchange to Scranton, was completed and opened for traffic in November 1957.

The Delaware River Bridge, which connects the Turnpike Mainline with the New Jersey Turnpike System, is owned jointly by the Commission and the New Jersey Turnpike Authority.

The Turnpike System has a total of 73 interchanges which connect it with major arteries and population centers along its 565-mile traffic corridor. Thirty-six of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 11 interchanges are situated on the Northeast Extension. The additional 26 interchanges are located on the Beaver Valley Expressway, Amos K. Hutchinson Bypass, and completed segments of the Mon/Fayette Expressway and Southern Beltway.

All Electronic Tolling

On March 16, 2020, in response to the public health concerns resulting from the COVID-19 pandemic, the Commission moved to all-electronic toll (AET) collection, removed toll collectors from toll booths and transitioned to only utilizing Toll-By-Plate (TBP) and E-ZPass toll collection across the Turnpike System. Initially intended to be a temporary response to the impact of the COVID-19 pandemic, the Commissioners, on June 2, 2020, unanimously approved the permanent transition to AET collection operations.

TBP is supplemental to E-ZPass toll collections and utilizes technology where cameras read the license plates of all non-E-ZPass customers, as they pass through each toll plaza or gantry. The registered owner of the vehicle is then invoiced for the assessed tolls. Commencing January 3, 2021, the Commission began imposing an additional toll increase on Toll-By-Plate transactions equal to 45% of the toll that would otherwise be due to cover the additional costs to operate the Toll-By-Plate system versus E-ZPass and to account for partial non-payment of tolls (Revenue Leakage) associated with Toll-By-Plate. The additional 45% charge on all Toll-By-Plate transactions was implemented to encourage increased use of E-ZPass, offset additional operating costs associated with the TBP system and to offset estimated Revenue Leakage. The Commission continues to actively work to address Revenue Leakage due to AET through various initiatives that address customer behaviors and system improvement.

On January 5, 2025, the Commission fully transitioned away from weight-based toll classification to an axle and height under automated vehicle classification system that calculates tolls based on the vehicle's height plus the number of axles. The axle/height classification system has been utilized in eastern Pennsylvania at the Clarks Summit and Keyser Avenue tolling points on the Northeast Extension and also in western Pennsylvania on the Southern Beltway since the spring of 2018. Conversion of the entire Mainline to the axle/height classification provides customers more predictability while reflecting the classification systems of the other roadways they travel. This change eliminates the high costs associated with the maintenance and operation of the scales and increases traveler safety by minimizing the traffic disruption needed to service and replace the scales within the pavement.

With the partial conversion of the System to Open Road Tolling and the conversion of the entire System to an axle/height vehicle classification in January 2025, the Commission implemented a revised toll structure that results in TBP rates that are effectively double those for E-ZPass in order to provide continued coverage for the additional costs to operate the TBP system versus E-ZPass and to account for partial non-payment of tolls ("**Revenue Leakage**") associated with TBP.

Open Road Tolling

On January 5, 2025, the Commission transitioned its toll collection to Open Road Tolling (ORT) on trips east of Reading and on the entire Northeast Extension. ORT is a safer, more convenient way of travel for customers. It is a cashless, free-flowing mode of collecting tolls that operates without traditional toll booths. In an ORT system, tolls are charged electronically as customers drive at highway speeds passing beneath overhead structures, called gantries. The gantries are located between interchanges and contain the cameras and electronic readers required for toll collection. Gantry construction west of Reading is currently underway ahead of the scheduled January 2027 central and western launch on the Mainline. Until ORT fully launches statewide on the Mainline, tolls west of Reading where gantries are not yet operational will continue to be charged to a customer as an interchange-to-interchange trip like they were prior to ORT.

Although implementation of the ORT system has significantly altered the way in which relevant tolls are charged, there is expected to be no net revenue impact to the Turnpike System. Under the segment-based system there is a toll gantry between each interchange, and drivers will be charged a given rate at each gantry they pass through rather than one rate based on entry and exit points. As a result, the number of transactions on the ticket system will increase significantly although gross revenue is intended to remain unchanged on a system-wide basis. The segment-based system represents a simpler toll rate structure with each segment having a set price and no need for a complex matrix of entry-exit combinations. Additionally, the overhead toll gantries on portions of the Mainline where ORT is active eliminate the need for related toll plazas at interchanges, which will be removed and allow for free-flowing traffic like a traditional Interstate highway.

E-ZPass

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the Turnpike System. The benefits of E-ZPass include enhanced safety and convenience for users of the Turnpike System, improved traffic flow and reduced congestion at the Turnpike System's busiest interchanges.

E-ZPass is available on the entire Turnpike System. In addition, Express E-ZPass lanes have been constructed at seven interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. In addition, and as of August 2025, E-ZPass customers traveling in 19 other states that have implemented E-ZPass technology are able to use E-ZPass in those states.

Toll Violation Enforcement

To help ensure the collection of toll revenue due to the Commission, a Violation Enforcement System (VES) has been installed at all E-ZPass interchanges to identify violators (customers who travel through E-ZPass lanes and do not have E-ZPass) and motorists with problem tags that are unreadable. VES enables the Commission to collect appropriate tolls and other additional fees relating to violations. Act 89 and other statutory provisions governing VES and procedures for enforcement and collection provide for enhanced fare evasion measures and criminal penalties pertaining to E-ZPass violators. Under Act 89, motorists who commit or attempt to commit fare evasion on the Turnpike System shall have committed a summary offense and upon conviction, shall be fined a sum between \$100 and \$1,000 in addition to civil penalties that are already in place. Further, upon conviction, motorists who take affirmative action to evade a Turnpike System fare can be found to have committed a misdemeanor of the third degree, punishable by fines ranging from \$3,000 to \$6,500 (depending on the number of offenses), and imprisonment of not more than six months for a second offense.

Revenue generated from the additional fare evasion fines imposed by Act 89 is to be deposited in the Commonwealth's Motor License Fund rather than with the Commission; however, restitution for the full fare is paid to the Commission. Act 165 was signed into law in 2016 and subsequently amended, in relevant part, by Act 112 of 2022, which, among other things, allows for the suspension of vehicle registration for unpaid tolls. Specifically, the vehicle suspension process is triggered by the failure to pay four (4) or more violations or incurring unpaid tolls or administrative fees of \$250. Act 112 also extended the statute of limitations for enforcing unpaid toll violations from three (3) years to five (5) years.

Additionally, Act 165 assists the Commission with the collection of unpaid out-of-state tolls by authorizing the Pennsylvania Department of Transportation (PennDOT) to enter into a reciprocity agreement for purposes of toll collection and enforcement penalties with another state or tolling entity. Effective September 11, 2018, PennDOT and the State of Delaware Department of Transportation, Division of Motor Vehicles (DelDOT) entered into the first reciprocity agreement under Act 165, generally providing that PennDOT and DelDOT will suspend or hold the registration of vehicle upon unpaid tolls, consistent with the laws and regulations of the other state, upon the request of such state.

In January 2018, the Commission began sending notices of possible vehicle registration suspensions under authority from Act 165 and in February 2018, PennDOT began suspending certain vehicle registrations. In April 2018, the Commission also began filing criminal charges against some of the largest toll violators for theft of services.

The Commission's Toll Revenue Enforcement unit (TRE) conducts all internal and external investigations including working with the local District Attorney's Offices in pursuing criminal prosecutions of the Commission's most egregious toll violators. Additionally, the Commission has initiated a pilot program with several local magisterial districts to bring civil cases for unpaid tolls. TRE's efforts are part of the Commission's coordinated toll collection and enforcement and fraud detection efforts.

Work Zone Safety

Signed into law on October 19, 2018, Act 86 of 2018 authorizes the Commission and PennDOT to conduct speed-enforcement operations inside active work zones (Enforcement Zones) using automated speed-enforcement systems and technology (Automated System). By its own terms, the speed-enforcement authorizations set forth in Act 86 expired after five years in February 2024. The Automated System is only used in active Enforcement Zones when proper notice is provided to motorists. The Automated System generates violation notices which are sent, via first class mail, to the registered owners of vehicles that travel 11 mph or more over the posted speed limit in an active Enforcement Zone. A registered owner's first-time violation receives a written warning, the second violation is a \$75 fine and the third and all subsequent violations are a \$150 fine. After a 60-day pre-enforcement pilot period, enforcement began on March 9, 2020. Fines collected pursuant to Act 86 are deposited into a restricted account established in the State Treasury and allocated by the Commission solely for improvement projects and countermeasures to improve the safety in work zones and on highways and to increase awareness of distracted driving and transportation enhancements.

On December 14, 2023, the Commonwealth enacted Act 38, which reauthorizes and permanently extends the Automated System in active work zones and is now known as the Work Zone Speed Safety Cameras (WZSSC) program. The same requirements listed in Act 86 were adopted in Act 38.

Long-Range Financial Planning Process

Annually, the Commission prepares an Operating Budget, a Ten-Year Capital Plan and an Act 44 Financial Plan.

The Operating Budget is an estimate of the expenses to maintain, support and operate the roadway and facilities for the next fiscal year. The fiscal year 2026 Operating Budget was approved for \$459.7 million on May 6, 2025.

The Commission prepares a Ten-Year Capital Plan for its facilities and equipment (exclusive of Mon/Fayette and Southern Beltway projects), consisting of the Highway Program, the Technology Program, Fleet Equipment, and Facilities and Energy Management Operations, which it updates each year. All capital projects are reviewed and prioritized and the most critical and important projects necessary to maintain the Turnpike System in a state of good repair are pursued. The Capital Plan for fiscal year 2026 was adopted by the Commission on May 6, 2025. The adopted Capital Plan calls for an investment of \$8.0 billion, net of federal reimbursements, over the coming decade.

The Act 44 Financial Plan is the Commission's long-range financial plan and incorporates the Operating Budget and the Ten-Year Capital Plan. This long-range financial plan reflects the Commission's commitment to operate and maintain its toll facilities, support a capital investment program at levels consistent with the adopted Ten-Year Capital Plan, and fully fund its Act 44/Act 89 Payments. At the same time, the financial plan assumes the Commission will maintain debt service coverage ratios of at least 2.00x on annual debt service for its Turnpike Senior Revenue Bonds, 1.30x on combined debt service for its Turnpike Senior Revenue and Subordinate Revenue Bonds, and 1.20x for all three of its revenue liens. In addition, a liquidity level equal to at least 10% of operating revenues is assumed to be maintained. These coverage and liquidity targets reflect the Commission's goal to maintain financial flexibility consistent with its credit ratings.

The Commission delivered to the Secretary of the Budget its Act 44 Financial Plan for Fiscal Year 2026 on May 30, 2025.

Capital Improvements Program

Act 61 Projects

In 1985, the General Assembly of the Commonwealth enacted legislation, which among other things, authorized and empowered the Commission to undertake the construction of new projects and to operate them as part of the Turnpike System. This legislation, known as the “Turnpike Organization, Extension and Toll Road Conversion Act,” also known as Act 1985-61 (Act 61), included several groups of projects for the Turnpike System. Act 61 grouped the improvement and extension authorizations into four major groups of projects.

The initial group of projects included, among others, the following, a portion of which have been financed and completed with bond proceeds: the Beaver Valley Climbing Lane; the Downingtown Interchange; the Fort Washington, Willow Grove and Philadelphia Interchanges; the Mid-County Expressway Connection (Montgomery County); the Mon/Fayette Expressway and Southern Beltway; the Beaver Valley Expressway; the Amos K. Hutchinson Bypass [formerly the Greensburg (North-South) Bypass]; the Keyser Avenue Interchanges (Wilkes-Barre/Scranton Area); and an additional tube at the Lehigh Tunnel on the Northeast Extension.

Act 26 of 1991 made certain changes to Act 61 of 1985, by shifting priorities of certain projects and adding provisions regarding new projects. Act 26 also increased the Commonwealth’s Oil Company Franchise Tax by 55 mills with 14% of such increase being dedicated to toll road projects under Act 61.

Act 3 of 1997 appropriated to the Commission annual allocations from the Commonwealth’s Motor License Fund for the purpose of funding capital improvement projects authorized by Act 61.

Act 44 of 2007, P.L. 169, repealed Act 61 but provided that all activities initiated under Act 61 shall continue and remain in full force and effect and may be completed under Act 44.

Please refer to the MD&A (Events That Will Impact Financial Position section) and Note 11 (Commitments and Contingencies) for additional information regarding Act 44 and other related legislation and agreements.

Mon/Fayette Expressway and Southern Beltway

Four projects constructed as part of the Mon/Fayette Expressway are now in operation. One is an approximately six-mile toll road between I-70 and U.S. Route 40 in Washington County. This project was built by PennDOT and turned over to the Commission upon its opening in 1990. The second is an approximately twelve-mile section of toll road from I-68 near Morgantown, West Virginia, to Fairchance, Pennsylvania, which is located just south of Uniontown. The third project is an approximately sixteen-mile section of the Mon/Fayette Expressway from I-70 in Washington County to Pennsylvania Route 51 in Allegheny County, which opened in April 2002. The fourth is an approximately fifteen-mile section from Uniontown to Brownsville, including a 3,022-foot bridge over the Monongahela River, which opened to traffic in July 2012. These four contiguous projects, which total 48 miles from Morgantown, West Virginia to Pennsylvania Route 51 south of Pittsburgh, are now part of the Turnpike System.

On March 21, 2017, the Commission announced that it would stop engineering-design activities on the final 14-mile section of the Mon/Fayette Expressway, extending from Pennsylvania Route 51 to I-376 near Monroeville east of Pittsburgh, in light of the Southwestern Pennsylvania Commission's decision to table the project. On June 26, 2017, the Southwestern Pennsylvania Commission voted to add the final 14-mile segment of the Mon/Fayette Expressway to its long-range plan. This action will allow FHWA to approve changes to the environmental impact statement (EIS), a requirement for construction to commence. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to I-376 are in excess of \$2.0 billion. An EIS re-evaluation was completed for the Mon/Fayette Expressway and approved by PennDOT and FHWA in 2019. Final design is now proceeding on the 14-mile southern section of the Mon/Fayette Expressway. The initial portions of the southern section have been bid and are under construction. The next portion will bid in late-2025. Subsequent portions will be evaluated as funding becomes available. When completed, the Mon/Fayette Expressway will extend from Interstate 68 in West Virginia to I-376 in Monroeville, which is east of Pittsburgh.

The Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to I-376 at the Pittsburgh International Airport. It is comprised of three distinct projects: (1) the six-mile project from I-376 to U.S. 22 (also known as the Findlay Connector) which opened to traffic in October 2006; (2) the 13-mile project from U.S. 22 to Interstate 79 (I-79), which opened on October 15, 2021; and (3) the remaining Southern Beltway project, from I-79 to the Mon/Fayette Expressway, which received environmental clearance in May 2009.

I-95 Interchange

I-95 was completed in 1969 without an interchange connecting it to the Turnpike Mainline. Interstate travelers were required to either by-pass the Philadelphia area entirely or exit the interstate system and navigate a complex system of local roadways to access I-95 again in New Jersey.

The main objectives of the Interchange Project are to improve the linkage between I-95 and the Turnpike Mainline to create continuity in the interstate system, relieve congestion on local roads which are currently used by travelers to make the connection between I-95 and the Turnpike Mainline, create additional capacity on the Turnpike Mainline and I-95 to accommodate the transfer of traffic from the local roadway system, and improve travel times through the interchange area.

The first phase of the Interchange Project included preparatory work and construction of a portion of the interchange between I-95 and the Turnpike Mainline, including northbound I-95 to the eastbound Turnpike Mainline and westbound Turnpike Mainline to southbound I-95. This phase included construction of a new Turnpike Mainline toll plaza and a cashless tolling plaza westbound, which opened in January 2016. The first phase of the Interchange Project was completed and opened to traffic in September 2018. The portion of the Turnpike Mainline from the Interchange Project eastward to the Delaware River Bridge in Bucks County has been redesignated as I-95. The second phase of the Interchange Project will include the completion of the reconstruction and widening of the remaining interchange connectors. The construction of the first section is ongoing which will extend the reconstruction and widening of the Mainline approximately two miles west of the I-95 connection. The next section will be bid in the Spring of 2026. The third phase will be the construction of a new wider bridge over the Delaware River, referenced as the Delaware River Bridge (DRB), replacing the existing bridge. The Commission has completed an alternative analysis for the DRB. In coordination with FHWA, a Supplemental

Environmental Impact Statement will be required and will parallel the preliminary design for the replacement of the DRB. Funding for the initial design costs of the subsequent phases was included in the Fiscal Year 2025 Capital Plan. In collaboration with the New Jersey Turnpike Authority (NJTA), a grant application was jointly submitted in August 2024 for the federal Bridge Investment Program (BIP). The grant request was for \$738.6 million which is 50/50 match and shared equally between NJTA and the Commission. A resubmission of the BIP application was made on June 16, 2025, and to date no selections have been announced.

Economic Outlook

Pennsylvania's economy reflects a mix of opportunities and challenges shaped by its diverse industries, strategic location, shifting demographics, and evolving governmental policies. The real gross state product (GSP) is expected to grow at an average annual rate of 1.5 percent through 2029. Personal income is expected to rise by 4.4 percent annually over the same period.

Pennsylvania's payrolls grew steadily in early 2024, with June seeing a 1.6 percent year-over-year increase, outpacing the national average. The health care and social services sector drove much of this growth, supported by gains in ambulatory care, social services, and nursing facilities. Leisure and hospitality also posted strong job increases, while public-sector payrolls remain below pre-pandemic levels. Construction employment held steady despite high costs and interest rates. Federal investments in infrastructure and industrial projects provided crucial support for the sector. The professional and technical services industry, led by advancements in AI, automation, and biosciences, is a key growth sector, with Pittsburgh emerging as an innovation hub fueled by the state's numerous high-quality research universities.

In the first half of 2024, Pennsylvania's labor force grew by nearly 100,000 jobs, a 1.5 percent increase compared to the previous year. This expansion supported job growth across various sectors, keeping unemployment steady in the mid-3 percent range. Unemployment is expected to rise in the out years. Long-term issues such as an aging workforce, slower population growth, retirements, and limited migration pose challenges. Rural counties continue to face population declines.

Home prices in Pennsylvania have risen in recent years due to limited inventory, but the pace of growth is slowing. In early 2024, the Federal Housing Finance Agency reported a 7.9 percent year-over-year increase in home prices, down from 8.1 percent in late 2023. Single-family home construction remains subdued, but multifamily developments and senior housing projects continue to grow.

Pennsylvania remains the nation's second-largest natural gas producer, primarily from the Marcellus Shale. However, growth in this sector has slowed, driven by a modest decline in natural gas production from previous years, as well as plateauing pipeline capacity and challenges in expanding infrastructure. Coal production, while still significant, continues to decline as demand wanes and energy policies shift. Nuclear energy also plays a vital role in the state's energy mix.

In 2023, Pennsylvania's exports hit a record \$52.9 billion, led by chemicals, electronics, and machinery. Canada and Mexico remain the state's top trading partners. The strong export performance reflects Pennsylvania's robust manufacturing and high-tech industries, which continue to attract global demand.

Pennsylvania's central location and access to major ports drive its transportation and warehousing sectors. The state's proximity to major population centers, along with strong

infrastructure and connectivity, supports a booming logistics industry. E-commerce growth has further boosted demand for warehousing and delivery services, especially in areas like Allentown.

Internal Control

Management of the Commission is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Commission are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Trust Indentures

Operations of the Commission are substantially controlled by the provisions of five separate Trust Indentures (collectively referred to as Indentures):

- A Senior Trust Indenture dated July 1, 1986, which was amended and restated as of March 1, 2001, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- An Oil Franchise Tax Trust Indenture dated August 1, 1998, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Registration Fee Revenue Trust Indenture dated August 1, 2005, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Subordinate Trust Indenture dated April 1, 2008, as supplemented, between the Commission and Computershare Trust Company, N.A., as successor Trustee; and
- A Special Obligation Trust Indenture dated September 1, 2014, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee.

Accordingly, certain activities of the Commission are restricted by these Indentures.

As demonstrated by the statements included in the financial section of this report, the Commission continues to meet its responsibility for sound financial management and compliance with the Indentures.

Other Information

Awards

Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pennsylvania Turnpike Commission for its annual comprehensive financial report (ACFR) for the fiscal year ended May 31, 2024. This was the 37th consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Independent Audit

The Trust Indentures require an annual audit of the Commission's financial statements be performed by independent certified public accountants. The accounting firm of SB & Company, LLC was engaged by the Commission to perform the audit for the fiscal year ended May 31, 2025. The independent public accountants' report on the financial statements is included in the financial section of this report.

Acknowledgments

We wish to express our sincere appreciation to the staff of the Accounting and Financial Reporting and Finance departments whose time and dedicated effort made this report possible.

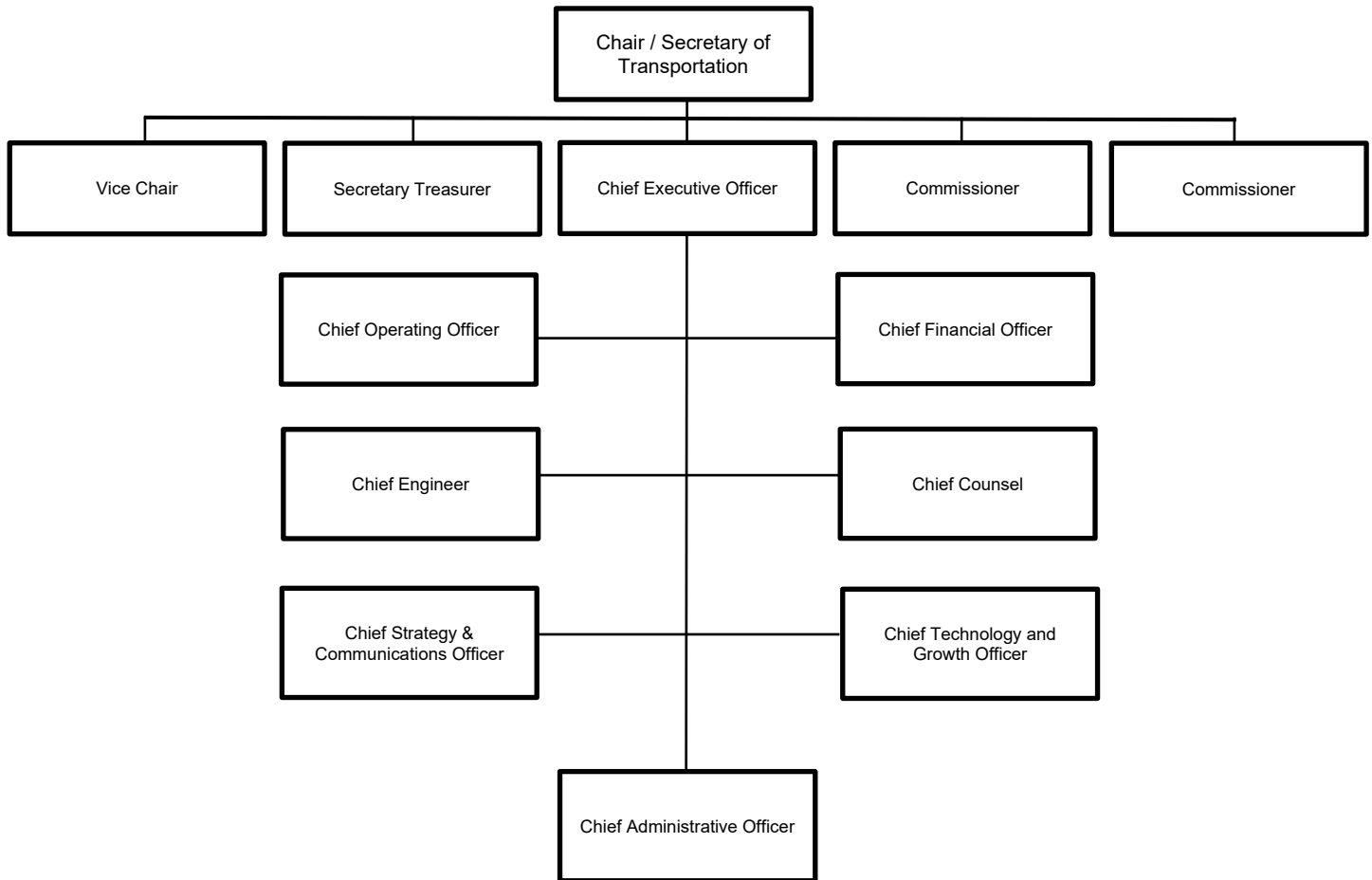
In addition, without the leadership and support of the Commissioners and executive staff of the Pennsylvania Turnpike Commission, preparation of this report would not have been possible.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Organization Chart

As of May 31, 2025



PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

List of Principal Officials

As of May 31, 2025

Title	Name
Commission Chair / Secretary of Transportation	Michael Carroll
Commission Vice Chair	Pasquale T. Deon, Sr.
Commission Secretary Treasurer	Dr. Keith Leaphart
Commissioner	Sean F. Logan
Commissioner	Douglas Farnham
Chief Executive Officer	Mark P. Compton
Chief Operating Officer	Craig R. Shuey
Chief Financial Officer	Richard C. Dreher
Chief Engineer	Bradley J. Heigel, P.E.
Chief Counsel	Doreen A. McCall, Esq.
Chief Technology & Growth Officer	Robert J. Taylor, P.E., PTOE
Chief Strategy & Communications Officer	Kelli E. Roberts
Chief Administrative Officer	Sheri L. Herbst



Government Finance Officers Association

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For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

May 31, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Commissioners
Pennsylvania Turnpike Commission

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Pennsylvania Turnpike Commission (the Commission), a component unit of the Commonwealth of Pennsylvania, as of and for the years ended May 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Commission'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 and fiduciary activities of the Commission, as of May 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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

The Commission's 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 Commission'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 GAAS 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 GAAS, 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 Commission'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 Commission'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, the Schedule of Commission's Proportionate Share of Net Pension Liability – Pennsylvania State Employees' Retirement System – Pension Fund, the Schedule of Commission's Contributions – Pennsylvania State Employees' Retirement System – Pension Fund, the Schedule of Changes in the Commission's Net OPEB Liability and Related Ratios, and the Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program on pages 18 through 33 and pages 123 through 127 be presented to supplement the basic financial statements.



Such information, 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 GAAS, 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 Commission's basic financial statements. The Section Information on pages 128 through 141 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Section 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. Such 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 Section Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections of the Annual Comprehensive Financial Report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Philadelphia, Pennsylvania
October 7, 2025

SB & Company, LLC

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited)
May 31, 2025 and 2024

The management of the Pennsylvania Turnpike Commission (hereinafter referred to as the Commission) offers this narrative overview and analysis of the Commission's business-type (enterprise fund) and fiduciary (fiduciary fund) activities for the years ended May 31, 2025 and 2024, which should be read in conjunction with the Commission's financial statements.

Financial Highlights

- On January 5, 2025, the Commission transitioned its toll collection to Open Road Tolling (ORT) on trips east of Reading and on the entire Northeast Extension. In addition to the transition to Open Road Tolling, the Commission converted its weight-based Vehicle Classification System to an Axle/Height Vehicle Classification System ("A/H") across the entire System. Although implementation of the ORT system, along with the conversion to an A/H system, has significantly altered the way in which relevant tolls are charged, there is expected to be no net revenue impact to the System.

Overview of the Basic Financial Statements

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the Commission's enterprise and fiduciary fund financial statements (the financial statements). While the Commission is considered a discretely presented component unit of the Commonwealth of Pennsylvania (Commonwealth), it is also an enterprise fund. Therefore, the Commission's financial statements are presented in a manner similar to a private-sector business and have been prepared according to accounting principles generally accepted in the United States of America (U.S. GAAP). All of the current year's revenues are recorded when earned and expenses are recorded as they are incurred, regardless of when the cash is received or disbursed.

The Statements of Net Position present information on all of the Commission's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the differences being reported as net position. Over time, increases or decreases in net position serve as a relative indicator of the change in financial position of the Commission.

The Statements of Revenues, Expenses, and Changes in Net Position show the result of the Commission's total operations during the fiscal year and reflect both operating and nonoperating activities and capital contributions. Changes in net position (increases or decreases) reflect current year activities and the impact on the overall financial position of the Commission.

The Statements of Cash Flows provide a detailed analysis of all sources and uses of cash. The direct method of cash flows is presented, along with a reconciliation of operating income to net cash provided by operating activities. The Statements of Cash Flows are divided into the following activities sections – operating, investing, capital and related financing, and noncapital financing.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2025 and 2024

Overview of the Basic Financial Statements (*continued*)

The Pennsylvania Turnpike Commission (the Employer) maintains an other postemployment welfare plan program (the Plan) for the purpose of providing non-pension other postemployment benefits (OPEB) for employees who meet the age and service requirements outlined in the Employer's plan documents. In accordance with GASB Statement No. 84, *Fiduciary Activities*, the Plan is a fiduciary component unit of the Commission. Fiduciary funds are used to account for resources held for the benefit of parties outside the Commission.

The Statements of Fiduciary Net Position present information on all of the Plan's assets, liabilities and fiduciary net position. Over time, increases or decreases in fiduciary net position serve as a relative indicator of the change in the financial position of the Plan.

The Statements of Changes in Fiduciary Net Position present information about the Plan's additions to, deductions from, and net increase (or decrease) in fiduciary net position. Changes in fiduciary net position (increases or decreases) reflect the current fiscal year's impact upon the overall financial position of the Plan.

Notes to the financial statements contain information and offer explanations to the financial statements. The notes are intended to assist the reader in understanding the Commission's financial statements.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis

Comparative Condensed Statements of Net Position

	May 31		
	2025	2024	2023
	(In thousands)		
<i>Assets and deferred outflows of resources</i>			
Current assets	\$ 2,343,073	\$ 2,391,139	\$ 2,239,543
Noncurrent investments	939,095	824,356	1,037,627
Capital assets, net of accumulated depreciation/amortization	8,403,393	7,865,701	7,170,340
Other assets	274,655	247,510	178,831
Total assets	11,960,216	11,328,706	10,626,341
Total deferred outflows of resources	321,490	417,115	399,559
Total assets and deferred outflows of resources	12,281,706	11,745,821	11,025,900
<i>Liabilities and deferred inflows of resources</i>			
Current liabilities	1,159,632	1,247,630	1,284,002
Debt, net of unamortized premium	17,299,379	17,018,142	16,566,893
Net pension liability	283,823	296,572	331,574
Other noncurrent liabilities	65,402	57,542	108,645
Total liabilities	18,808,236	18,619,886	18,291,114
Total deferred inflows of resources	458,150	455,566	318,876
Total liabilities and deferred inflows of resources	19,266,386	19,075,452	18,609,990
<i>Net position</i>			
Net investment in capital assets	(1,274,378)	(1,328,484)	(1,470,936)
Restricted for construction purposes	183,604	279,321	320,558
Restricted for debt service	85,251	91,275	84,920
Restricted for OPEB	202,693	173,457	109,651
Unrestricted	(6,181,850)	(6,545,200)	(6,628,283)
Total net position	\$ (6,984,680)	\$ (7,329,631)	\$ (7,584,090)

The Commission's total net position increased \$345.0 million and \$254.5 million for the fiscal years ended May 31, 2025 and 2024, respectively. This increase in net position is mainly the result of increased fare revenues and investment earnings offset by increases in cost of services and interest and bond expenses. See later paragraphs for more detail on the changes in revenues and expenses.

Restricted net position is restricted for construction projects and debt service as defined in Trust Indentures and applicable bond issue official statements. As the Employer of the OPEB Plan, the Commission's net OPEB asset is also considered restricted net position.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2025 and 2024

Financial Analysis (*continued*)

Comparative Condensed Statements of Net Position (*continued*)

The Commission's total assets and deferred outflows of resources increased by \$535.9 million in fiscal year 2025. This 2025 increase is related to increases in capital assets of \$537.7 million as well as the increases in cash and investments of \$46.1 million. These increases were offset by a decrease in deferred outflows of resources related to OPEB of \$44.5 million. The increase in capital assets is mostly related to capital asset additions of \$971.3 million, offset by \$432.8 million of depreciation/amortization expense. The increase in cash and investments is primarily related to proceeds from bond issuances and toll revenues. The decrease in the deferred outflows of resources related to OPEB is due to differences between projected and actual investment earnings as well as differences between expected and actual experience used in the most recent actuarial valuation. See Note 13, OPEB, for additional information regarding OPEB.

Total liabilities and deferred inflows of resources increased by \$190.9 million in fiscal year 2025. The increase for fiscal year 2025 was mainly related to a \$209.1 million net increase in total debt which was related to \$2,392.4 million in bond issuances/proceeds (\$2,163.6 million principal; \$228.8 million net premium) and \$12.5 million in bond accretions offset by \$2,195.8 million reduction in total debt (\$322.6 million principal payments and \$1,873.2 million resulting from debt refundings/defeasances and amortization of premiums/discounts). See Note 9, Debt, for additional information regarding debt activity.

The Commission's total assets and deferred outflows of resources increased by \$719.9 million in fiscal year 2024. This 2024 increase is mostly related to increases in capital assets of \$695.4 million as well as the increases in the net OPEB asset of \$63.8 million and deferred outflow of resources from OPEB of \$76.1 million. These increases were offset by a decrease in cash and investments of \$82.8 million. The increase in capital assets is mostly related to capital asset additions of \$1.1 billion, offset by \$417.0 million of depreciation/amortization expense. The increase in the OPEB related items are the result of changes in assumptions and an increase in our deferred outflows of resources due to differences between expected and actual experience used in the most recent actuarial valuation. See Note 13, OPEB, for additional information regarding OPEB. The decrease in cash and investments is primarily due to the spend down of Oil Franchise Tax 2021 Series AB Construction funds.

Total liabilities and deferred inflows of resources increased by \$465.5 million in fiscal year 2024. The increase for fiscal year 2024 was mainly related to a \$334.4 million net increase in total debt and a \$111.4 million increase in deferred inflow of resources from OPEB. The increase in debt is primarily related to \$1,117.4 million in bond issuances offset by \$481.3 million of refundings and \$294.0 million of principal payments. See Note 9, Debt, for additional information regarding debt activity. The increase in the deferred inflow of resources from OPEB is the result changes in assumptions used in the most recent actuarial valuation. See Note 13, OPEB, for additional information regarding OPEB.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2025 and 2024

Financial Analysis (*continued*)**Comparative Statements of Revenues, Expenses, and Changes in Net Position**

	Year ended May 31		
	2025	2024	2023
	<i>(In thousands)</i>		
<i>Operating revenues</i>			
Fares	\$ 1,720,694	\$ 1,608,793	\$ 1,540,705
Other	59,318	58,078	55,942
Total operating revenues	<u>1,780,012</u>	<u>1,666,871</u>	<u>1,596,647</u>
<i>Operating expenses</i>			
Cost of services	566,769	556,237	534,558
Depreciation/amortization	432,767	417,032	409,943
Total operating expenses	<u>999,536</u>	<u>973,269</u>	<u>944,501</u>
Operating income	<u>780,476</u>	<u>693,602</u>	<u>652,146</u>
<i>Nonoperating revenue (expenses)</i>			
Investment earnings	140,107	131,735	55,950
Other nonoperating revenue	16,961	8,128	12,656
Act 44 payments to PennDOT	(50,000)	(50,000)	(50,000)
Capital assets transferred to Commonwealth	-	-	(2,852)
Interest and bond expense	<u>(705,253)</u>	<u>(697,060)</u>	<u>(685,346)</u>
Nonoperating expenses, net	<u>(598,185)</u>	<u>(607,197)</u>	<u>(669,592)</u>
Income (loss) before capital contributions	182,291	86,405	(17,446)
Capital contributions	<u>162,660</u>	<u>168,054</u>	<u>170,310</u>
Increase in net position	344,951	254,459	152,864
Net position at beginning of year	<u>(7,329,631)</u>	<u>(7,584,090)</u>	<u>(7,736,954)</u>
Net position at end of year	<u><u>\$ (6,984,680)</u></u>	<u><u>\$ (7,329,631)</u></u>	<u><u>\$ (7,584,090)</u></u>

For the fiscal years ended May 31, 2025 and 2024, operating and nonoperating revenues totaled \$1,937.1 million and \$1,806.7 million, respectively, while operating and nonoperating expenses totaled \$1,754.8 million and \$1,720.3 million, respectively.

Total operating and nonoperating revenues for fiscal year 2025 were \$130.4 million, or 7.2% higher than fiscal year 2024. The increase is due primarily to an increase in fare revenues. Fare revenues increased \$111.9 million because of increased traffic volumes and from the January 2025 toll increase of 5.0% for all customers as well as the full-year impact of the January 2024 toll increase of 5.0% for all customers.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) *(continued)*
May 31, 2025 and 2024

Financial Analysis *(continued)*

Comparative Statements of Revenues, Expenses, and Changes in Net Position *(continued)*

Total operating and nonoperating revenues for fiscal year 2024 were \$141.4 million, or 8.5% higher than fiscal year 2023. The increase is due primarily to an increase in fare revenues and a \$75.8 million improvement in investment returns resulting from rising interest rates during fiscal year 2024. Fare revenues increased \$68.1 million because of increased traffic volumes and from the January 2024 toll increase of 5.0% for all customers as well as the full-year impact of the January 2023 toll increase of 5.0% for all customers.

Total operating and nonoperating expenses for fiscal year 2025 were \$34.5 million higher than fiscal year 2024. This is primarily due to a \$10.5 million increase in cost of services and an \$15.7 million increase in depreciation expense. The increase in cost of services is primarily due to increases in professional services and materials/supplies. The increase in depreciation is primarily due to the infrastructure capital asset category.

Total operating and nonoperating expenses for fiscal year 2024 were \$37.6 million higher than fiscal year 2023. This is primarily due to a \$21.7 million increase in cost of services and an \$11.7 million increase in interest and bond expense. The increase in cost of services is primarily due to increases in construction contracts and expenses related to PA State Police patrolling the roadway. The increase in interest and bond expense is primarily due to increased arbitrage expenses assessed on construction bond proceeds.

Capital contributions decreased by \$5.4 million in fiscal year 2025 due to a decrease in Oil Company Franchise Tax revenues. Capital contributions decreased by \$2.3 million in fiscal year 2024 due to a \$5.2 million decrease in Federal reimbursements offset by a \$2.9 million increase in Oil Company Franchise Tax revenues. See Note 2.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), assets under construction, buildings, improvements, equipment, right-to-use subscriptions and infrastructure. Infrastructure assets are typically items that are immovable such as highways, bridges and tunnels.

	Year ended May 31		
	2025	2024 (In thousands)	2023
Capital assets not being depreciated/amortized	\$ 2,866,673	\$ 2,581,161	\$ 1,957,256
Capital assets being depreciated/amortized	13,461,364	12,914,583	12,560,504
Accumulated depreciation/amortization	7,924,644	7,630,043	7,347,420
Total capital assets being depreciated/amortized, net	5,536,720	5,284,540	5,213,084
Total capital assets	\$ 8,403,393	\$ 7,865,701	\$ 7,170,340

The Commission's investment in capital assets as of May 31, 2025 amounted to \$16.3 billion of gross asset value with accumulated depreciation/amortization of \$7.9 billion, leaving a net book value of \$8.4 billion. The net book value of capital assets as of May 31, 2024 was \$7.9 billion. Capital assets represented 68.4% and 67.0% of the Commission's total assets and deferred outflows of resources as of May 31, 2025 and 2024, respectively.

Assets under construction at the end of fiscal year 2025 were \$2,374.2 million, which was \$278.1 million higher than in fiscal year 2024. Assets under construction at the end of fiscal year 2024 were \$2,096.1 million, which was \$614.3 million higher than in fiscal year 2023. In fiscal year 2025, \$665.8 million of constructed capital assets were completed, which was \$186.4 million more than in fiscal year 2024. In fiscal year 2024, \$479.4 million of constructed capital assets were completed, which was \$185.7 million less than in fiscal year 2023. In addition to constructed capital assets, the Commission had capital asset additions from purchases of approximately \$27.4 million and \$18.7 million in fiscal years 2025 and 2024, respectively.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Capital Assets (*continued*)

The Commission's Ten-Year Capital Plan continues the Commission's efforts for (i) total roadway reconstruction and resurfacing, (ii) the rehabilitation or replacement of structurally deficient bridges, (iii) the implementation of Open Road Tolling (ORT), (iv) facilities and energy management improvements including repair and replacement of maintenance facilities, and (v) the development and installation of a fiber optic network. A high priority for the Commission is the ongoing full depth roadway total reconstruction of the east/west Turnpike Mainline and Northeast Extension. This work includes the reconstruction and widening of the roadway, the widening of the median, replacement of both mainline and overhead bridges as well as many safety enhancements. To date, approximately 164 miles of total reconstruction have been completed. Currently, approximately 18 miles are in construction and approximately 87 miles are in design. Also, the Commission completed 26 miles of roadway resurfacing during fiscal year 2025, helping to maintain a quality-riding surface with a Turnpike System-wide median IRI (International Roughness Index) of 69, which is rated as good.

The Commission completed the construction of ORT gantries between the Reading Interchange and New Jersey, and the entire Northeast Extension. ORT went live in these sections in January of 2025. The design of the remaining east/west Mainline Turnpike conversion to ORT is currently underway and is scheduled to go live in January of 2027.

During fiscal year 2025, the Commission completed seven bridge replacement projects, rehabilitated another three bridges and constructed several new retaining walls and sound walls. Of the Commission's bridges, 858 bridges that are inspected biennially, 2.2% are rated poor which is below the national average of 6.7%. Of the 19 bridges that are currently rated poor, the majority of these are either in construction or design for rehabilitation or replacement.

The Commission has five sets of tunnels across the system. The Tuscarora Tunnel has gone through a complete rehabilitation and was completed during fiscal year 2024. Blue Mountain and Kittatinny Tunnels are in final design for a complete rehabilitation and are scheduled to commence construction within the next five years. The Allegheny Tunnel Realignment project, which would bypass the Allegheny Tunnel, is currently in preliminary design.

Facility projects continue to focus on environmental and safety compliance, and on the maintenance and repair of existing buildings including HVAC, electrical and plumbing systems based on deficiencies identified during facility condition assessments. The new Devault Maintenance Facility was completed in 2025. Construction has started for the new Maintenance Facility at New Cumberland, and design is progressing for new Maintenance Facilities at Harrison City and Bowmanville. A new Eastern Training Facility to be built next to the North Somerset Service Plaza is in final design and design is underway for a Trades Building in District 3.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Capital Assets (*continued*)

The Commission constructed its first solar microgrid to supply power to its Greensburg Maintenance Facility in 2021. The second solar microgrid to power their Western Regional Office is currently under construction and is scheduled to be completed in 2026. Two additional microgrids are currently in design and are scheduled to be constructed in the next five years. Electric vehicle (EV) charging stations have been installed at Oakmont Plum, New Stanton, North Somerset, South Somerset, Bowmansville, Peter J. Camiel, King of Prussia, and Hickory Run Northbound and Southbound service plazas. An additional 80 charging stations are planned across the system, with at least 4 NEVI compliant charging stations available at each of the Commission's 17 service plazas.

The Mon/Fayette Expressway is open to traffic from the Pennsylvania/West Virginia line to PA 51 in Jefferson Hills Borough, a distance of 48 miles. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to Interstate Route 376 (I-376) are in excess of \$2.0 billion. Final design is now proceeding on the 14-mile southern section of the Mon/Fayette Expressway. The initial sections have been bid and are under construction. The next section will bid in late 2025. Subsequent sections will be evaluated as funding becomes available. When completed, the Mon/Fayette Expressway will extend from Interstate 68 in West Virginia to I-376 in Monroeville, which is east of Pittsburgh.

The Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to I-376 at the Pittsburgh International Airport. It is comprised of three distinct projects: (1) the six-mile project from I-376 to U.S. 22 (also known as the Findlay Connector) which opened to traffic in October 2006; (2) the 13-mile project from U.S. 22 to Interstate 79 (I-79), which opened October 15, 2021; and (3) the remaining Southern Beltway project, from I-79 to Mon/Fayette Expressway, which received environmental clearance in May 2009.

The Commission has no legal obligation to complete the unfinished portions of the Mon/Fayette Expressway and Southern Beltway projects at this time.

Interstate 95 (I-95) was completed in 1969 without an interchange connecting it to the Turnpike Mainline. Interstate travelers were required to either by-pass the Philadelphia area entirely or exit the interstate system and navigate a complex system of local roadways to access I-95 again in New Jersey.

The main objectives of the I-95 Interchange Project are to improve the linkage between I-95 and the Turnpike Mainline to create continuity in the interstate system, relieve congestion on local roads which are currently used by travelers to make the connection between I-95 and the Turnpike Mainline, create additional capacity on the Turnpike Mainline and I-95 to accommodate the transfer of traffic from the local roadway system, and improve travel times through the interchange area.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Capital Assets (continued)

The first phase of the Interchange Project included preparatory work and construction of a portion of the interchange between I-95 and the Turnpike Mainline, including northbound I-95 to the eastbound Turnpike Mainline and westbound Turnpike Mainline to southbound I-95. This phase included construction of a new Turnpike Mainline toll plaza and a cashless tolling plaza westbound, which opened in January 2016. The first phase of the Interchange Project was completed and opened to traffic in September 2018. The portion of the Turnpike Mainline from the Interchange Project eastward to the Delaware River Bridge in Bucks County has been redesignated as I-95. The second phase of the Interchange Project will include the completion of the reconstruction and widening of the remaining interchange connectors. The construction of the first section is ongoing which will extend the reconstruction and widening of the Mainline approximately two miles west of the I-95 connection. The next section will be bid in the Spring of 2026. The third phase will be the construction of a new wider bridge over the Delaware River, referenced as the Delaware River Bridge (DRB), replacing the existing bridge. The Commission has completed an alternative analysis for the DRB. In coordination with FHWA, a Supplemental Environmental Impact Statement will be required and will parallel the preliminary design for the replacement of the DRB. Funding for the initial design costs of the subsequent phases was included in the Fiscal Year 2025 Capital Plan. In collaboration with the New Jersey Turnpike Authority (NJTA), a grant application was jointly submitted in August 2024 for the federal Bridge Investment Program (BIP). The grant request was for \$738.6 million which is 50/50 match and shared equally between NJTA and the Commission. A resubmission of the BIP application was made on June 16, 2025, and to date no selections have been announced.

The above paragraphs describe the changes in capital assets occurring during the fiscal years ended May 31, 2025 and 2024. Please refer to the capital assets section in the notes to the financial statements (Note 5) for schedules summarizing changes in capital assets.

Debt Administration – Mainline

In September 2023, the Commission issued \$400,000,000 of 2023 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2053. The 2023 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges, to refund a portion of the 2013 Series C Senior Revenue Bonds (\$15,895,000) and the 2018 EB-5 Loan 2nd Tranche (\$45,000,000), and for paying the costs of issuing the 2023 Series A Senior Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Debt Administration – Mainline (continued)

In November 2023, the Commission issued \$190,125,000 of 2023 Series B Senior Revenue Refunding Bonds at a variable rate with a maturity of December 1, 2043. The 2023 Series B Senior Revenue Refunding Bonds were primarily issued to refund the 2018 Series A-1 Senior Revenue Bonds (\$117,745,000) and 2018 Series B Senior Revenue Bonds (\$71,200,000), obtain the TD Letter of Credit as a Credit Facility in connection with the 2023 Series B Senior Revenue Refunding Bonds and for paying the costs of issuing the 2023 Series B Senior Revenue Refunding Bonds.

In January 2024, the Commission issued \$205,835,000 of 2024 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2044. The 2024 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series A Senior Revenue Bonds.

In February 2024, the Commission issued \$90,000,000, as a Direct Placement, 2024 Series B Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2054. The 2024 Series B Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series B Senior Revenue Bonds.

In June 2024, the Commission issued \$300,000,000 of 2024 Series C Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2054. The 2024 Series C Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series C Senior Revenue Bonds.

In September 2024, the Commission issued \$280,495,000 of 2024 First Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2044. The 2024 First Series Senior Revenue Refunding Bonds were primarily issued to finance the cost of refunding the 2012 Series A Senior Revenue Bonds (\$5,680,000), a portion of the 2014 Series A Senior Revenue Bonds (\$150,275,000), and a portion the 2014 Series C Senior Revenue Bonds (\$160,305,000), and for paying the costs of issuing the 2024 First Series Senior Revenue Refunding Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) *(continued)*
May 31, 2025 and 2024

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Debt Administration – Mainline *(continued)*

In October 2024, the Commission issued \$585,140,000 of 2024 First Series Subordinate Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2043. The 2024 First Series Subordinate Revenue Refunding Bonds were primarily issued to finance the cost of purchasing the Purchased Refunded Bonds pursuant to the Tender Offer for the 2009 Series C Subordinate Revenue Bonds (\$5,045,000), 2009 Series E Subordinate Revenue Bonds (\$26,040,000), 2016 Third Series A Subordinate Revenue Refunding Bonds (\$53,250,000), 2016 Series A-2 Subordinate Revenue Bonds (\$39,310,000), 2016 Second Subordinate Revenue Refunding Bonds (\$128,450,000), 2017 Series A Subordinate Revenue Bonds (\$14,145,000), 2017 Series B-1 Subordinate Revenue Bonds (\$29,795,000), 2017 Series B-2 Subordinate Revenue Bonds (\$63,425,000), 2019 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) (\$30,325,000), and 2020 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) (\$7,750,000); defeasing and redeeming the Defeased Refunded Bonds of the 2012 Series B Subordinate Revenue Bonds (\$36,125,000), 2013 Series A Subordinate Revenue Bonds (\$580,000), 2013 Series B-1 Subordinate Revenue Bonds (\$11,005,000), 2013 Series B-3 Subordinate Revenue Bonds (\$17,925,000), 2014 Series A-1 Subordinate Revenue Bonds (\$61,130,000), 2014 Series B Subordinate Revenue Bonds (\$136,215,000); and paying for the costs of issuing the 2024 First Series Subordinate Revenue Refunding Bonds.

In October 2024, the Commission issued \$233,015,000, as a Direct Placement, of 2024 Forward Delivery Refunding Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2037. The 2024 Forward Delivery Refunding Senior Revenue Bonds were primarily issued to finance the cost of the current refunding of a portion of the 2014 Series A Senior Revenue Bonds (\$59,535,000), 2014 Series Refunding Revenue Bonds (\$98,790,000), and a portion of 2014 Series C Senior Revenue Bonds (\$74,690,000); and paying for the costs of issuing the 2024 Forward Delivery Refunding Senior Revenue Bonds.

In November 2024, the Commission issued \$43,890,000, as a Direct Placement, of 2024 Second Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2053. The 2024 Second Series Senior Revenue Bonds were issued in exchange for the cancellation of the 2019 EB-5 3rd Tranche (\$52,000,000) and paying for the costs of issuing the 2024 Second Series Senior Revenue Bonds.

In January 2025, the Commission issued \$90,000,000 of 2024 Series B Senior Revenue Bonds (Converted Direct Placement) at a fixed rate with a maturity of December 1, 2054. The 2024 Series B Senior Revenue Bonds (Converted Direct Placement) were issued in exchange for the cancellation of the Direct Placement 2024 Series B Senior Revenue Bonds (\$90,000,000) and paying for the costs of issuing the 2024 Series B Senior Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Debt Administration – Mainline (continued)

In January 2025, the Commission issued \$30,420,000, as a Direct Placement, of 2025 First Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2054. The 2025 First Series Senior Revenue Refunding Bonds were issued in exchange for the cancellation of the 2020 EB-5 4th Tranche (\$36,500,000) and paying for the costs of issuing the 2025 First Series Senior Revenue Refunding Bonds.

In March 2025, the Commission issued \$350,000,000 of 2025 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2055. The 2025 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2025 Series A Senior Revenue Bonds.

In March 2025, the Commission issued \$250,640,000 of 2025 Second Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2045. The 2025 Second Series Senior Revenue Refunding Bonds were primarily issued to finance the cost of refunding the 2015 Series A-1 Senior Revenue Bonds (\$286,670,000) and for paying the costs of issuing the 2025 Second Series Senior Revenue Refunding Bonds.

Debt Administration – Motor License Registration Fee

In September 2023, the Commission issued \$231,425,000 of 2023 Series Motor License Registration Fee Revenue Refunding Bonds at a variable rate with a maturity date of July 15, 2041. The 2023 Motor License Registration Fee Revenue Refunding Bonds were issued to refund the 2005 Series B Motor License Registration Fee Revenue Bonds (\$77,140,000), 2005 Series C Motor License Registration Fee Revenue Bonds (\$77,140,000), and 2005 Series D Motor License Registration Fee Revenue Bonds (\$77,145,000) and paying for the costs of issuing the 2023 Series Motor License Registration Fee Revenue Refunding Bonds.

Debt Administration - Bond Ratings

In August 2023, the Commission received an upgrade to both its Mainline Senior and Subordinate credit ratings from Moody's Ratings. Moody's upgraded the Commission's outstanding Mainline Senior lien bonds to 'Aa3' from 'A1' and the Mainline Subordinate lien bonds to 'A2' from 'A3'. Additionally, Moody's revised the Commission's revenue bond outlook to stable from positive.

In October 2024, the Commission received an upgrade to its Mainline Motor License Fund-Enhanced Subordinate Special Revenue credit ratings from Moody's Ratings. Moody's upgraded the Commission's outstanding to 'Mainline Motor License Fund-Enhanced Subordinate Special Revenue bonds to Aa3' from 'A1' Additionally, Moody's revised the Commission's revenue bond outlook to stable from positive.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Debt Administration - Bond Ratings (*continued*)

In August 2025, the Commission received a downgrade to both its Oil Franchise Tax Senior and Subordinate credit ratings from Kroll Bond Rating Agency due to the expectations for weakening long-term pledged revenue growth prospects given the Commonwealth of Pennsylvania's declining trend in fuel consumption. Kroll Bond Rating Agency downgraded the Commission's outstanding Oil Franchise Tax Senior lien bonds to 'AA-' from 'AA' and the Oil Franchise Tax Subordinate lien bonds to 'A+' from 'AA-.'

The preceding paragraphs describe debt activity occurring during the fiscal years ended May 31, 2025 and 2024. Please refer to the debt and commitments and contingencies notes to the financial statements (Notes 9 and 11) for more detailed schedules and descriptions of long-term debt and swap activity.

Events That Will Impact Financial Position

On July 18, 2007, Act 44 was enacted, creating a "public-public partnership" between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Subsequently, in order to, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT, as described in the following paragraphs, the Commission and PennDOT entered into a Lease and Funding Agreement (the Act 44 Funding Agreement), incorporating many of the terms of Act 44.

The Act 44 Funding Agreement also granted the Commission the option to lease the portion of Interstate 80 (I-80) located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration (FHWA) of the conversion of such portion into a toll road (the Conversion). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010, without the Commission effectuating the Conversion or having the ability to do so in the future, leaving all legal, financial and operational responsibility for I-80 solely with PennDOT.

Pursuant to Act 44 and the Act 44 Funding Agreement, the Commission is obligated to make scheduled annual payments to PennDOT (*Act 44/Act 89 Payments*). Previously, aggregate payments in the amount of \$450.0 million were due through 2057, payable in equal quarterly installments, with \$200.0 million of the scheduled annual payments supporting road and bridge projects and \$250.0 million supporting transit projects throughout the Commonwealth. However, commencing with fiscal year 2023, the Commission's current annual Act 44/Act 89 Payment obligation was reduced to \$50.0 million. See the following paragraphs for more information on the total amount paid by the Commission under the Amended Funding Agreement.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2025 and 2024

Events That Will Impact Financial Position (*continued*)

On November 25, 2013, Act 89 was enacted to provide (i) substantial revenue enhancements to support investment in the Commonwealth's aging transportation infrastructure, and (ii) substantial reductions in the Commission's obligations with respect to the Act 44/Act 89 Payments. The revenue enhancements providing additional funds each year for investment in the Commonwealth's transportation infrastructure were fully implemented in fiscal year 2018.

Revisions to the Commission's Act 44/Act 89 Payment obligations enacted under Act 89 were implemented by Amendment Number One to Lease and Funding Agreement (the *Act 89 Amendment*) and together with the Act 44 Funding Agreement, the *Original Amended Funding Agreement*) executed by the Commission and PennDOT on April 4, 2014.

In accordance with Act 89 and the Original Amended Funding Agreement, the Commission's aggregate annual Act 44/Act 89 Payment to PennDOT for fiscal year 2014 through fiscal year 2022 was \$450.0 million, with at least \$30.0 million of such annual amount required to be paid from current revenues and the remainder funded by the proceeds of bonds issued under the Subordinate Revenue Indenture.

The Original Amended Funding Agreement was subsequently further amended, on July 31, 2018, by Amendment Number Two to Lease and Funding Agreement (the *Amendment Two*) and on June 11, 2020, by Amendment Number Three to the Lease and Funding Agreement (the *Amendment Three*, and together with the Original Amended Funding Agreement and Amendment Two, the *Amended Funding Agreement*) both of which were executed by all parties to provide current year adjustments for certain due dates for Act 44/Act 89 Payments in fiscal years 2019 through 2021.

Act 89 relieved the Commission from over \$15.0 billion in future Act 44/Act 89 Payments to PennDOT during fiscal years 2023 through 2057 (the term of the Amended Funding Agreement), by reducing the Commission's aggregate annual Act 44/Act 89 Payments to PennDOT to \$50.0 million, which amount must be paid from current revenues of the Commission. Pursuant to Act 89, commencing with fiscal year 2023, the Commission's \$50.0 million scheduled annual Act 44/Act 89 Payments must be used to support Commonwealth mass transit capital and operating needs.

Act 44 requires the Commission to prepare and submit an annual financial plan (the Financial Plan) to the Secretary of the Budget of the Commonwealth no later than June 1 of each year for the ensuing fiscal year, describing its proposed operating and capital expenditures, borrowings, liquidity and other financial management covenants and policies, estimated toll rates and all other revenues and expenses. The purpose of the annual Financial Plan is to demonstrate that the Commission's operation in accordance with such plan can be reasonably anticipated to generate unencumbered funds sufficient to make all Act 44/Act 89 Payments due to PennDOT in the upcoming year after all Commission obligations and interest thereon, sinking fund requirements of the Commission, and other requirements in any trust indenture, notes or resolutions have been met. Any deviations and the causes therefore in prior year plans must be explained.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Events That Will Impact Financial Position (*continued*)

The financial plan does not cover the funding needs for the Mon/Fayette Expressway or the Southern Beltway projects, which are separately financed by certain dedicated tax and fee revenue sources of the Commonwealth. Those revenue sources include Oil Franchise Tax Revenues and Registration Fee Revenues and are not pledged to pay debt service on the Commission's Senior Revenue Bonds, Subordinate Revenue Bonds or Subordinate Special Revenue Bonds.

Since the enactment of Act 44 in 2007, the Commission's annual Financial Plan has demonstrated that for the prior fiscal year that the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts and was able to progress with its then-current Capital Plan. The Commission delivered to the Secretary of the Budget its Financial Plan for Fiscal Year 2026 on May 30, 2025.

The Fiscal Year 2026 Financial Plan sets forth the reasonably expected revenues the Commission will generate necessary to meet required Turnpike operating and maintenance expenses, debt service payments, capital expenses, and liquidity requirements and included the adoption of the fiscal year 2026 Capital Plan. The fiscal year 2026 Financial Plan indicates that in fiscal year 2024 and fiscal year 2025, the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts and was able to progress with its then-current capital plan. A copy of the Fiscal Year 2026 Financial Plan is available on the Commission's website.

Additionally, the Fiscal Year 2026 Financial Plan concludes that the Commission is projected to generate sufficient resources to operate and maintain the Turnpike, provide for its capital investment needs to ensure the System is maintained in a state of good repair, meet debt service requirements, fund required Act 44/Act 89 Payments and maintain internal liquidity. Although the Commission's Fiscal Year 2026 Financial Plan is based on reasonable financial assumptions, it recognizes that there are inherent uncertainties in projecting the Commission's resources and obligations over a thirty-three year period. Downside risks to the Financial Plan include, but are not limited to, lower than expected traffic and toll revenues, higher interest and inflation rates and/or greater than projected cost increases. To accommodate these risks, the Financial Plan requires that the Commission maintain strong debt service coverage and preserve internal liquidity.

The preceding paragraphs provide a brief overview of Act 44 and Act 89 and their requirements. Please refer to the commitments and contingencies section in the Notes to the Financial Statements (Note 11) for additional information regarding the Commission's commitments under the Amended Funding Agreement. Furthermore, legislation may be introduced that could affect the Commission and its obligations pursuant to Act 44 and Act 89. Also, the Commission cannot predict what other legislation may be considered by the General Assembly during the 2025-2026 or future legislative sessions or if any other proposals or initiatives may lead to the adoption of legislation that may affect the Commission.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Statements of Net Position – Business-type activities
 May 31, 2025 and 2024
 (in thousands)

	<u>2025</u>	<u>2024</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
<i>Current assets</i>		
Cash and cash equivalents	\$ 354,547	\$ 355,987
Investments	285,760	224,582
Accounts receivable - net of allowance of \$897.6 million and \$718.1 million as of May 31, 2025 and 2024, respectively	181,765	158,966
Accrued interest receivable	4,204	2,181
Inventories	27,261	25,025
<i>Restricted current assets</i>		
Cash and cash equivalents	950,892	917,435
Investments	517,664	679,489
Accounts receivable	11,175	9,607
Accrued interest receivable	9,805	17,867
Total current assets	<u>2,343,073</u>	<u>2,391,139</u>
<i>Noncurrent assets</i>		
<i>Investments</i>		
Investments	334,186	262,669
Investments restricted	604,909	561,687
Total noncurrent investments	<u>939,095</u>	<u>824,356</u>
<i>Capital assets not being depreciated/amortized</i>		
Land and intangibles	492,466	485,043
Assets under construction	2,374,207	2,096,118
<i>Capital assets being depreciated/amortized</i>		
Buildings	1,244,617	1,176,281
Improvements other than buildings	227,457	196,423
Equipment	765,855	664,015
Infrastructure	11,201,211	10,864,934
Right-to-use - subscriptions	22,224	12,930
Total capital assets before accumulated depreciation/amortization	16,328,037	15,495,744
Less: Accumulated depreciation/amortization	7,924,644	7,630,043
Total capital assets after accumulated depreciation/amortization	<u>8,403,393</u>	<u>7,865,701</u>
<i>Other assets</i>		
Prepaid bond insurance costs	3,236	3,724
Net OPEB asset	202,693	173,457
Other assets	68,726	70,329
Total other assets	<u>274,655</u>	<u>247,510</u>
Total noncurrent assets	<u>9,617,143</u>	<u>8,937,567</u>
Total assets	11,960,216	11,328,706
Deferred outflows of resources from hedging derivatives	1,173	589
Deferred outflows of resources from refunding bonds	197,997	232,643
Deferred outflows of resources from pensions	44,731	61,803
Deferred outflows of resources from OPEB	77,589	122,080
Total deferred outflows of resources	<u>321,490</u>	<u>417,115</u>
Total assets and deferred outflows of resources	<u>\$ 12,281,706</u>	<u>\$ 11,745,821</u>

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Net Position – Business-type activities (*continued*)

May 31, 2025 and 2024

(in thousands)

	<u>2025</u>	<u>2024</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities	\$ 687,710	\$ 708,651
Current portion of debt	338,919	411,085
Unearned income	<u>133,003</u>	<u>127,894</u>
Total current liabilities	<u>1,159,632</u>	<u>1,247,630</u>
<i>Noncurrent liabilities</i>		
Debt, less current portion, net of unamortized premium of \$1,529.1 million and \$1,498.5 million in 2025 and 2024, respectively	17,299,379	17,018,142
Net pension liability	283,823	296,572
Other noncurrent liabilities	<u>65,402</u>	<u>57,542</u>
Total noncurrent liabilities	<u>17,648,604</u>	<u>17,372,256</u>
Total liabilities	<u>18,808,236</u>	<u>18,619,886</u>
Deferred inflows of resources from hedging derivatives	102,582	110,313
Deferred inflows of resources from service concession arrangements	75,801	82,600
Deferred inflows of resources from refunding bonds	104,830	20,869
Deferred inflows of resources from pensions	14,260	29,794
Deferred inflows of resources from OPEB	114,527	164,998
Deferred inflows of resources from leases	<u>46,150</u>	<u>46,992</u>
Total deferred inflows of resources	<u>458,150</u>	<u>455,566</u>
Total liabilities and deferred inflows of resources	<u>19,266,386</u>	<u>19,075,452</u>
NET POSITION		
Net investment in capital assets	(1,274,378)	(1,328,484)
Restricted for construction purposes	183,604	279,321
Restricted for debt service	85,251	91,275
Restricted for OPEB	202,693	173,457
Unrestricted	<u>(6,181,850)</u>	<u>(6,545,200)</u>
Total net position	<u>\$ (6,984,680)</u>	<u>\$ (7,329,631)</u>

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Revenues, Expenses, and Changes in Net Position – Business-type activities

Years Ended May 31, 2025 and 2024

(in thousands)

	<u>2025</u>	<u>2024</u>
<i>Operating revenues</i>		
Fares - net of discounts, adjustments and bad debt expense of \$158.0 million and \$146.2 million for the years ended May 31, 2025 and 2024, respectively	\$ 1,720,694	\$ 1,608,793
Other	<u>59,318</u>	<u>58,078</u>
Total operating revenues	<u>1,780,012</u>	<u>1,666,871</u>
<i>Operating expenses</i>		
Cost of services	566,769	556,237
Depreciation/amortization	<u>432,767</u>	<u>417,032</u>
Total operating expenses	<u>999,536</u>	<u>973,269</u>
Operating income	<u>780,476</u>	<u>693,602</u>
<i>Nonoperating revenues (expenses)</i>		
Investment earnings	140,107	131,735
Other nonoperating revenues	16,961	8,128
Act 44 and Act 89 payments to PennDOT	(50,000)	(50,000)
Interest and bond expense	<u>(705,253)</u>	<u>(697,060)</u>
Nonoperating expenses, net	<u>(598,185)</u>	<u>(607,197)</u>
Income before capital contributions	182,291	86,405
Capital contributions	<u>162,660</u>	<u>168,054</u>
Increase in net position	344,951	254,459
Net position at beginning of year	<u>(7,329,631)</u>	<u>(7,584,090)</u>
Net position at end of year	<u><u>\$ (6,984,680)</u></u>	<u><u>\$ (7,329,631)</u></u>

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Statements of Cash Flows – Business-type activities
 Years Ended May 31, 2025 and 2024
 (in thousands)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customer tolls and deposits	\$ 1,740,184	\$ 1,663,003
Cash payments for goods and services	(453,557)	(435,986)
Cash payments to employees	(161,662)	(162,176)
Cash received from other operating activities	14,483	6,623
Net cash provided by operating activities	<u>1,139,448</u>	<u>1,071,464</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	4,124,456	5,442,040
Interest received on investments	56,283	50,832
Purchase of investments	(4,052,835)	(5,206,040)
Net cash provided by investing activities	<u>127,904</u>	<u>286,832</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received from other governments	-	641
Proceeds from Motor License Registration fees	28,000	28,000
Proceeds from Oil Company Franchise Tax	128,997	137,513
Construction and acquisition of capital assets	(986,924)	(1,068,384)
Proceeds from sale of capital assets	1,850	1,646
Payments for bond and swap expenses	(9,992)	(11,480)
Payments for debt refundings	(1,026,671)	(481,418)
Payments for bond maturities	(181,940)	(169,605)
Interest paid on debt	(416,375)	(405,144)
Interest subsidy from Build America Bonds	19,874	21,111
Proceeds from debt issuances	1,719,969	1,173,154
Net cash used in capital and related financing activities	<u>(723,212)</u>	<u>(773,966)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash payments to PennDOT	(50,000)	(50,000)
Payments for bond and swap expenses	(4,234)	-
Payments for debt refundings	(687,462)	-
Payments for debt maturities	(140,645)	(124,350)
Interest paid on debt	(302,190)	(314,259)
Proceeds from debt issuances	672,408	-
Net cash used in noncapital financing activities	<u>(512,123)</u>	<u>(488,609)</u>
Increase in cash and cash equivalents	32,017	95,721
Cash and cash equivalents at beginning of year	1,273,422	1,177,701
Cash and cash equivalents at end of year	<u><u>\$ 1,305,439</u></u>	<u><u>\$ 1,273,422</u></u>

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows – Business-type activities (*continued*)

Years Ended May 31, 2025 and 2024

(in thousands)

	<u>2025</u>	<u>2024</u>
<i>Reconciliation of operating income to net cash provided by operating activities</i>		
Operating income	\$ 780,476	\$ 693,602
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>		
Depreciation/amortization	432,767	417,032
<i>Change in operating assets and liabilities</i>		
Accounts receivable	(23,245)	(19,696)
Inventories	(2,236)	(1,878)
Other assets	11	(2)
Net OPEB asset	(29,236)	(63,806)
Deferred outflows of resources from pensions	17,072	26,139
Deferred outflows of resources from OPEB	44,491	(76,074)
Accounts payable and accrued liabilities	(1,686)	22,841
Net pension liability	(12,749)	(35,002)
Other noncurrent liabilities	630	(3,160)
Deferred inflows of resources from pensions	(15,534)	(8,436)
Deferred inflows of resources from OPEB	(50,471)	111,352
Deferred inflows of resources from leases	(842)	8,552
Net cash provided by operating activities	<u>\$ 1,139,448</u>	<u>\$ 1,071,464</u>
<i>Reconciliation of cash and cash equivalents to the statements of net position</i>		
Cash and cash equivalents	\$ 354,547	\$ 355,987
Restricted cash and cash equivalents	950,892	917,435
Total cash and cash equivalents	<u>\$ 1,305,439</u>	<u>\$ 1,273,422</u>

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded net increase of \$73.2 million and a net increase of \$75.5 million in the fair value of its investments not reported as cash equivalents for the years ended May 31, 2025 and 2024, respectively.

The Commission recorded \$81.1 million and \$77.6 million for the amortization of bond premiums for the years ended May 31, 2025 and 2024, respectively.

As indicated in Note 9, the Commission refunded various bonds in both fiscal years 2025 and 2024. The fiscal year 2025 refundings resulted in a \$11.6 million reclassification from bond premiums (discounts) to deferred outflows of resources from refundings and a \$105.5 million reclassification from bond premiums (discounts) to deferred inflows of resources from refundings. The fiscal year 2024 refundings resulted in a \$0.2 million reclassification from bond premiums (discounts) to deferred outflows of resources from refundings. Additionally, the Commission recorded \$17.1 million and \$16.5 million in expenses for amortization of deferred outflows/inflows of resources from refunding bonds for the years ended May 31, 2025 and 2024, respectively.

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows – Business-type activities (*continued*)

Years Ended May 31, 2025 and 2024

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities (*continued*)

The Commission recorded \$0.3 million in expenses for amortization of prepaid bond insurance costs for each of the years ended May 31, 2025 and 2024.

The Commission recorded an interest expense reduction of \$7.2 million and \$7.1 million for the years ended May 31, 2025 and 2024, respectively, related to terminated derivative instruments.

The Commission recognized total capital contributions of \$162.7 million for the fiscal year ended May 31, 2025. Cash received of \$157.0 million for the fiscal year ended May 31, 2025 is reported in the capital and related financing activities of this statement. The \$5.7 million difference between capital contributions and cash received is the result of a \$0.9 million increase in receivables related to these capital contributions in addition to a \$4.8 million noncash capital contribution related to capital assets provided by service plaza operators. The Commission recognized total capital contributions of \$168.1 million for the fiscal year ended May 31, 2024. Cash received of \$166.2 million for the fiscal year ended May 31, 2024 is reported in the capital and related financing activities of this statement. The \$1.9 million difference between capital contributions and cash received is the result of a \$2.9 million decrease in receivables related to these capital contributions offset by a \$4.8 million noncash capital contribution related to capital assets provided by service plaza operators. See Note 2 for further discussion on capital contributions and Note 6 for further discussion on the service plazas.

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Statements of Fiduciary Net Position – OPEB Trust Fund
 May 31, 2025 and 2024

	2025	2024
	<i>(in thousands)</i>	
ASSETS		
Cash and cash equivalents	\$ 4,542	\$ 4,645
Interest and dividends receivable	744	775
<i>Investments</i>		
Equity – stocks	14,883	14,870
Equity – mutual funds	227,692	218,313
Fixed income – mutual funds	121,816	65,100
Fixed income – mortgages	111	159
Fixed income – U.S. Treasuries	23,631	45,144
Fixed income – U.S. Government agency securities	-	26,963
Fixed income – U.S. High Yield	31,271	28,582
Corporate obligations	18,304	19,155
<i>Limited partnerships</i>		
Real estate	49,245	51,106
Commodities	22,931	25,054
Global tactical asset allocation	35,881	31,173
Private debt	19,396	16,531
Private equity	9,080	6,589
Total limited partnerships	136,533	130,453
Hedge fund of funds	44,518	43,653
Total investments	618,759	592,392
Total assets	624,045	597,812
LIABILITIES		
Benefits payable	571	582
Other liabilities	144	159
Total liabilities	715	741
Net position – restricted for OPEB	\$ 623,330	\$ 597,071

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Changes in Fiduciary Net Position – OPEB Trust Fund

Years Ended May 31, 2025 and 2024

	2025	2024
	<i>(in thousands)</i>	
ADDITIONS		
Employer contributions	\$ 9,042	\$ 13,419
<i>Net investment income (loss)</i>		
Interest, dividends, and capital gains income	12,080	12,121
Change in fair value of investments	33,180	36,858
Investment fees	(817)	(865)
Total net investment income	44,443	48,114
Total additions	53,485	61,533
DEDUCTIONS		
Benefit payments	27,207	24,113
Administrative expenses	19	23
Total deductions	27,226	24,136
Change in fiduciary net position	26,259	37,397
Net position – restricted for OPEB		
Beginning of year	597,071	559,674
End of year	\$ 623,330	\$ 597,071

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements

Years Ended May 31, 2025 and 2024

NOTE 1 FINANCIAL REPORTING ENTITY

Accounting principles generally accepted in the United States (U.S. GAAP) require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

The Pennsylvania Turnpike Commission (the Commission) was created as an instrumentality of the Commonwealth of Pennsylvania (the Commonwealth) on May 21, 1937, with powers to construct, operate, and maintain the Turnpike System and to issue Turnpike revenue bonds, repayable solely from tolls and other Commission revenues. The Commission is considered a discretely presented component unit of the Commonwealth.

The Commission is composed of five members, one of whom is the Secretary of Transportation. The others are appointed by the Governor with the approval of two-thirds of the Senate.

The Commission maintains an Other Postemployment Welfare Plan Program (the Plan), for the purpose of providing benefits to eligible retirees and their dependents. The Plan is a single-employer, defined benefit plan. The Commission established the Pennsylvania Turnpike Commission Retiree Medical Trust (the Trust) on May 30, 2008 as an irrevocable trust, tax-exempt under Section 115 of the Internal Revenue Code, to provide funding of the Plan's other postemployment benefits (OPEB). The Trust is administered by Trustees who are appointed by and serve at the pleasure of the Commission. The chairman and vice chairman of the Trust are appointed by the Trustees and serve two-year terms. In accordance with GASB Statement No. 84, *Fiduciary Activities*, the Plan is a fiduciary component unit of the Commission.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board (GASB), the Commission has determined that it has no other component units.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission's business-type activities (enterprise fund) and fiduciary activities (fiduciary fund) have been prepared in conformity with U.S. GAAP as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described in the following paragraphs:

Basis of Accounting

The Commission's enterprise and fiduciary fund financial statements (the financial statements) are presented on the accrual basis of accounting.

Accounting Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

Reclassifications

Certain amounts presented in fiscal year 2024 have been reclassified to conform to the fiscal year 2025 financial statement presentation.

Cash Equivalents

The Commission considers all highly liquid debt investment securities that mature within three months of acquisition to be cash equivalents.

Investments

Investments are stated at fair value, except for the following: money market investments are reported at cost which does not materially differ from fair value, certain nonparticipating contracts such as repurchase agreements and other agreements structured as repurchase agreements are reported at cost which does not materially differ from fair value and guaranteed investment contracts are stated at contract value. The Commission categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 4 for further discussion.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Accounts Receivable

Accounts receivable consist primarily of toll revenue receivables from customers and other E-ZPass agencies, fee revenue receivables from customers and reimbursement receivables from other governments. An allowance for uncollectible accounts receivable is established based on specific identification and historical experience.

Restricted Assets

In accordance with Trust Agreements and Trust Indentures, the Commission has established and maintains certain restricted accounts. Funds have been deposited in these accounts and are restricted for major capital replacements, improvements, betterments, enlargements, capital additions or the payment of debt service related to bonds.

Restricted assets as of May 31, 2025 were as follows:

	Restricted for:		
	Construction	Debt Service	Total
	(in thousands)		
Cash and cash equivalents	\$ 226,217	\$ 724,675	\$ 950,892
Current investments	189,183	328,481	517,664
Accounts receivable	11,175	-	11,175
Accrued interest receivable	613	9,192	9,805
Noncurrent investments	36,444	568,465	604,909
Total	\$ 463,632	\$ 1,630,813	\$ 2,094,445

Restricted assets as of May 31, 2024 were as follows:

	Restricted for:		
	Construction	Debt Service	Total
	(in thousands)		
Cash and cash equivalents	\$ 200,152	\$ 717,283	\$ 917,435
Current investments	305,588	373,901	679,489
Accounts receivable	9,607	-	9,607
Accrued interest receivable	1,059	16,808	17,867
Noncurrent investments	117,420	444,267	561,687
Total	\$ 633,826	\$ 1,552,259	\$ 2,186,085

Utilization of Resources

When both restricted and unrestricted resources are available for use, the Commission's policy is to use restricted resources first and then unrestricted resources as needed.

Inventories

Inventories are valued at average cost. The cost of inventory is expensed upon use (consumption method).

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), assets under construction, buildings, improvements, equipment, right-to-use – subscriptions and infrastructure. Infrastructure assets are typically items that are immovable such as highways, bridges, and tunnels. Capital assets are stated at cost. Donated capital assets and capital assets received in a service concession arrangement are measured at acquisition value. Effective for the fiscal year ended May 31, 2024, acquisitions of capital assets valued at \$100,000 or greater are capitalized. Previously, acquisitions of capital assets valued at \$15,000 or greater were capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset. Intangible assets have an indefinite life and, thus, are not depreciated/amortized. The following useful lives and subscription terms are used:

Buildings	10 – 45 years
Improvements other than buildings	15 – 20 years
Equipment	3 – 40 years
Infrastructure	10 – 50 years
Right-to-use – subscriptions	2 – 3 years

Leases

The Commission is the lessor for advertising, cell tower, gas royalty and other miscellaneous leases. The miscellaneous category includes, but is not limited to, leases such as commercial, residential, agricultural and license agreements. The Commission recognizes a lease receivable and deferred inflows of resources related to leases in the financial statements.

At the commencement of a lease, the Commission initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Commission determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Commission uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Commission monitors changes in circumstances that would require a remeasurement of its lease 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.

Subscription-Based Information Technology Arrangements (SBITAs)

The Commission has entered into software contracts some of which meet the criteria for subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96. Contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction are required to be recognized as a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. The Commission recognizes the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the Commission's incremental borrowing rate. Amortization of the discount on the subscription liability is recognized as interest expense in subsequent financial reporting periods. The subscription asset is initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Debt Premium/Discount and Prepaid Insurance Costs

Debt premium/discount is being amortized using the effective interest rate method over the varying terms of the bonds issued. Prepaid bond insurance costs (incurred through bond issuances) are being amortized using the straight-line method over the varying terms of the bonds issued.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Unearned Income

Unearned income is primarily related to E-ZPass customer deposits. E-ZPass customers of the Commission are required to deposit funds in advance of anticipated travel. Since this money is collected prior to the customers' travel and revenue recognition, it is recorded as unearned income. The Commission had \$133.0 million and \$127.9 million classified as unearned income for the fiscal years ended May 31, 2025 and 2024, respectively. Additionally, the Commission had \$7.0 million and \$6.6 million classified as accounts payable and accrued liabilities for the fiscal years ended May 31, 2025 and 2024, respectively.

Arbitrage Payable

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The Commission had a total arbitrage liability of \$11.7 million and \$8.2 million for fiscal years ended May 31, 2025 and 2024, respectively. The arbitrage liability recorded as accounts payable and accrued liabilities was \$35,400 and \$0.4 million as of May 31, 2025 and 2024, respectively. The arbitrage liability recorded as other noncurrent liabilities was \$11.6 million and \$7.8 million as of May 31, 2025 and 2024, respectively.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pennsylvania State Employees' Retirement System (SERS) and additions to/deductions from SERS's fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Pennsylvania Turnpike Commission's Other Postemployment Welfare Plan Program (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at cost.

Deferred Outflows/Inflows of Resources

The Statements of Net Position report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Commission has six items that qualify for reporting in these categories: deferred outflows/inflows from its hedging derivative instruments, deferred inflows from its service concession arrangements, deferred outflows/inflows from refunding bonds, deferred outflows/inflows related to pensions, deferred outflows/inflows related to other postemployment benefits and deferred inflows related to leases.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred Outflows/Inflows of Resources *(continued)*

The deferred outflows/inflows of resources related to hedging derivative instruments represent the cumulative change in their fair values. Deferred inflows from the Commission's service concession arrangements represent unamortized capital contributions from service plaza operators and the present value of minimum guaranteed rent payments. Deferred outflows/inflows from refundings are the result of differences 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. Deferred outflows/inflows of resources related to pensions are described further in Note 10. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all SERS members beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on SERS investments is amortized over a five-year closed period, beginning the year in which the difference occurs (current year). Deferred outflows/inflows of resources related to OPEB are described further in Note 13. Investment (gains)/losses are recognized in OPEB expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members. Deferred inflows of resources related to leases represent the unearned revenues for all leases in which the Commission is the lessor.

Net Position

U.S. GAAP requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Net Position (*continued*)

Restricted – This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. The restrictions would be imposed by:

- External parties such as creditors, grantors and contributors,
- Laws or regulations of other governments, or
- Restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Operating Revenues

Revenues associated with operations of the Turnpike System are considered operating revenues. The principal operating revenues of the Commission are fare revenues from customers, offset by discounts, toll-related bad debt and other adjustments. Other operating revenues include service station, restaurant, property and other rental income, fees related to the E-ZPass and Toll-By-Plate programs offset by fee related bad debt expense, and other miscellaneous revenues.

Fare Revenues

With the partial conversion of the Turnpike System to Open Road Tolling on January 5, 2025, fare revenues are charged electronically and recognized when customers drive at highway speeds passing beneath overhead structures, called gantries, or when they exit the Turnpike System.

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the Turnpike System. As customers drive through a toll point with an E-ZPass transponder, toll equipment captures the trip information, calculates the toll, and deducts it from the customer's E-ZPass pre-paid account balance. Toll-By-Plate (TBP) is supplemental to E-ZPass toll collections and utilizes technology where cameras read the license plates of all non-E-ZPass customers, as they pass through each toll gantry. The registered owner of the vehicle is then invoiced for the assessed tolls. For fiscal years 2025 and 2024, approximately 16.9% and 16.3%, respectively, of the fare revenues were realized through TBP, which are included as a part of all-electronic tolling.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Operating Expenses

Operating expenses relate directly to operating and maintaining the Turnpike System. The principal operating expenses of the Commission are cost of services and depreciation/amortization. Other expenses are considered nonoperating expenses.

Cost of Services

Cost of services includes wages and salaries, benefits, utilities, fuels, professional fees and services, PA State Police services, and purchased goods, including materials and supplies.

Nonoperating Revenues (Expenses)

Nonoperating revenues include net investment earnings and other miscellaneous revenues not associated with the operations of the Turnpike System. Nonoperating expenses include: Act 44 and Act 89 payments to PennDOT, capital assets transferred to the Commonwealth, interest and bond expenses, and other miscellaneous expenses not associated with the operations of the Turnpike System.

Act 44 and Act 89 Payments to PennDOT

The Commission and PennDOT entered into a Lease and Funding Agreement, as amended, as required under the terms of Act 44 and Act 89. See Note 11 for more information regarding Act 44 and Act 89.

Capital Assets Transferred to the Commonwealth of Pennsylvania

The Commission did not transfer any capital assets to PennDOT for fiscal years ended May 31, 2025 and 2024, respectively.

Capital Contributions

Capital contributions include: Oil Company Franchise Tax revenues, Motor License Registration Fee revenues, grants from other governments for reimbursement of capital costs for various highway construction projects, capital assets received from other third parties and amortization of deferred inflows of resources for service concession agreements.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital Contributions *(continued)*

Oil Company Franchise Tax Revenues

The Commission receives 14% of the additional 55 mills of the Commonwealth's Oil Company Franchise Tax revenues pursuant to Act 26 established in 1991. The revenues totaled \$129.9 million and \$135.2 million for the fiscal years ended May 31, 2025 and 2024, respectively. These revenues are kept in a separate fund as required by the applicable bond indenture.

Motor License Registration Fee Revenues

The Commission received \$28.0 million in registration fee revenue during each of the fiscal years ended May 31, 2025 and 2024 from the Commonwealth's Motor License Fund. These revenues are kept in a separate fund as required by the applicable bond indenture.

Reimbursements from Other Governments

The Commission receives grants from other governments for reimbursement of costs for various highway construction projects. The Commission did not receive any capital contributions from other governments during the fiscal years ended May 31, 2025 and 2024, respectively.

Other Capital Contributions

The Commission entered into agreements with a food and a fuel provider to totally reconstruct the service plazas. The service plaza operators provided the capital for the reconstruction in exchange for lower rental rates. The Commission recognized capital contribution revenues of \$4.8 million related to these agreements for both fiscal years ended May 31, 2025 and 2024. See Note 6 for further discussion on service plazas.

Adoption of Accounting Pronouncements

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Commission adopted the portions of Statement No. 99 related to leases, PPPs, and SBITAs for the fiscal year ending May 31, 2024. The adoption of these portions of this Statement were incorporated into the Commission's financial statements for the fiscal year ended May 31, 2024. The Commission adopted the remaining portions of Statement No. 99 related to related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 for the fiscal year ending May 31, 2025. The adoption of these portions of this Statement had no impact on the Commission's financial statements for the fiscal year ended May 31, 2025.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Adoption of Accounting Pronouncements *(continued)*

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*. The Commission adopted Statement No. 100 for the fiscal year ending May 31, 2025. The adoption of this Statement had no impact on the Commission's financial statements for the fiscal year ended May 31, 2025.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Commission adopted Statement No. 101 for the fiscal year ending May 31, 2025. The adoption of this Statement was incorporated into the Commission's financial statements for the fiscal year ended May 31, 2025. See Note 15 for balances required by this Statement. The adoption of this Statement had no impact on the Commission's financial statements for the fiscal year ended May 31, 2024.

Accounting Pronouncements Not Yet Adopted

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The Commission is required to adopt Statement No. 102 for the fiscal year ending May 31, 2026.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The Commission is required to adopt Statement No. 103 for the fiscal year ending May 31, 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The Commission is required to adopt Statement No. 104 for the fiscal year ending May 31, 2027.

The Commission has not yet completed the various analyses required to estimate the financial statement impact of these new pronouncements.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements (*continued*)

Years Ended May 31, 2025 and 2024

NOTE 3 INDENTURE REQUIREMENTS AND RESTRICTIONS

The Commission's debt has been issued under the provisions of five separate Trust Indentures (collectively referred to as Indentures):

- A Senior Trust Indenture dated July 1, 1986, which was amended and restated as of March 1, 2001, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- An Oil Franchise Tax Trust Indenture, dated August 1, 1998, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Registration Fee Revenue Trust Indenture, dated August 1, 2005, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Subordinate Trust Indenture, dated April 1, 2008 as supplemented, between the Commission and Computershare Trust Company, N.A., as successor Trustee; and
- A Special Obligation Trust Indenture, dated September 1, 2014, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee.

Accordingly, certain activities of the Commission are restricted by these Indentures.

NOTE 4 CASH AND INVESTMENTS

The following table is a summary of cash and cash equivalents and investments by type:

	May 31,	
	2025	2024
	<i>(In thousands)</i>	
<i>Cash and cash equivalents and investment types</i>		
U.S. Treasuries	\$ 1,539,365	\$ 1,523,808
GNMA mortgages	346	391
Government agency securities	40,010	40,244
Municipal bonds	12,544	21,072
Corporate obligations	145,100	138,154
Total investment securities	1,737,365	1,723,669
Investment derivatives	5,154	4,758
Cash and cash equivalents	1,305,439	1,273,422
Total cash and cash equivalents and investments	\$ 3,047,958	\$ 3,001,849

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS *(continued)*Cash and Cash Equivalents

Cash and cash equivalents are held in various financial institutions. Cash and cash equivalents are comprised of demand deposits, money market funds, and other highly liquid investments that mature within three months of acquisition. The demand deposits are secured under Pennsylvania Act 72 which secures public deposits in excess of the FDIC insurance limits. Cash equivalents consist of permitted investments in accordance with the Indentures as noted under cash equivalents and investment securities.

The following table is a summary of the Commission's cash and cash equivalents:

	<u>Bank Balance</u>	<u>Book Balance</u>
	<i>(In thousands)</i>	
<i>May 31, 2025</i>		
Demand deposits	\$ 148,488	\$ 150,625
Money market funds	980,716	980,716
Cash equivalents	174,098	174,098
Total cash and cash equivalents	<u>\$ 1,303,302</u>	<u>\$ 1,305,439</u>
<i>May 31, 2024</i>		
Demand deposits	\$ 21,571	\$ 19,045
Money market funds	992,383	992,383
Cash equivalents	261,994	261,994
Total cash and cash equivalents	<u>\$ 1,275,948</u>	<u>\$ 1,273,422</u>

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS *(continued)*

Cash Equivalents and Investment Securities

The following is a description of the valuation methodologies used for investment securities measured at fair value:

- As of May 31, 2025 and 2024, U.S. Treasuries of \$1,539.4 million and \$1,523.8 million, respectively, categorized as Level 1 are valued using quoted market prices.
- As of May 31, 2025 and 2024, GNMA mortgages of \$0.4 million and \$0.4 million, respectively, categorized as Level 2, are valued using models based on spreads of comparable securities.
- As of May 31, 2025 and 2024, government agency securities of \$40.0 million and \$40.2 million, respectively, categorized as Level 2, are valued using various market and industry inputs. Callable agency-issued debt securities are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The fair value of agency mortgage pass-through pool securities is model-driven based on spreads of a comparable security. Collateralized mortgage obligations are valued using quoted market prices and trade data adjusted by subsequent changes in related indices for identical or comparable securities.
- As of May 31, 2025 and 2024, municipal bonds of \$12.5 million and \$21.1 million, respectively, categorized as Level 2, are valued using recently executed transactions, market price quotations, and pricing models that factor in, where applicable, interest rates, bond or credit default swap spreads, and volatility.
- As of May 31, 2025 and 2024, corporate obligations were \$145.1 million and \$138.2 million, respectively, categorized as Level 2, are valued using recently executed transactions, market price quotations (where observable), bond spreads, credit default swap spreads at the money volatility and/or volatility skew obtained from independent external parties, such as vendors and brokers adjusted for any basis difference between cash and derivative instruments. The spread data used are for the same maturity as the bond.
- As of May 31, 2025 and 2024, investment derivative instruments of \$5.2 million and \$4.8 million, respectively, categorized as Level 2 are valued using discounted future net cash flows, mid-market values, nonperformance risk, and bid/offer spreads. See Note 11 for further discussion.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS *(continued)*

Cash Equivalents and Investment Securities *(continued)*

The Indentures (as listed in Note 3) permit investments in obligations of, or are guaranteed by, the United States of America, its agencies, and its instrumentalities (United States Government obligations); certificates of deposit issued by institutions insured by the FDIC or fully collateralized with United States Government obligations; investment agreements with certain financial institutions; commercial paper and asset-backed securities rated in the highest category by applicable rating agencies; money market funds and auction rate certificates rated in one of the two highest categories by applicable rating agencies; corporate bonds and medium-term notes with a minimum rating of 'AA-'; investments in bonds or notes issued by any state or municipality which are rated by Moody's Investors Service (Moody's), Standard & Poor's Ratings Group (S&P) and Fitch Investors Service (Fitch) in one of their two highest rating categories; and repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York collateralized with obligations of, or guaranteed by, the United States of America.

The Commission has an investment policy that defines guidelines and operational factors governing the investment of financial assets. The policy generally has the same restrictions regarding permitted investments as the Indentures. Permitted investments include:

- U.S. Treasury Bills, Notes, Bonds, Strips;
- Time Deposits issued by a banking association organized and doing business under the laws of the United States of America or of any state that may have a combined capital and surplus of at least \$50.0 million;
- Certificates of Deposit that are fully collateralized and issued by a bank, savings and loan or trust company organized under the laws of the United States or any state thereof;
- Investment Agreements with a bank, a bank holding company or a financial institution that has outstanding unsecured obligations or uncollateralized long-term debt obligations rated in the 'AA' category or better by at least two of the three rating agencies (S&P, Moody's, and Fitch);
- Obligations of any federal agencies which obligations are backed by the full faith and credit of the United States of America;
- Senior debt obligations rated a minimum 'AA' by S&P and 'Aa2' by Moody's issued by the following government-sponsored enterprises: Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association;

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS *(continued)*

Cash Equivalents and Investment Securities *(continued)*

- Mortgage-backed securities issued by an approved federal agency and collateralized mortgage obligations, so long as such securities are rated a minimum of 'Aa2' by Moody's and 'AA' by S&P;
- Debt obligations of any state or local government entity, whether for itself, or as a conduit issuer, provided that the securities are rated in the 'Aa/AA' category by at least two of S&P, Moody's, and Fitch and do not have a rating from any of S&P, Moody's, and Fitch below the 'Aa/AA' category (without regard to subcategories of ratings), and provided that if a short-term rating is provided for the securities that they are rated in the top tier by at least two of the three of S&P ('A-1' or better), Moody's ('VMIG1' or 'P1'), and Fitch ('F1') and do not have a rating from any of the three rating agencies below such levels.
- Commercial paper rated by at least two of S&P, Moody's, and Fitch and not less than 'A-1/P-1/F-1' by S&P, Moody's, and Fitch, respectively;
- Corporate bonds rated 'Aa3/AA-' or better by Moody's and S&P;
- Asset-backed securities rated 'AAA' by Moody's and S&P;
- Repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York, collateralized by investments with a minimum 102% valuation in securities of U.S. Treasury bills, notes, bonds, strips, or obligations of any federal agencies or senior debt obligations described above; and
- Share or Certificates in any short-term investment fund that invests not less than 90% of its assets in obligations of U.S. Treasury bills, notes, bonds, strips, or time deposits.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS *(continued)*

Cash Equivalents and Investment Securities *(continued)*

All investment ratings shall be based on security ratings at the time of purchase. The portfolio's average credit quality should be rated 'Aa3/AA-' or better by Moody's/S&P. Investments are generally purchased with the intent of holding to maturity, but the Portfolio Managers have the flexibility to restructure and rebalance portfolio holdings to manage risk and take advantage of market opportunities. The investment policy imposes the following diversifications:

- No limitations are placed on investments carrying the full faith and credit of the U.S. Government, including repurchase agreements collateralized by such investments.
- Investments in any single federal agency, not carrying the full faith and credit of the U.S. Government, are limited to 35% of the portfolio.
- Investments in certificates of deposit and investment agreements in total are limited to 30% of the portfolio.
- Combined exposure to commercial paper, corporate bonds, and asset-backed securities is limited to 35% of the total portfolio.
- Investments in any single issuer (excluding U.S. Treasury and federal agencies) are limited to 5% of the portfolio.

The Commission's Investment Policy also states that at the time of purchase, the maturity of each security in the Portfolio may not exceed five (5) years, taking into account any call, put, prepayment, or other features that may impact maturity. Similarly, the weighted average life of mortgages and asset-backed securities may not be more than five years. As of May 31, 2025 and 2024, the Commission did not hold any securities that were not in compliance with the Investment Policy guidelines.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS *(continued)*Credit Risk

The Commission's exposure to credit risk for investment securities is as follows:

Investment Type	Quality Rating as of May 31, 2025					Total
	AAA	AA	A	A-1	Below A	
	<i>(In thousands)</i>					
Government agency securities	\$ -	\$ 40,010	\$ -	\$ -	\$ -	\$ 40,010
Municipal bonds	2,996	4,927	-	4,621	-	12,544
Corporate obligations	14,100	116,093	-	14,874	33	145,100
	<u>\$ 17,096</u>	<u>\$ 161,030</u>	<u>\$ -</u>	<u>\$ 19,495</u>	<u>\$ 33</u>	<u>\$ 197,654</u>

Investment Type	Quality Rating as of May 31, 2024					Total
	AAA	AA	A	A-1	Below A	
	<i>(In thousands)</i>					
Government agency securities	\$ 319	\$ 39,925	\$ -	\$ -	\$ -	\$ 40,244
Municipal bonds	8,131	7,662	5,279	-	-	21,072
Corporate obligations	22,610	97,683	2,955	14,871	35	138,154
	<u>\$ 31,060</u>	<u>\$ 145,270</u>	<u>\$ 8,234</u>	<u>\$ 14,871</u>	<u>\$ 35</u>	<u>\$ 199,470</u>

Investments guaranteed by the full faith of the U.S. Government, such as U.S. Treasuries and GNMA mortgages, are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of Credit Risk

As of May 31, 2025 and 2024, the Commission did not have any investments that violated the 5% limit for a single issuer or the other concentration of credit risk limitations in the Commission's investment policy noted above.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS *(continued)*Interest Rate Risk

The effective duration of the Commission's investments, by type, is as follows:

<u>Investment Type</u>	<u>As of May 31, 2025</u>	
	<u>Fair Value</u> <i>(In thousands)</i>	<u>Effective Duration</u> <i>(In years)</i>
U.S. Treasuries	\$ 1,539,365	1.3293
GNMA mortgages	346	4.2242
Government agency securities	40,010	0.8925
Municipal bonds	12,544	0.4753
Corporate obligations	145,100	1.5830
Total investment securities	\$ 1,737,365	

<u>Investment Type</u>	<u>As of May 31, 2024</u>	
	<u>Fair Value</u> <i>(In thousands)</i>	<u>Effective Duration</u> <i>(In years)</i>
U.S. Treasuries	\$ 1,523,808	1.1281
GNMA mortgages	391	4.3053
Government agency securities	40,244	1.8012
Municipal bonds	21,072	0.9854
Corporate obligations	138,154	1.2765
Total investment securities	\$ 1,723,669	

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of May 31, 2025 and 2024, \$148.0 million and \$21.1 million, respectively, of the Commission's demand deposits were exposed to custodial credit risk, as they were uninsured and collateralized with securities held by an agent of the pledging financial institution but not in the Commission's name. None of the Commission's investments were exposed to custodial credit risk as of May 31, 2025 or 2024.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS *(continued)*

Investment Derivative Instruments

The following table is a summary of the Commission's investment derivative instruments as of May 31, 2025:

**	Notional Amount (thousands)	Weighted Avg. Mat. (years)	Effective Date	Maturity Date	Terms	Fair Value (in thousands)	Counterparty	Credit Ratings Moody's/ S&P's/Fitch
	\$ 108,290					\$ (1,387)	JPMorgan Chase Bank	Aa2/AA-/AA
	46,410					(593)	Bank of New York Mellon	Aa2/AA-/AA
A	154,700	4.2	8/14/2003	12/1/2032	Pay SIFMA, receive 63% SOFR + 0.0721% +0.20%	(1,980)		
	77,350					591	JPMorgan Chase Bank	Aa2/AA-/AA
	77,350				Pay 67% SOFR + 0.0767%, receive 60.15% of the 10 year Fallback Rate	591	Royal Bank of Canada	Aa1/AA-/AA-
B	154,700	4.2	9/19/2006	11/15/2032		1,182		
C	102,835	7.9	6/1/2010	6/1/2039	Pay SIFMA, receive 99.68% SOFR + 0.2608%	5,952	Goldman Sachs MMDP	Aa2/AA-/NR
						<u>\$ 5,154</u>		

Secured Overnight Financing Rate (SOFR) was 4.35% as of May 31, 2025.

10-year maturity of the USD-ISDA Fallback swap rate was 4.16582% as of May 31, 2025.

SIFMA was 1.97% as of May 31, 2025.

** Letters are used as references in Note 11 (Commitments and Contingencies).

The following table is a summary of the Commission's investment derivative instruments as of May 31, 2024:

**	Notional Amount (thousands)	Weighted Avg. Mat. (years)	Effective Date	Maturity Date	Terms*	Fair Value (in thousands)	Counterparty	Credit Ratings Moody's/ S&P's/Fitch
	\$ 112,000					\$ (1,546)	JPMorgan Chase Bank	Aa2/A+/AA
	48,000					(660)	Bank of New York Mellon	Aa2/AA-/AA
A	160,000	5.1	8/14/2003	12/1/2032	Pay SIFMA, receive 63% SOFR + 0.0721% +0.20%	(2,206)		
	80,000					(753)	JPMorgan Chase Bank	Aa2/A+/AA
	80,000				Pay 67% SOFR + 0.0767%, receive 60.15% of the 10 year Fallback Rate	(753)	Royal Bank of Canada	Aa1/AA-/AA-
B	160,000	5.0	9/19/2006	11/15/2032		(1,506)		
C	107,375	8.5	6/1/2010	6/1/2039	Pay SIFMA, receive 99.68% SOFR + 0.2608%	8,470	Goldman Sachs MMDP	Aa2/AA-/NR
						<u>\$ 4,758</u>		

Secured Overnight Financing Rate (SOFR) was 5.34% as of May 31, 2024.

10-year maturity of the USD-ISDA Fallback swap rate was 4.40268% as of May 31, 2024.

SIFMA was 3.36% as of May 31, 2024.

* LIBOR was permanently discontinued on June 30, 2023. Therefore, LIBOR was replaced by SOFR Fallback Rates for the applicable swap agreements, which is equal to SOFR compounded over the relevant term plus the adjustment spread determined by ISDA.

** Letters are used as references in Note 11 (Commitments and Contingencies).

See Note 11 for additional disclosures regarding derivative instruments, including a rollforward from the prior-year balances.

PENNSYLVANIA TURNPIKE COMMISSION
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Notes to the Financial Statements *(continued)*
Years Ended May 31, 2025 and 2024

NOTE 5 CAPITAL ASSETS

Summaries of changes to capital assets for the years ended May 31, 2025 and 2024 are as follows:

	Balance May 31, 2024	Additions	Transfers (In thousands)	Reductions	Balance May 31, 2025
<i>Capital assets not being depreciated/amortized (cost)</i>					
Land and intangibles	\$ 485,043	\$ 7,703	\$ -	\$ 280	\$ 492,466
Assets under construction	2,096,118	943,904	(665,815)	-	2,374,207
Total capital assets not being depreciated/amortized	2,581,161	951,607	(665,815)	280	2,866,673
<i>Capital assets being depreciated/amortized (cost)</i>					
Buildings	1,176,281	-	68,336	-	1,244,617
Improvements other than buildings	196,423	-	31,034	-	227,457
Equipment	664,015	10,383	100,716	9,259	765,855
Infrastructure	10,864,934	-	465,729	129,452	11,201,211
Right to use - subscriptions	12,930	9,294	-	-	22,224
Total capital assets being depreciated/amortized	12,914,583	19,677	665,815	138,711	13,461,364
<i>Less accumulated depreciation/amortization for</i>					
Buildings	560,140	30,561	-	-	590,701
Improvements other than buildings	121,727	8,065	-	-	129,792
Equipment	547,852	39,575	-	8,714	578,713
Infrastructure	6,396,201	348,151	-	129,452	6,614,900
Right to use - subscriptions	4,123	6,415	-	-	10,538
Total accumulated depreciation/amortization	7,630,043	432,767	-	138,166	7,924,644
Total capital assets being depreciated/amortized, net	5,284,540	(413,090)	665,815	545	5,536,720
Total capital assets	\$ 7,865,701	\$ 538,517	\$ -	\$ 825	\$ 8,403,393

	Balance May 31, 2023	Additions	Transfers (In thousands)	Reductions	Balance May 31, 2024
<i>Capital assets not being depreciated/amortized (cost)</i>					
Land and intangibles	\$ 475,462	\$ 9,581	\$ -	\$ -	\$ 485,043
Assets under construction	1,481,794	1,107,850	(479,368)	14,158	2,096,118
Total capital assets not being depreciated/amortized	1,957,256	1,117,431	(479,368)	14,158	2,581,161
<i>Capital assets being depreciated/amortized (cost)</i>					
Buildings	1,099,651	-	76,630	-	1,176,281
Improvements other than buildings	190,080	-	6,343	-	196,423
Equipment	650,946	2,925	16,682	6,538	664,015
Infrastructure	10,613,104	-	379,713	127,883	10,864,934
Right to use - subscriptions	6,723	6,207	-	-	12,930
Total capital assets being depreciated/amortized	12,560,504	9,132	479,368	134,421	12,914,583
<i>Less accumulated depreciation/amortization for</i>					
Buildings	531,862	28,278	-	-	560,140
Improvements other than buildings	113,063	8,664	-	-	121,727
Equipment	517,085	37,293	-	6,526	547,852
Infrastructure	6,184,440	339,644	-	127,883	6,396,201
Right to use - subscriptions	970	3,153	-	-	4,123
Total accumulated depreciation/amortization	7,347,420	417,032	-	134,409	7,630,043
Total capital assets being depreciated/amortized, net	5,213,084	(407,900)	479,368	12	5,284,540
Total capital assets	\$ 7,170,340	\$ 709,531	\$ -	\$ 14,170	\$ 7,865,701

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements (*continued*)

Years Ended May 31, 2025 and 2024

NOTE 6 SERVICE CONCESSION ARRANGEMENTS

There are 17 service plazas along the Turnpike System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services. The Commission entered into long-term service plaza redevelopment agreements with HMSHost Family Restaurants, LLC (2006) and with Sunoco, Inc. (R&M) to design, reconstruct, finance, operate and maintain all the service plazas. These service concession arrangements do not fall within the scope of GASB Statement No. 87, Leases, which is discussed in Note 7. The Commission has no responsibility for maintaining the service plazas under the agreements. The Commission maintains the ability to approve and/or modify the services that the operators can provide and the rates that can be charged. The service plaza operators are compensated by the users of the services and share a portion of the revenue with the Commission as rental payments. Upon completion of construction, the reconstructed assets were recognized by the Commission.

In 2016, Sunoco, Inc. (R&M) assigned its lease to Sunoco Retail LLC, a wholly owned subsidiary of Sunoco, Inc. (R&M). During fiscal year 2018, the agreement with Sunoco Retail LLC was assigned to 7-Eleven, Inc. All terms of the agreement remained the same.

On July 13, 2021, the Commission approved and executed a Consent to Transfer of Lease Agreement with HMSHost Family Restaurants, LLC (with an effective date of July 23, 2021), whereby HMSHost transferred its leasehold to Applegreen USA Family Restaurants, LLC, a consortium of Applegreen Ltd. and Blackstone Infrastructure Partners. Upon closing of the transfer on July 23, 2021, the agreement with Applegreen USA Family Restaurants, LLC was then subsequently assigned to Applegreen PA Welcome Centres LLC, also effective as of July 23, 2021. This final step was finalized during fiscal year 2023 but is retroactive to July 23, 2021. This agreement expires on August 25, 2036.

The agreement with 7-Eleven, Inc. was set to expire on January 31, 2022. 7-Eleven Inc.'s agreement states it can be extended for three additional five-year periods. The first extension shall be at the discretion of 7-Eleven, Inc., and the second and third extensions shall be mutually agreed to by both parties. On September 21, 2021, the Commission approved an amendment to the agreement with 7-Eleven, Inc. to exercise its option to renew the service plaza agreement for an additional five years, with an expiration date of January 31, 2027. The amendment was approved by the PA Attorney General's office on October 6, 2021. Due to this extension, the guaranteed minimum rent net present value calculation was modified to include the additional future amounts expected.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 6 SERVICE CONCESSION ARRANGEMENTS *(continued)*

As of May 31, 2025, the Commission had capitalized \$125.4 million in capital assets representing all 17 service plazas that had fully completed construction and recorded deferred inflows of resources of \$54.1 million related to these assets. Also, as of May 31, 2025, the Commission recognized a receivable and deferred inflow of resources in the amount of \$21.7 million for the present value of guaranteed minimum rent payments. The Commission also recognized \$2.2 million of restaurant revenue and \$2.5 million of service station revenue for the fiscal year ended May 31, 2025 related to these agreements.

As of May 31, 2024, the Commission had capitalized \$125.4 million in capital assets representing all 17 service plazas that had fully completed construction and recorded deferred inflows of resources of \$58.9 million related to these assets. Also, as of May 31, 2024, the Commission recognized a receivable and deferred inflow of resources in the amount of \$23.7 million for the present value of guaranteed minimum rent payments. The Commission also recognized \$2.2 million of restaurant revenue and \$2.6 million of service station revenue for the fiscal year ended May 31, 2024 related to these agreements.

NOTE 7 LEASES

The Commission is the lessor for advertising, cell tower, gas royalty and other miscellaneous leases. The miscellaneous category includes, but is not limited to, leases such as commercial, residential, agricultural and license agreements. The lease terms range from one month to 70 years. The most common lease term is ten years. Most of the leases have fixed percentage rent increases but some are based on the Consumer Price Index. One cell tower lease has a variable sublease component of which the Commission receives a fixed percentage of revenue generated by the subtenants. One cell tower lease is currently in rent abatement status, which is scheduled to end in October 2025. One miscellaneous lease includes a variable component related to sublots which requires the lessee to pay the greater of a minimum lease payment (included in the lease receivable) or a fixed percentage of the gross rental income received from the sublots. Gas royalty revenues are variable based on oil and gas production volumes. Therefore, revenues will fluctuate based on changes in production volumes. During the fiscal year ended May 31, 2025, no new gas royalty leases or amendments were executed that included upfront payments. During the fiscal year ended May 31, 2024, one gas royalty lease and two amendments to existing leases were executed that included upfront payments.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 7 LEASES *(continued)*

For the fiscal year ended May 31, 2025, the Commission recognized \$6.4 million in lease revenue and \$1.6 million in interest revenue related to these leases. For the fiscal year ended May 31, 2024, the Commission recognized \$5.8 million in lease revenue and \$1.4 million in interest revenue related to these leases. The Commission's total receivable for lease payments was \$48.9 million as of May 31, 2025 of which \$1.9 million is considered short term. The Commission's receivable for lease payments was \$48.2 million as of May 31, 2024 of which \$1.6 million is considered short term. The Commission also recorded deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term. As of May 31, 2025 and 2024, the balance of the deferred inflows of resources was \$46.2 million and \$47.0 million, respectively.

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Commission has entered into software contracts some of which meet the criteria for subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96. These software contracts convey control of the right to use a vendor's IT software for a period of time in an exchange or exchange-like transaction. The Commission is required to recognize these SBITAs as a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. The subscription terms of the software contracts range from two to ten years with most being three years.

One contract has a variable component in which the Commission has a minimum usage commitment that is included as part of the subscription liability. The Commission paid \$14,000 above the minimum commitment for this contract during the fiscal year ended May 31, 2025. The Commission paid \$6,500 above the minimum commitment for this contract during the fiscal year ended May 31, 2024.

As of May 31, 2025, the Commission recognized right-to-use subscription assets of \$22.2 million, \$10.5 million of accumulated amortization related to the right-to-use subscription assets and a total liability of \$8.4 million of which \$3.4 million is considered short term. For the fiscal year ended May 31, 2025, the Commission recognized \$6.4 million in amortization expense and \$0.3 million of interest expense related to the right-to-use subscription assets.

As of May 31, 2024, the Commission recognized right-to-use subscription assets of \$12.9 million, \$4.1 million of accumulated amortization related to the right-to-use subscription assets and a total liability of \$5.7 million of which \$3.0 million is considered short term. For the fiscal year ended May 31, 2024, the Commission recognized \$3.2 million in amortization expense and \$0.2 million of interest expense related to the right-to-use subscription assets.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
(continued)

Principal and interest requirements to maturity, related to the May 31, 2025 subscription liability of \$8.4 million, are as follows:

Year Ending May 31	Principal	Interest	Total
	<i>(in thousands)</i>		
2026	\$ 3,418	\$ 263	\$ 3,681
2027	2,891	127	3,018
2028	1,388	46	1,434
2029	319	26	345
2030	335	10	345
2031-2035	27	1	28
	<u>\$ 8,378</u>	<u>\$ 473</u>	<u>\$ 8,851</u>

As of May 31, 2025, the Commission has entered into two software contracts for which the SBITA term (or a portion of it) has not yet commenced. The two contracts total \$2.7 million of which \$1.1 million is included in assets under construction. The future commitment on these contracts not yet included in the subscription liability is \$1.6 million.

PENNSYLVANIA TURNPIKE COMMISSION
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Notes to the Financial Statements *(continued)*
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT

The following table is a summary of debt outstanding:

	May 31,	
	2025	2024
	(In Thousands)	
Mainline Senior Debt		
Mainline Senior Bonds		
2009 Series A Build America Bonds: Issued \$275,000 in July 2009 at 6.105%, due in varying installments through June 1, 2039. Interest paid each June 1 and December 1.	\$ 275,000	\$ 275,000
2010 Series B Build America Bonds: Issued \$600,000 in September 2010 at 5.5%, due in varying installments through December 1, 2049. Interest paid each June 1 and December 1.	600,000	600,000
2012 Series A: Issued \$200,215 in July 2012 at 3.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in October 2017, December 2017 and January 2020. Partially defeased in May 2019 and November 2020. Fully refunded in September 2024.	-	5,680
2014 Series A: Issued \$236,115 in April 2014 at 4.00% to 5.00%, due in varying installments through December 1, 2044. Interest paid each June 1 and December 1. Partially refunded in October 2017, September 2022, September 2024 and October 2024. Partially defeased in November 2020.	-	212,145
2014 Series Refunding: Issued \$239,620 in November 2014 at 5.00%, due in varying installments through December 1, 2034. Interest paid each June 1 and December 1. Partially refunded in September 2022. Fully refunded in October 2024.	-	98,790
2014 Series C: Issued \$294,225 in December 2014 at 2.25% to 5.00%, due in varying installments through December 1, 2044. Interest paid each June 1 and December 1. Partially refunded in October 2017, September 2022, September 2024 and October 2024. Partially defeased in November 2020.	-	235,355
2015 Series A-1: Issued \$385,095 in June 2015 at 4.00% to 5.00%, due in varying installments through December 1, 2045. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in September 2022. Fully refunded in March 2025.	-	313,445
2015 Series B: Issued \$304,005 in December 2015 at 2.50% to 5.00%, due in varying installments through December 1, 2045. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in September 2022.	285,170	288,605
2016 Series A-1: Issued \$447,850 in June 2016 at 3.00% to 5.00% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1. Partially defeased in November 2020.	438,295	441,705
2017 Series A-1: Issued \$365,895 in October 2017 at 3.00% to 5.00% due in varying installments through December 1, 2047. Interest is paid each June 1 and December 1. Partially defeased in November 2020.	320,020	327,515
2017 Series A-2 Refunding: Issued \$133,060 in October 2017 at 5.00% due in varying installments through December 1, 2030. Interest is paid each June 1 and December 1.	109,765	133,060
2018 Series A-2: Issued \$307,935 in June 2018 at 5% due in varying installments through December 1, 2048. Interest is paid each June 1 and December 1.	304,105	305,845
2019 First Series: Issued \$84,365 in February 2019 at 5% due in varying installments through December 1, 2033. Interest is paid each June 1 and December 1.	84,365	84,365
2019 Second Series: Issued \$139,815 in June 2019 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in one installment on December 1, 2038.	139,815	139,815
2019 Series A: Issued \$341,325 in August 2019 at 2.00% to 5.00% due in varying installments through December 1, 2049. Interest is paid each June 1 and December 1. Partially defeased in November 2020.	311,475	318,035
2019 Forward Delivery Series: Issued \$179,815 in September 2019 at 5.00% due in varying installments through December 1, 2025. Interest is paid each June 1 and December 1. Partially defeased in November 2020.	33,705	65,835
2020 First Series: Issued \$234,320 in January 2020 at 1.81% to 3.44% due in varying installments through December 1, 2043. Interest is paid each June 1 and December 1. Partially refunded in September 2022.	209,005	209,900
2020 Second Series: Issued \$225,820 in June 2020 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in one installment on December 1, 2039.	225,820	225,820
2020 Series A: Issued \$100,500 in August 2020 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in varying installments through December 1, 2050.	91,100	93,540
2020 Series B: Issued \$241,625 in October 2020 at 5.00% due in varying installments through December 1, 2050. Interest is paid each June 1 and December 1.	233,145	237,490
2021 Series A: Issued \$250,000 in April 2021 at 3.00% to 5.00% due in varying installments through December 1, 2051. Interest is paid each June 1 and December 1.	237,100	241,555

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Notes to the Financial Statements *(continued)*
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2025	2024
	<i>(In Thousands)</i>	
<i>Mainline Senior Debt (continued)</i>		
<i>Mainline Senior Bonds (continued)</i>		
2021 Series B: Issued \$385,800 in July 2021 at 4.00% to 5.00% due in varying installments through December 1, 2051. Interest is paid each June 1 and December 1.	\$ 371,130	\$ 376,265
2021 Series C: Issued \$275,000 in November 2021 at 3.00% to 5.00% due in varying installments through December 1, 2051. Interest is paid each June 1 and December 1.	254,560	254,560
2022 Series A: Issued \$254,730 in September 2022 at 4.125% to 5.00% due in varying installments through December 1, 2041. Interest is paid each June 1 and December 1.	254,730	254,730
2022 Series B: Issued \$293,840 in December 2022 at 5.00% to 5.25% due in varying installments through December 1, 2052. Interest is paid each June 1 and December 1.	284,730	289,395
2023 Series A: Issued \$400,000 in September 2023 at 4.25% to 5.25% due in varying installments through December 1, 2053. Interest is paid each June 1 and December 1.	397,460	400,000
2023 Series B: Issued \$190,125 in November 2023 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in varying installments through December 1, 2043.	180,930	190,125
2024 Series A: Issued \$205,835 in January 2024 at 5.00% due in varying installments through December 1, 2044. Interest is paid each June 1 and December 1.	205,835	205,835
2024 Series C: Issued \$300,000 in June 2024 at 5.00% to 5.25% due in varying installments through December 1, 2054. Interest paid each June 1 and December 1.	300,000	-
2024 First Series: Issued \$280,495 in September 2024 at 5.00% due in varying installments through December 1, 2044. Interest is paid each June 1 and December 1.	280,495	-
2025 Second Series: Issued \$250,640 in March 2025 at 5.00% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1.	250,640	-
2025 Series A: Issued \$350,000 in March 2025 at 4.125% to 5.25% due in varying installments through December 1, 2055. Interest is paid each June 1 and December 1.	350,000	-
Total Mainline Senior Bonds	7,028,395	6,824,410
<i>Mainline Senior Direct Placements & Direct Borrowings</i>		
2019 EB-5 Loan (3rd Tranche): Issued \$52,000 in November 2019 at 2.00% due on November 5, 2024. Interest is paid each June 1 and December 1. Fully refunded in November 2024.	-	52,000
2020 EB-5 Loan (4th Tranche): Issued \$36,500 in January 2020 at 2.00% due on January 21, 2025. Interest is paid each June 1 and December 1. Fully refunded in January 2025.	-	36,500
2024 Series B: Issued \$90,000 in February 2024 at 2.00% to 4.00% due in varying installments through on December 1, 2054. Interest is paid each June 1 and December 1. Fully refunded in January 2025.	-	90,000
2024 Forward Delivery: Issued \$233,015 in October 2024 at 3.75% due in varying installments through December 1, 2037. Interest is paid each June 1 and December 1.	233,015	-
2024 Second Series: Issued \$43,890 in November 2024 at 5.00% due in varying installments through December 1, 2053. Interest is paid each June 1 and December 1.	43,890	-
2024 Series B Converted: Issued \$90,000 in January 2025 at 4.00% due in varying installments through December 1, 2054. Interest is paid each June 1 and December 1.	90,000	-
2025 First Series: Issued \$30,420 in January 2025 at 5.00% due in varying installments through December 1, 2054. Interest is paid each June 1 and December 1.	30,420	-
Total Mainline Senior Direct Placements & Direct Borrowings	397,325	178,500
Total Mainline Senior Debt	7,425,720	7,002,910
<i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)</i>		
<i>Mainline Subordinate Revenue Debt</i>		
<i>Mainline Subordinate Bonds</i>		
2009 Series C Subordinate Revenue: Issued \$99,998 in July 2009 at 6.25%, due in varying installments through June 1, 2033. Interest compounded semi-annually until June 1, 2016, thereafter paid each June 1 and December 1. Series C issued as Capital Appreciation Bonds (CABs). Compounded interest to be paid at maturity or earlier redemption. Partially refunded in March 2023 and October 2024.	121,035	126,080

PENNSYLVANIA TURNPIKE COMMISSION
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Notes to the Financial Statements *(continued)*
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NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2025	2024
	(In Thousands)	
<i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)</i>		
<i>Mainline Subordinate Revenue Debt (continued)</i>		
Mainline Subordinate Bonds (continued)		
2009 Series E Subordinate Revenue: Issued \$200,005 in October 2009 at 6.00% to 6.375%, due in varying installments through December 1, 2038. Interest compounded semi-annually until December 1, 2017, thereafter paid each June 1 and December 1. Series E issued as CABs. The compounded interest to be paid at maturity or earlier redemption. Partially refunded in March 2023 and October 2024.	\$ 255,585	\$ 281,625
2010 Sub-Series C-1, C-2, C-3 Subordinate Revenue: Issued \$138,916 in October 2010 at 4.25% to 5.45%. Sub-Series C-1 due in varying installments through December 1, 2040. Sub-Series C-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub Series C-3 issued as CABs with interest paid at maturity or earlier redemption. Sub-series C-2 partially refunded in June 2016, July 2017 and final refunding in November 2017. Sub-Series C-1 partially refunded in December 2017 and final refunding in November 2019. Sub-Series C-3 partially defeased in November 2020.	4,541	8,866
2012 Series B Subordinate Revenue: Issued \$121,065 in October 2012 at 2.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in December 2017, November 2019, February 2020 and October 2024. Partially defeased in November 2020.	-	40,075
2013 Series A Subordinate Revenue: Issued \$71,702 in April 2013 at 3.125% to 5.00%, due in varying installments through December 1, 2043. Sub-Series A-1 Serial bond interest paid each June 1 and December 1. Sub-Series A-1 Term bond interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2018, thereafter paid each June 1 and December 1. Partially refunded February 2020 and October 2024. Partially defeased in November 2020.	44,320	46,720
2013 Sub-Series B-1, B-2, B-3 Subordinate Revenue: Issued \$108,708 in October 2013 at 2.00% to 6.10%, due in varying installments through December 1, 2043. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2028, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 interest paid each June 1 and December 1. Sub-Series B-3 partially refunded in December 2017, February 2020, March 2023 and October 2024. Sub Series B-1 partially refunded in February 2020. Sub Series B-1 partially defeased in November 2020. Sub Series B-1 fully refunded in October 2024.	55,270	84,839
2014 Sub-Series A-1, A-2, A-3 Subordinate Revenue: Issued \$148,300 in April 2014 at 2.00% to 5.44%, due in varying installments through December 1, 2043. Sub-Series A-1 interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest to be compounded semi-annually until June 1, 2024, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 issued as CABs with interest paid at maturity or earlier redemption. Sub-Series A-1 partially defeased in November 2020. Sub-Series A-1 partially refunded in March 2023. Sub-Series A-1 fully refunded in October 2024.	69,130	129,167
2014 Series B Subordinate Revenue: Issued \$201,395 in October 2014 at 5.00% to 5.25% due in varying installments through December 1, 2044. Interest paid each June 1 and December 1. Partially refunded in March 2023. Fully refunded in October in 2024.	-	136,215
2015 Series A-1 Subordinate Revenue: Issued \$209,010 in April 2015 at 3.00% to 5.25% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1. Partially refunded in March 2023.	178,450	180,000
2015 Series B Subordinate Revenue: Issued \$192,215 in October 2015 at 4.00% to 5.00% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1. Partially refunded in July 2017, November 2017 and December 2017. Partially defeased in November 2020. Partially refunded in March 2023.	102,200	104,145
2016 First Series Subordinate Revenue Refunding: Issued \$360,990 in February 2016 at 3.00% to 5.00% due in varying installments through June 1, 2038. Interest is paid each June 1 and December 1. Partially defeased in May 2020. Partially refunded in March 2023.	177,620	190,200
2016 Series A-1 Subordinate Revenue: Issued \$203,700 in April 2016 at 3.00% to 5.00% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in March 2023.	175,070	176,965
2016 Series A-2 Subordinate Revenue: Issued \$185,455 in April 2016 at 5.00% due in varying installments through June 1, 2033. Interest is paid each June 1 and December 1. Partially refunded in October 2024.	87,805	156,950
2016 Second Series Subordinate Revenue Refunding: Issued \$649,545 in June 2016 at 3.00% to 5.00% due in varying installments through June 1, 2039. Interest is paid each June 1 and December 1. Partially refunded in October 2024.	420,795	583,295

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Notes to the Financial Statements *(continued)*
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2025	2024
	(In Thousands)	
<i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)</i>		
<i>Mainline Subordinate Revenue Debt (continued)</i>		
Mainline Subordinate Bonds (continued)		
2016 Third Series Sub-Series A Subordinate Revenue Refunding: Issued \$255,455 in October 2016 at 3.375% to 5.00% due in varying installments through December 1, 2041. Interest is paid each June 1 and December 1. Partially refunded in October 2024.	\$ 202,205	\$ 255,455
2016 Third Series Sub-Series B Subordinate Revenue Refunding (Federally Taxable): Issued \$75,755 in October 2016 at 1.175% to 2.928% due in varying installments through December 1, 2025. Interest is paid each June 1 and December 1.	10,220	20,160
2017 Series A Subordinate Revenue: Issued \$284,275 in January 2017 at 4.00% to 5.50% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1. Partially refunded in March 2023 and October 2024.	188,290	204,515
2017 Series B-1 Subordinate Revenue: Issued \$379,115 in July 2017 at 5.00% To 5.25%. Due in varying installments through June 1, 2047. Interest paid each June 1 and December 1. Partially refunded in October 2024.	346,340	377,830
2017 Series B-2 Subordinate Revenue: Issued \$371,395 in July 2017 at 4.00% to 5.00%. Due in varying installments through June 1, 2039. Interest paid each June 1 and December 1. Partially defeased in May 2020. Partially refunded in October 2024.	304,630	368,315
2017 Second Series Subordinate Revenue Refunding: Issued \$150,425 in November 2017 at 5.00%. Due in varying installments through December 1, 2037. Interest paid each June 1 and December 1.	150,425	150,425
2017 Third Series Subordinate Revenue Refunding: Issued \$143,585 in December 2017 at 4.00% to 5.00%. Due in varying installments through December 1, 2040. Interest paid each June 1 and December 1.	143,585	143,585
2019 Series A Subordinate Revenue: Issued \$722,970 in June 2019 at 4.00% to 5.00%. Due in varying installments through December 1, 2049. Interest paid each June 1 and December 1.	721,010	722,970
2019 First Series Subordinate Revenue Refunding (Federally Taxable): Issued \$86,730 in November 2019 at 2.16% to 3.78%. Due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in March 2023 and October 2024.	47,915	78,690
2020 First Series Subordinate Revenue Refunding (Federally Taxable): Issued \$134,310 in February 2020 at 1.81% to 3.45%. Due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in March 2023 and October 2024.	100,405	115,985
2021 Series A Subordinate Revenue: Issued \$465,730 in January 2021 at 3.00% to 4.00%. Due in varying installments through December 1, 2050. Interest paid each June 1 and December 1.	465,730	465,730
2021 Series B Subordinate Revenue: Issued \$393,790 in July 2021 at 3.00% to 5.00%. Due in varying installments through December 1, 2051. Interest paid each June 1 and December 1.	393,790	393,790
2023 First Series Subordinate Revenue Refunding: Issued \$343,800 in March 2023 at 5.00%. Due in varying installments through December 1, 2043. Interest paid each June 1 and December 1.	343,800	343,800
2024 First Series Subordinate Revenue Refunding: Issued \$585,140 in October 2024 at 5.00%. Due in varying installments through December 1, 2043. Interest paid each June 1 and December 1.	585,140	-
Total Mainline Subordinate Bonds	5,695,306	5,886,392
<i>Mainline Subordinate Direct Placements & Direct Borrowings</i>		
2022 First Series Subordinate Revenue Refunding: Issued \$291,850 in April 2022 at a variable rate (based on SIFMA + .37% reset weekly, paid the 1st of each month commencing on June 1, 2022). Due in varying installments through December 1, 2041.	291,850	291,850
Total Mainline Subordinate Direct Placements & Direct Borrowings	291,850	291,850
Total Mainline Subordinate Debt	5,987,156	6,178,242

PENNSYLVANIA TURNPIKE COMMISSION
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Notes to the Financial Statements *(continued)*
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2025	2024
	(In Thousands)	
<i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)</i>		
<i>Mainline Subordinate Revenue Debt (continued)</i>		
<i>Motor License Fund-Enhanced Subordinate Special Revenue Debt</i>		
2010 Sub-Series A-1, A-2, A-3 Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$187,816 in July 2010 at 4.50% to 5.50%. Sub-Series A-1 due in varying installments through December 1, 2038. Interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series A-3 issued as CABs. Compounded interest to be paid at maturity or earlier redemption. Sub-Series A-2 was partially refunded in October 2016 and final refunding in November 2017. Sub-Series A-1 was partially refunded in November 2017 and final refunding in December 2017.	\$ 56,505	\$ 53,620
2010 Sub-Series B-1, B-2, B-3 Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$105,299 in October 2010 at 3.95% to 5.125%, due in varying installments through December 1, 2040. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 issued as CABs with interest paid at maturity or earlier redemption. Sub-Series B-2 was partially refunded in October 2016 and July 2017 and final refunding in November 2017. Sub-Series B-1 was partially refunded in December 2017, November 2019 and fully refunded in February 2020.	4,627	9,049
2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$92,780 in October 2012 at 3.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in July 2017 and December 2017, November 2019 and February 2020.	11,875	12,025
2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$92,465 in April 2013 at 3.00% to 5.00%, due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. Partially refunded in July 2017, November 2017, December 2017, November 2019 and February 2020.	500	500
2013 Sub-Series B-1, B-2, B-3 Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$101,731 in October 2013 at 2.00% to 5.875%, due in varying installments through December 1, 2043. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2028, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 interest paid each June 1 and December 1. Partially refunded in July 2017, November 2017, December 2017 and February 2020.	45,908	46,620
2014 Series A Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$59,740 in April 2014 at 4.50% to 4.90%, due in varying installments through December 1, 2044. Series A were issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2021, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption.	84,940	84,940
2016 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$79,865 in October 2016 at 5.00% due in varying installments through December 1, 2036. Interest is paid each June 1 and December 1.	70,810	73,975
2017 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$45,390 in July 2017 at 5.00%, due in varying installments through June 1, 2028. Interest due each June 1 and December 1.	34,950	42,570
2017 Second Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$243,675 in November 2017 at 5.00%, due in varying installments through December 1, 2041. Interest due each June 1 and December 1.	243,675	243,675
2017 Third Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$164,240 in December 2017 at 4.00% to 5.00%, due in varying installments through December 1, 2040. Interest due each June 1 and December 1.	164,240	164,240
2019 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding (Federally Taxable): Issued \$151,130 in November 2019 at 2.01% to 3.58%, due in varying installments through December 1, 2043. Interest due each June 1 and December 1.	148,280	148,945
2020 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding (Federally Taxable): Issued \$92,750 in February 2020 at 1.76% to 3.25%, due in varying installments through December 1, 2043. Interest due each June 1 and December 1.	90,125	90,530
Total Motor License Fund-Enhanced Subordinate Special Revenue Debt	956,435	970,689

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NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2025	2024
	(In Thousands)	
Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)		
Mainline Subordinate Revenue Debt (continued)		
Motor License Fund-Enhanced Subordinate Special Revenue Debt (continued)		
Total Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)	\$ 6,943,591	\$ 7,148,931
Total Mainline Senior and Subordinate Debt	14,369,311	14,151,841
Oil Franchise Tax Senior Debt		
2009 Series A, B, C Oil Franchise Tax Revenue: Issued \$164,181 in October 2009. Series A issued at 2.00% to 5.85%, due in varying installments through December 1, 2023. Series B (Build America Bonds, Issuer Subsidy, Federally Taxable) issued at 5.85%, due in varying installments through December 1, 2037. Interest paid each June 1 and December 1. Series C issued as CABs at 5.30%. Interest on the CABs is deferred until maturity on December 1, 2039. Sub-Series A-2 partially refunded in September 2016. Sub Series A-1 fully refunded in September 2021.	162,197	160,411
2013 Series A Oil Franchise Tax Revenue Refunding: Issued \$27,785 in October 2013 at 2.50% to 5.00%, due in varying installments through December 1, 2024. Interest paid each June 1 and December 1.	-	9,895
2016 Series A Oil Franchise Tax Revenue Refunding: Issued \$198,595 in September 2016 at 4.00% to 5.00% due in varying installments through December 1, 2032. Interest paid each June 1 and December 1.	136,930	140,455
2018 Series A Oil Franchise Tax Revenue: Issued \$231,385 in June 2018 at 5.00% to 5.25% due in varying installments through December 1, 2048. Interest paid each June 1 and December 1.	231,385	231,385
2021 Series A Oil Franchise Tax Revenue: Issued \$327,520 in September 2021 at 3.00% to 5.00% due in varying installments through December 1, 2051. Interest paid each June 1 and December 1.	313,850	318,225
Total Oil Franchise Tax Senior Debt	844,362	860,371
Oil Franchise Tax Subordinate Debt		
2009 Series D, E Subordinate Oil Franchise Tax Revenue: Issued \$134,065 in October 2009. Series D issued at 2.00% to 5.00%, due in varying installments through December 1, 2027. Series E (Build America Bonds, Issuer Subsidy, Federally Taxable) issued at 6.378%, due in varying installments through December 1, 2037. Sub-Series D-2 partially refunded in September 2016. Sub-Series D-1 and D-2 fully refunded in September 2021.	101,625	102,505
2013 Series B Subordinate Oil Franchise Tax Revenue: Issued \$32,035 in October 2013 at 2.00% and 5.00%, due in varying installments through December 1, 2025. Interest paid each June 1 and December 1.	6,960	13,450
2016 Series B Subordinate Oil Franchise Tax Revenue Refunding: Issued \$115,395 in September 2016 at 4.00% to 5.00% due in varying installments through December 1, 2032. Interest paid each June 1 and December 1.	75,850	75,850
2018 Series B Subordinate Oil Franchise Tax Revenue: Issued \$210,480 in June 2018 at 5.00% to 5.25% due in varying installments through December 1, 2048. Interest paid each June 1 and December 1.	210,480	210,480
2021 Series B Subordinate Oil Franchise Tax Revenue : Issued \$201,480 in September 2021 at 3.00% to 5.00% due in varying installments through December 1, 2053. Interest paid each June 1 and December 1.	193,825	197,680
Total Oil Franchise Tax Subordinate Debt	588,740	599,965
Total Oil Franchise Tax Senior and Subordinate Debt	1,433,102	1,460,336

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Notes to the Financial Statements *(continued)*
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2025	2024
	<i>(In Thousands)</i>	
<i>Motor License Registration Fee Debt</i>		
<i>Motor License Registration Fee Bonds</i>		
2005 Series A: Issued \$234,135 in August 2005 at 3.25% to 5.25%, due in varying installments through July 15, 2030. Interest paid each January 15 and July 15. Partially defeased in March 2019.	\$ 75,395	\$ 87,110
2023 Revenue Refunding: Issued \$231,425 in September 2023 at a variable rate (based on SIFMA + .85%, reset weekly, paid the 15th of each month), due in varying installments through July 15, 2041.	231,425	231,425
Total Motor License Registration Fee Bonds	306,820	318,535
Total Debt Payable	16,109,233	15,930,712
Unamortized premium/discount	1,529,065	1,498,515
Total debt, net of unamortized premium/discount	17,638,298	17,429,227
Less: Current portion	338,919	411,085
Debt, noncurrent portion	\$ 17,299,379	\$ 17,018,142

As of May 31, 2025, the Commission had \$689,175 in outstanding Direct Placements and Direct Borrowings. SIFMA was 1.97% on May 31, 2025.

As of May 31, 2024, the Commission had \$470,350 in outstanding Direct Placements and Direct Borrowings. SIFMA was 3.36% on May 31, 2024.

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Notes to the Financial Statements *(continued)*
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

The tables below summarize the total additions and total reductions in debt during fiscal years 2025 and 2024. Additions are the result of new debt issuances and bond accretion related to capital appreciation bonds. Reductions are the result of principal payments and bond refundings/defeasances.

	Balance at May 31, 2024	Additions	Reductions <i>(In thousands)</i>	Balance at May 31, 2025	Due Within One Year
<i>Mainline debt</i>					
Mainline bonds *	\$ 13,681,491	\$ 1,776,955	\$ 1,778,310	\$ 13,680,136	\$ 296,099
Mainline direct placements and borrowings	470,350	397,325	178,500	689,175	-
Total Mainline debt	14,151,841	2,174,280	1,956,810	14,369,311	296,099
<i>Oil Franchise Tax debt</i>					
Oil Franchise Tax bonds **	1,460,336	1,786	29,020	1,433,102	30,490
Total Oil Franchise Tax debt	1,460,336	1,786	29,020	1,433,102	30,490
<i>Motor License Registration Fee debt</i>					
Motor License Registration Fee bonds	318,535	-	11,715	306,820	12,330
Total Motor License Registration Fee debt	318,535	-	11,715	306,820	12,330
Total Debt Payable	15,930,712	2,176,066	1,997,545	16,109,233	338,919
Premium (discount), net	1,498,515	228,777	198,227	1,529,065	-
Total Debt Payable, net of premium (discount)	\$ 17,429,227	\$ 2,404,843	\$ 2,195,772	\$ 17,638,298	\$ 338,919

* Mainline bonds FY25 additions related to bond issuances were \$2,163,600 and FY25 additions related to bond accretions were \$10,680.

** Oil Franchise Tax bonds FY25 additions related to bond accretions were \$1,786.

	Balance at May 31, 2023	Additions	Reductions <i>(In thousands)</i>	Balance at May 31, 2024	Due Within One Year
<i>Mainline debt</i>					
Mainline bonds *	\$ 13,332,953	\$ 808,568	\$ 460,030	\$ 13,681,491	\$ 281,850
Mainline direct placements and borrowings	425,350	90,000	45,000	470,350	88,500
Total Mainline debt	13,758,303	898,568	505,030	14,151,841	370,350
<i>Oil Franchise Tax debt</i>					
Oil Franchise Tax bonds **	1,486,281	1,695	27,640	1,460,336	29,020
Total Oil Franchise Tax debt	1,486,281	1,695	27,640	1,460,336	29,020
<i>Motor License Registration Fee debt</i>					
Motor License Registration Fee bonds ***	98,235	231,425	11,125	318,535	11,715
Motor License Registration Fee direct placements and borrowings	231,425	-	231,425	-	-
Total Motor License Registration Fee debt	329,660	231,425	242,550	318,535	11,715
Total Debt Payable	15,574,244	1,131,688	775,220	15,930,712	411,085
Premium (discount), net	1,520,549	55,769	77,803	1,498,515	-
Total Debt Payable, net of premium (discount)	\$ 17,094,793	\$ 1,187,457	\$ 853,023	\$ 17,429,227	\$ 411,085

* Mainline bonds FY24 additions related to bond issuances were \$885,960 and FY24 additions related to bond accretions were \$12,608.

** Oil Franchise Tax bonds FY24 additions related to bond accretions were \$1,695.

*** Motor License Registration bonds FY24 additions related to bond issuances were \$231,425.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

Debt service requirements subsequent to May 31, 2025 related to all sections of debt are as follows:

Year Ending May 31	Bonds			Direct Borrowings and Direct Placements			Total Debt		
	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total
<i>(In thousands)</i>									
2026	\$ 338,919	\$ 703,224	\$ 1,042,143	\$ -	\$ 23,855	\$ 23,855	\$ 338,919	\$ 727,079	\$ 1,065,998
2027	385,595	694,292	1,079,887	605	23,496	24,101	386,200	717,788	1,103,988
2028	400,715	676,960	1,077,675	630	23,485	24,115	401,345	700,445	1,101,790
2029	436,700	657,573	1,094,273	650	23,438	24,088	437,350	681,011	1,118,361
2030	455,004	654,347	1,109,351	6,420	23,425	29,845	461,424	677,772	1,139,196
2031 - 2035	2,745,920	2,852,982	5,598,902	146,765	111,312	258,077	2,892,685	2,964,294	5,856,979
2036 - 2040	3,892,313	2,143,069	6,035,382	167,970	74,644	242,614	4,060,283	2,217,713	6,277,996
2041 - 2045	3,521,607	1,303,267	4,824,874	201,825	40,805	242,630	3,723,432	1,344,072	5,067,504
2046 - 2050	2,477,135	490,802	2,967,937	7,945	36,578	44,523	2,485,080	527,380	3,012,460
2051 - 2055	744,655	82,178	826,833	156,365	22,089	178,454	901,020	104,267	1,005,287
2056 - 2060	21,495	1,129	22,624	-	-	-	21,495	1,129	22,624
	<u>\$ 15,420,058</u>	<u>\$ 10,259,823</u>	<u>\$ 25,679,881</u>	<u>\$ 689,175</u>	<u>\$ 403,127</u>	<u>\$ 1,092,302</u>	<u>\$ 16,109,233</u>	<u>\$ 10,662,950</u>	<u>\$ 26,772,183</u>

The Commission's purpose for issuing debt is as follows:

- Mainline Senior Debt is issued for the purpose of financing the costs of various capital projects in the Commission's Ten-Year Capital Plan and for refunding outstanding Mainline Senior Debt.

In fiscal year 2025, the Commission issued \$1,578,460,000 of Mainline Senior Debt; \$650,000,000 was issued to finance the costs of various capital projects and \$928,460,000 was issued to refund and repay outstanding Mainline Senior Debt.

In fiscal year 2024, the Commission issued \$885,960,000 of Mainline Senior Debt; \$634,786,548 was issued to finance the costs of various capital projects and \$251,173,452 was issued to refund and repay outstanding Mainline Senior Debt.

- Mainline Subordinate Debt is issued to refund outstanding Subordinate Debt which was originally issued for the purpose of financing a portion of the costs of making payments to the Pennsylvania Department of Transportation in accordance with Act 44 and Act 89. See Note 11 for additional information regarding Act 44 and Act 89.

In fiscal year 2025, the Commission issued \$585,140,000 of Mainline Subordinate Debt to refund and repay outstanding Mainline Subordinate Debt.

The Commission did not issue any Mainline Subordinate Debt during fiscal year ended May 31, 2024.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements (*continued*)

Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

- Oil Franchise Tax Debt and Motor License Registration Fee Debt are issued for the purpose of financing the costs of capital expenditures related to the Mon/Fayette and Southern Beltway expansion projects and to refund outstanding Oil Franchise Tax Debt and Motor License Registration Fee Debt.

The Commission did not issue any Oil Franchise Tax Debt during the fiscal years ended May 31, 2025 or 2024.

The Commission did not issue any Motor License Registration Fee Debt during the fiscal year ended May 31, 2025.

In fiscal year 2024, the Commission issued \$231,425,000 of Motor License Registration Fee Debt to refund and repay outstanding Motor License Registration Fee Debt.

The issuance of new debt is conducted in accordance with the terms of the applicable Trust Indenture and approval of the Commissioners.

Mainline Debt Requirements and Recent Activity

The Amended and Restated Trust Indenture of 2001 requires that tolls be adequate to provide funds to cover current expenses and: (1) provide funds in an amount not less than the greater of 130% of the maximum principal and interest requirements for the succeeding year, or (2) 100% of the maximum principal and interest payments for the next fiscal year plus the amount required for maintenance of the Turnpike System as determined by the Commission's Consulting Engineer. If any deficiencies occur, the Commission is obligated to raise tolls accordingly.

As disclosed in Note 3, the Commission's Trust Indentures impose certain restrictions and requirements. The Commission's Trust Indenture for the Turnpike Subordinate Revenue Bonds requires that the Commission establish and maintain schedules of tolls for traffic over the Turnpike System as required by the Senior Indenture and, in addition, the amount paid into the General Reserve Fund of the Senior Indenture in each fiscal year and for each Commission Payment, will be at least sufficient to provide funds in an amount not less than: (1) 115% of the Annual Debt Service for each fiscal year on account of all outstanding Revenue Bonds and Revenue Bonds Parity Obligations; (2) 100% of the Annual Debt Service for such fiscal year on account of all Outstanding Guaranteed Bonds, Guaranteed Bonds Parity Obligations and Subordinated Indebtedness; and (3) any payment by the Commission required by the Subordinate Indenture for restoring a deficiency in the Debt Service Fund within an 18-month period.

The Commission's Mainline Senior Debt (including Direct Placements and Borrowings) contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In fiscal year 2017, the Commission entered into a loan agreement to borrow, over a possible eight-year period, up to \$800.0 million in 16 tranches of up to \$50.0 million each through the Immigrant Investor Program (known as the EB-5 visa program) administered by the U.S. Citizenship and Immigration Services. The Commission is borrowing this money to fund a portion of the costs of certain capital projects included in the Commission's current Ten-Year Capital Plan. Such debt is issued under the Senior Indenture on parity with the Turnpike Revenue Bonds. As of May 31, 2025, the Commission does not have outstanding principal related to EB-5 borrowings. The outstanding principal related to these EB-5 borrowings was \$88.5 million as of May 31, 2024.

In June 2020, the Commission secured a \$200.0 million revolving line of credit from PNC Bank, N. A. with a one-year term. The Commission was authorized to draw this money for general working capital purposes, funding/reimbursing necessary reserves and the payment of debt service on Bonds under the Senior Indenture. The Commission renewed the line of credit in fiscal year 2024 and again in fiscal year 2025, but did not draw on the line of credit in either of these fiscal years. As of May 31, 2025 and 2024, there was no outstanding principal related to this Line of Credit.

Under the Commonwealth's Act 44 of 2007, the Commission may issue up to \$5.0 billion of Special Revenue Bonds guaranteed by the Commonwealth's Motor License Fund. The Special Revenue Bonds authorized by Act 44 are subject to various limitations, including, among others, the following: the aggregate amount of such Special Revenue Bonds is limited to \$5.0 billion; no more than \$600.0 million of Special Revenue Bonds may be issued in any calendar year; debt service on the Special Revenue Bonds shall be payable from any available funds of the Commission, but are additionally secured by amounts payable from the Commonwealth's Motor License Fund which is required to pay any debt service shortfall. All Special Revenue Bond debt service payments are subordinate obligations of the Commission payable solely from certain money in, or periodically released from, the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, insurance policies, liquidity policies or agreements in effect at the Commission. Pursuant to the Commonwealth's Act 89 of 2013, Special Revenue Bonds may not be issued by the Commission to fund any portion of its annual payment obligation to PennDOT after July 1, 2014, although Special Revenue Refunding Bonds may be issued. The outstanding principal related to these Special Revenue Bonds was \$956.4 million and \$970.7 million as of May 31, 2025 and 2024, respectively.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

The commitment of the Commonwealth's Motor License Fund to provide additional security to pay any Special Revenue Bond debt service shortfall shall continue until the retirement or defeasance of any Special Revenue Bonds or until October 13, 2057, whichever is sooner. To date, the Commission has made all required Special Revenue Bond debt service payments. No funds have been drawn or requested from the Commonwealth's Motor License Fund for Special Revenue Bond debt service during the current reporting period or any prior reporting periods. In the event that the Commonwealth's Motor License Fund would be required to make a Special Revenue Bond debt service payment, a provision of the Amended Lease and Funding Agreement, executed between the Commission and PennDOT, requires the Commission to reimburse the Motor License Fund for any Special Revenue Bond debt service payments plus interest accruing to the date of the Commission's failure to pay the debt service. The obligation of the Commission to reimburse the Motor License Fund for any Special Revenue Bond debt service payment is a subordinate obligation of the Commission and is payable only from amounts, if any, in the Commission's General Reserve Fund as permitted by any Commission financing documents, financial covenants, insurance policies, liquidity policies, or agreements in effect at the Commission.

In September 2023, the Commission issued \$400,000,000 of 2023 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2053. The 2023 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges, to refund a portion of the 2013 Series C Senior Revenue Bonds (\$15,895,000) and the 2018 EB-5 Loan 2nd Tranche (\$45,000,000), and for paying the costs of issuing the 2023 Series A Senior Revenue Bonds. The current refunding of the 2013 Series C Senior Revenue Bonds and the 2018 EB-5 Loan 2nd Tranche allowed the Commission to reduce its debt service by approximately \$1.9 million. The transaction resulted in an economic gain of \$1.4 million.

In November 2023, the Commission issued \$190,125,000 of 2023 Series B Senior Revenue Refunding Bonds at a variable rate with a maturity of December 1, 2043. The 2023 Series B Senior Revenue Refunding Bonds were primarily issued to refund the 2018 Series A-1 Senior Revenue Bonds (\$117,745,000) and 2018 Series B Senior Revenue Bonds (\$71,200,000), obtain the TD Letter of Credit as a Credit Facility in connection with the 2023 Series B Senior Revenue Refunding Bonds and for paying the costs of issuing the 2023 Series B Senior Revenue Refunding Bonds.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In January 2024, the Commission issued \$205,835,000 of 2024 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2044. The 2024 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series A Senior Revenue Bonds.

In February 2024, the Commission issued \$90,000,000, as a Direct Placement, 2024 Series B Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2054. The 2024 Series B Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series B Senior Revenue Bonds.

In June 2024, the Commission issued \$300,000,000 of 2024 Series C Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2054. The 2024 Series C Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series C Senior Revenue Bonds.

In September 2024, the Commission issued \$280,495,000 of 2024 First Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2044. The 2024 First Series Senior Revenue Refunding Bonds were primarily issued to finance the cost of refunding the 2012 Series A Senior Revenue Bonds (\$5,680,000), a portion of the 2014 Series A Senior Revenue Bonds (\$150,275,000), and a portion the 2014 Series C Senior Revenue Bonds (\$160,305,000), and for paying the costs of issuing the 2024 First Series Senior Revenue Refunding Bonds. The refunding of the 2012 Series A Senior Revenue Bonds, the 2014 Series A Senior Revenue Bonds, and the 2014 Series C Senior Revenue allowed the Commission to reduce its debt service by approximately \$54.2 million. The transaction resulted in an economic gain of \$38.4 million.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*Mainline Debt Requirements and Recent Activity *(continued)*

In October 2024, the Commission issued \$585,140,000 of 2024 First Series Subordinate Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2043. The 2024 First Series Subordinate Revenue Refunding Bonds were primarily issued to finance the cost of purchasing the Purchased Refunded Bonds pursuant to the Tender Offer for the 2009 Series C Subordinate Revenue Bonds (\$5,045,000), 2009 Series E Subordinate Revenue Bonds (\$26,040,000), 2016 Third Series A Subordinate Revenue Refunding Bonds (\$53,250,000), 2016 Series A-2 Subordinate Revenue Bonds (\$39,310,000), 2016 Second Subordinate Revenue Refunding Bonds (\$128,450,000), 2017 Series A Subordinate Revenue Bonds (\$14,145,000), 2017 Series B-1 Subordinate Revenue Bonds (\$29,795,000), 2017 Series B-2 Subordinate Revenue Bonds (\$63,425,000), 2019 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) (\$30,325,000), and 2020 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) (\$7,750,000); defeasing and redeeming the Defeased Refunded Bonds of the 2012 Series B Subordinate Revenue Bonds (\$36,125,000), 2013 Series A Subordinate Revenue Bonds (\$580,000), 2013 Series B-1 Subordinate Revenue Bonds (\$11,005,000), 2013 Series B-3 Subordinate Revenue Bonds (\$17,925,000), 2014 Series A-1 Subordinate Revenue Bonds (\$61,130,000), 2014 Series B Subordinate Revenue Bonds (\$136,215,000); and paying for the costs of issuing the 2024 First Series Subordinate Revenue Refunding Bonds. The bond transactions of the 2009 Series C Subordinate Revenue Bonds, 2009 Series E Subordinate Revenue Bonds, 2012 Series B Subordinate Revenue Bonds, 2013 Series A Subordinate Revenue Bonds, 2013 Series B-1 Subordinate Revenue Bonds, 2013 Series B-3 Subordinate Revenue Bonds, 2014 Series A-1 Subordinate Revenue Bonds, 2014 Series B Subordinate Revenue Bonds, 2016 Third Series A Subordinate Revenue Refunding Bonds, 2016 Series A-2 Subordinate Revenue Bonds, 2016 Second Subordinate Revenue Refunding Bonds, 2017 Series A Subordinate Revenue Bonds, 2017 Series B-1 Subordinate Revenue Bonds, 2017 Series B-2 Subordinate Revenue Bonds, 2019 First Series Subordinate Revenue Refunding Bonds (Federally Taxable), and 2020 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) allowed the Commission to reduce its debt service by approximately \$111.9 million. The transaction resulted in an economic gain of \$78.6 million.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In October 2024, the Commission issued \$233,015,000, as a Direct Placement, of 2024 Forward Delivery Refunding Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2037. The 2024 Forward Delivery Refunding Senior Revenue Bonds were primarily issued to finance the cost of the current refunding of a portion of the 2014 Series A Senior Revenue Bonds (\$59,535,000), 2014 Series Refunding Revenue Bonds (\$98,790,000), and a portion of 2014 Series C Senior Revenue Bonds (\$74,690,000); and paying for the costs of issuing the 2024 Forward Delivery Refunding Senior Revenue Bonds. The refunding of the 2014 Series A Senior Revenue Bonds, 2014 Series Refunding Revenue Bonds, and 2014 Series C Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately \$29.7 million. The transaction resulted in an economic gain of \$23.2 million.

In November 2024, the Commission issued \$43,890,000, as a Direct Placement, of 2024 Second Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2053. The 2024 Second Series Senior Revenue Bonds were issued in exchange for the cancellation of the 2019 EB-5 3rd Tranche (\$52,000,000) and paying for the costs of issuing the 2024 Second Series Senior Revenue Bonds.

In January 2025, the Commission issued \$90,000,000 of 2024 Series B Senior Revenue Bonds (Converted Direct Placement) at a fixed rate with a maturity of December 1, 2054. The 2024 Series B Senior Revenue Bonds (Converted Direct Placement) were issued in exchange for the cancellation of the Direct Placement 2024 Series B Senior Revenue Bonds (\$90,000,000) and paying for the costs of issuing the 2024 Series B Senior Revenue Bonds.

In January 2025, the Commission issued \$30,420,000, as a Direct Placement, of 2025 First Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2054. The 2025 First Series Senior Revenue Refunding Bonds were issued in exchange for the cancellation of the 2020 EB-5 4th Tranche (\$36,500,000) and paying for the costs of issuing the 2025 First Series Senior Revenue Refunding Bonds.

In March 2025, the Commission issued \$350,000,000 of 2025 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2055. The 2025 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2025 Series A Senior Revenue Bonds.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In March 2025, the Commission issued \$250,640,000 of 2025 Second Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2045. The 2025 Second Series Senior Revenue Refunding Bonds were primarily issued to finance the cost of refunding the 2015 Series A-1 Senior Revenue Bonds (\$286,670,000) and for paying the costs of issuing the 2025 Second Series Senior Revenue Refunding Bonds. The refunding of the 2015 Series A-1 Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately \$37.6 million. The transaction resulted in an economic gain of \$27.1 million.

Debt service requirements subsequent to May 31, 2025 related to the Mainline debt are as follows:

Year Ending May 31	Bonds			Direct Borrowings and Direct Placements			Total Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	Maturities			Maturities			Maturities		
					(In thousands)				
2026	\$ 296,099	\$ 623,975	\$ 920,074	\$ -	\$ 23,855	\$ 23,855	\$ 296,099	\$ 647,830	\$ 943,929
2027	340,560	617,253	957,813	605	23,496	24,101	341,165	640,749	981,914
2028	353,365	602,226	955,591	630	23,485	24,115	353,995	625,711	979,706
2029	386,925	585,299	972,224	650	23,437	24,087	387,575	608,736	996,311
2030	402,674	584,642	987,316	6,420	23,425	29,845	409,094	608,067	1,017,161
2031 - 2035	2,456,750	2,545,818	5,002,568	146,765	111,312	258,077	2,603,515	2,657,130	5,260,645
2036 - 2040	3,571,786	1,876,494	5,448,280	167,970	74,644	242,614	3,739,756	1,951,138	5,690,894
2041 - 2045	3,173,247	1,135,638	4,308,885	201,825	40,805	242,630	3,375,072	1,176,443	4,551,515
2046 - 2050	2,110,385	408,095	2,518,480	7,945	36,578	44,523	2,118,330	444,673	2,563,003
2051 - 2055	566,850	67,386	634,236	156,365	22,090	178,455	723,215	89,476	812,691
2056 - 2060	21,495	1,129	22,624	-	-	-	21,495	1,129	22,624
	<u>\$ 13,680,136</u>	<u>\$ 9,047,955</u>	<u>\$ 22,728,091</u>	<u>\$ 689,175</u>	<u>\$ 403,127</u>	<u>\$ 1,092,302</u>	<u>\$ 14,369,311</u>	<u>\$ 9,451,082</u>	<u>\$ 23,820,393</u>

Oil Franchise Tax Debt Requirements and Recent Activity

The Oil Franchise Tax Revenue Bonds are secured by a pledge and assignment by the Commission to the Trustee of: (1) all proceeds from the Commission's allocation of the Commonwealth's Oil Company Franchise Tax; (2) the Commission's right to receive its allocation of the Oil Company Franchise Tax and any portion of the allocation actually received by the Commission; (3) all monies deposited into accounts or funds created by the 1998 Indenture, as supplemented; and, (4) all investment earnings on all monies held in accounts and funds established by the 1998 Indenture.

The 1998 Indenture requires the Commission to petition the General Assembly of the Commonwealth of Pennsylvania for additional funds in the event that the Commission's allocation of the Oil Company Franchise Tax is inadequate to pay maximum principal and interest payments for the succeeding year.

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NOTE 9 DEBT *(continued)*Oil Franchise Tax Debt Requirements and Recent Activity *(continued)*

The Commission's Oil Franchise Tax Debt contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

Debt service requirements subsequent to May 31, 2025 related to Oil Franchise Tax debt are as follows:

Year Ending May 31	Bonds			Direct Borrowings and Direct Placements			Total Debt		
	Principal Maturities	Interest	Total	Principal Maturities	Interest <i>(In thousands)</i>	Total	Principal Maturities	Interest	Total
2026	\$ 30,490	\$ 68,997	\$ 99,487	\$ -	\$ -	\$ -	\$ 30,490	\$ 68,997	\$ 99,487
2027	32,060	67,452	99,512	-	-	-	32,060	67,452	99,512
2028	33,690	65,828	99,518	-	-	-	33,690	65,828	99,518
2029	35,400	64,122	99,522	-	-	-	35,400	64,122	99,522
2030	37,200	62,327	99,527	-	-	-	37,200	62,327	99,527
2031 - 2035	210,595	278,549	489,144	-	-	-	210,595	278,549	489,144
2036 - 2040	211,477	252,280	463,757	-	-	-	211,477	252,280	463,757
2041 - 2045	297,635	166,646	464,281	-	-	-	297,635	166,646	464,281
2046 - 2050	366,750	82,707	449,457	-	-	-	366,750	82,707	449,457
2051 - 2055	177,805	14,792	192,597	-	-	-	177,805	14,792	192,597
	<u>\$ 1,433,102</u>	<u>\$ 1,123,700</u>	<u>\$ 2,556,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,433,102</u>	<u>\$ 1,123,700</u>	<u>\$ 2,556,802</u>

Motor License Registration Fee Debt Requirements and Recent Activity

Pursuant to Section 20 of Act 3, the Commonwealth appropriates \$28.0 million of Act 3 revenues to the Commission annually. The \$28.0 million is payable to the Commission in the amount of \$2.3 million per month. The Motor License Registration Fee Revenue Bonds are secured by a pledge and assignment by the Commission to the Trustee of any receipts, revenues and other moneys received by the Trustee on or after the date of the Indenture from the Commission's allocation of Act 3 revenues and any income earned on any fund or account established pursuant to the Indenture.

The Commission's Motor License Registration Fee Debt contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

In September 2023, the Commission issued \$231,425,000 of 2023 Series Motor License Registration Fee Revenue Refunding Bonds at a variable rate with a maturity date of July 15, 2041. The 2023 Motor License Registration Fee Revenue Refunding Bonds were issued to refund the 2005 Series B Motor License Registration Fee Revenue Bonds (\$77,140,000), 2005 Series C Motor License Registration Fee Revenue Bonds (\$77,140,000), and 2005 Series D Motor License Registration Fee Revenue Bonds (\$77,145,000) and paying for the costs of issuing the 2023 Series Motor License Registration Fee Revenue Refunding Bonds.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*Motor License Registration Fee Debt Requirements and Recent Activity
(continued)

Debt service requirements subsequent to May 31, 2025 related to Motor License Registration Fee debt are as follows:

Year Ending May 31	Bonds			Direct Borrowings and Direct Placements			Total Debt		
	Principal Maturities	Interest	Total	Principal Maturities	Interest <i>(In thousands)</i>	Total	Principal Maturities	Interest	Total
2026	\$ 12,330	\$ 10,252	\$ 22,582	\$ -	\$ -	\$ -	\$ 12,330	\$ 10,252	\$ 22,582
2027	12,975	9,587	22,562	-	-	-	12,975	9,587	22,562
2028	13,660	8,906	22,566	-	-	-	13,660	8,906	22,566
2029	14,375	8,152	22,527	-	-	-	14,375	8,152	22,527
2030	15,130	7,378	22,508	-	-	-	15,130	7,378	22,508
2031 - 2035	78,575	28,615	107,190	-	-	-	78,575	28,615	107,190
2036 - 2040	109,050	14,295	123,345	-	-	-	109,050	14,295	123,345
2041 - 2045	50,725	983	51,708	-	-	-	50,725	983	51,708
	<u>\$ 306,820</u>	<u>\$ 88,168</u>	<u>\$ 394,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,820</u>	<u>\$ 88,168</u>	<u>\$ 394,988</u>

Defeased Bonds

In both the current and prior years, the Commission defeased certain revenue bonds by placing funds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the Commission's financial statements. As of May 31, 2025 and 2024, the Commission had \$382.2 million and \$133.8 million, respectively, of defeased bonds outstanding.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt debt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The Commission had a total arbitrage liability of \$11.7 million and \$8.2 million for fiscal years ended May 31, 2025 and 2024, respectively. The arbitrage liability recorded as accounts payable and accrued liabilities was \$35,400 and \$0.4 million as of May 31, 2025 and 2024, respectively. The arbitrage liability recorded as other noncurrent liabilities was \$11.6 million and \$7.8 million as of May 31, 2025 and 2024, respectively.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

Swap Payments and Associated Debt

Net swap payments and related debt service requirements for hedged debt related to all sections subsequent to May 31, 2025, assuming current interest rates remain the same for the term of the agreements, are as follows:

Year Ending May 31	Bonds				Direct Borrowings and Direct Placements				Total Debt			
	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total
(In thousands)												
2026	\$ 23,340	\$ 16,632	\$ 15,556	\$ 55,528	\$ -	\$ 7,442	\$ (4,217)	\$ 3,225	\$ 23,340	\$ 24,074	\$ 11,339	\$ 58,753
2027	24,375	16,166	15,166	55,707	-	7,442	(4,217)	3,225	24,375	23,608	10,949	58,932
2028	41,143	15,555	14,523	71,221	-	7,454	(4,243)	3,211	41,143	23,009	10,280	74,432
2029	44,180	14,688	13,697	72,565	-	7,430	(4,217)	3,213	44,180	22,118	9,480	75,778
2030	47,630	13,801	12,744	74,175	-	7,442	(4,217)	3,225	47,630	21,243	8,527	77,400
2031 - 2035	232,322	53,462	47,573	333,357	-	37,211	(21,113)	16,098	232,322	90,673	26,460	349,455
2036 - 2040	246,990	24,465	17,483	288,938	90,025	32,043	(18,198)	103,870	337,015	56,508	(715)	392,808
2041 - 2045	70,027	4,541	815	75,383	201,825	4,228	(2,405)	203,648	271,852	8,769	(1,590)	279,031
2046 - 2050	21,918	1,551	19	23,488	-	-	-	-	21,918	1,551	19	23,488
2051 - 2055	4,725	46	-	4,771	-	-	-	-	4,725	46	-	4,771
	\$ 756,650	\$ 160,907	\$ 137,576	\$ 1,055,133	\$ 291,850	\$ 110,692	\$ (62,827)	\$ 339,715	\$ 1,048,500	\$ 271,599	\$ 74,749	\$ 1,394,848

Mainline net swap payments and related debt service requirements for hedged debt subsequent to May 31, 2025 for 2019 Second Series Senior Revenue Bonds, 2020 Second Series Senior Revenue Bonds, 2020 Series A Senior Revenue Bonds, 2022 First Series Subordinate Revenue Refunding Bonds (Direct Placement), and 2023 Series B Senior Revenue Refunding Bonds are as follows:

Year Ending May 31	Bonds				Direct Borrowings and Direct Placements				Total Debt			
	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total
(In thousands)												
2026	\$ 23,340	\$ 10,015	\$ 10,392	\$ 43,747	\$ -	\$ 7,442	\$ (4,217)	\$ 3,225	\$ 23,340	\$ 17,457	\$ 6,175	\$ 46,972
2027	24,375	9,549	10,002	43,926	-	7,442	(4,217)	3,225	24,375	16,991	5,785	47,151
2028	41,143	8,920	9,367	59,430	-	7,454	(4,243)	3,211	41,143	16,374	5,124	62,641
2029	44,180	8,071	8,525	60,776	-	7,430	(4,217)	3,213	44,180	15,501	4,308	63,989
2030	47,630	7,184	7,580	62,394	-	7,442	(4,217)	3,225	47,630	14,626	3,363	65,619
2031 - 2035	160,672	25,029	25,396	211,097	-	37,211	(21,113)	16,098	160,672	62,240	4,283	227,195
2036 - 2040	137,940	10,170	6,342	154,452	90,025	32,043	(18,198)	103,870	227,965	42,213	(11,856)	258,322
2041 - 2045	19,302	3,558	47	22,907	201,825	4,228	(2,405)	203,648	221,127	7,786	(2,358)	226,555
2046 - 2050	21,918	1,551	19	23,488	-	-	-	-	21,918	1,551	19	23,488
2051 - 2055	4,725	46	-	4,771	-	-	-	-	4,725	46	-	4,771
	\$ 525,225	\$ 84,093	\$ 77,670	\$ 686,988	\$ 291,850	\$ 110,692	\$ (62,827)	\$ 339,715	\$ 817,075	\$ 194,785	\$ 14,843	\$ 1,026,703

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 9 DEBT *(continued)*

Swap Payments and Associated Debt *(continued)*

Motor License net swap payments and related debt service requirements for hedged debt subsequent to May 31, 2025 for the 2023 Motor License Registration Fee Bonds are as follows:

Year Ending May 31	Bonds				Direct Borrowings and Direct Placements				Total Debt			
	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total
<i>(In thousands)</i>												
2026	\$ -	\$ 6,617	\$ 5,164	\$ 11,781	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,617	\$ 5,164	\$ 11,781
2027	-	6,617	5,164	11,781	-	-	-	-	-	6,617	5,164	11,781
2028	-	6,635	5,156	11,791	-	-	-	-	-	6,635	5,156	11,791
2029	-	6,617	5,172	11,789	-	-	-	-	-	6,617	5,172	11,789
2030	-	6,617	5,164	11,781	-	-	-	-	-	6,617	5,164	11,781
2031 - 2035	71,650	28,433	22,177	122,260	-	-	-	-	71,650	28,433	22,177	122,260
2036 - 2040	109,050	14,295	11,141	134,486	-	-	-	-	109,050	14,295	11,141	134,486
2041 - 2045	50,725	983	768	52,476	-	-	-	-	50,725	983	768	52,476
	<u>\$231,425</u>	<u>\$ 76,814</u>	<u>\$ 59,906</u>	<u>\$368,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$231,425</u>	<u>\$ 76,814</u>	<u>\$ 59,906</u>	<u>\$368,145</u>

As rates vary, variable rate bond interest payments and net swap payments will vary.

NOTE 10 RETIREMENT BENEFITS

General Information about the Pension Plan

Plan Description

Pennsylvania State Employees' Retirement System (SERS) is the administrator of the State Employees' Retirement Fund (Defined Benefit Plan), which is a cost-sharing multiple-employer defined benefit pension plan. SERS is also the administrator of the State Employees' Defined Contribution Plan (Defined Contribution Plan), which was established as part of Act 2017-5. The Defined Contribution Plan opened for enrollment on January 1, 2019. Both the Defined Benefit Plan and Defined Contribution Plan were established by the Commonwealth of Pennsylvania (Commonwealth) to provide retirement benefits for employees of state government and certain independent agencies. The Defined Benefit and Defined Contribution Plans operate under separate trusts. The assets of the Defined Benefit Plan are held in the State Employees' Retirement Fund (pension fund). Assets in the Defined Contribution Plan (investment plan) are held in a trust with ownership attributed to individual participant investment accounts.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 10 RETIREMENT BENEFITS *(continued)*

General Information about the Pension Plan *(continued)*

Plan Description (continued)

Membership in SERS is mandatory for most Commission (and other state) employees. Act 2017-5 changed the benefit structure for most new employees effective January 1, 2019, which created a hybrid plan with two class of service options (defined benefit/defined contribution) as well as a defined contribution-only plan option. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. Separately issued financial statements for SERS can be obtained at www.sers.pa.gov.

Benefits Provided

SERS provides retirement, death, and disability benefits. Member retirement benefits of the pension plan are determined by taking years of credited service multiplied by final average salary multiplied by the annual accrual rate. Commission employees participate in one of the following class of service categories: Class A, Class AA, Class A3, Class A4, Class A5 or Class A6. Class A5 and Class A6 became effective January 1, 2019. These classes are considered part of the Hybrid Plan as they include participation in both the pension fund and the investment plan. Employees are also eligible to elect participation solely in the investment plan, under the 401(a) DC class of service. According to the State Employees' Retirement Code (SERC), all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

Contributions

SERS retirement code (71 Pa. C.S.) requires that all SERS participating employers make contributions to the pension fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. The SERS retirement code requires that all SERS-participating employers make contributions to the investment plan on behalf of all active participants. The SERS funding policy, as set by the State Employees' Retirement Board (SERB), provides for periodic active member/participant contributions at statutory rates for both the pension fund and investment plan. The Defined Benefit Plan funding policy also provides for periodic employer contributions at actuarially determined rates based on Defined Benefit Plan funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined investment rate of return, are adequate to accumulate assets to pay benefits when due. The SERS funding policy also provides for periodic employer contributions at statutory rates for the investment plan.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 10 RETIREMENT BENEFITS *(continued)*General Information about the Pension Plan *(continued)**Contributions (continued)*

The Commission's retirement contribution, as a percentage of covered payroll, by class is as follows:

Year Ended June 30	Class A	Class AA	Class A3	Class A4	Class A5	Class A6	401(a) DC
2025	31.74%	40.33%	27.09%	27.09%	19.09%	19.09%	19.04%
2024	32.24	41.09	27.60	27.60	19.65	19.65	19.60
2023	30.44	38.82	26.05	26.05	18.43	18.43	18.37

Contributions to the pension fund from the Commission were \$35.4 million and \$34.8 million for the fiscal years ended May 31, 2025 and 2024, respectively. Contributions to the investment plan from the Commission were \$0.5 million and \$0.3 million for the fiscal years ended May 31, 2025 and 2024, respectively. With the passing of Act 2020-94, forfeitures after July 1, 2020 are used to offset future administrative costs of the investment plan.

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

As of May 31, 2025, the Commission reported a liability of \$283.8 million for its proportionate share of the net pension liability of the pension fund. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projected-contribution method. This methodology applies the most recently calculated contribution rates for Commonwealth fiscal year 2025-2026, from the December 31, 2024 funding valuation, to the expected funding payroll. As of December 31, 2024, the Commission's proportionate share of the net pension liability was 1.41%, which was an increase of 0.01% from its proportion measured as of December 31, 2023.

For the fiscal year ended May 31, 2025, the Commission recognized pension expense of \$24.2 million related to the pension fund. For the fiscal year ended May 31, 2025, the Commission recognized pension expense of \$0.6 million related to the investment plan.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 10 RETIREMENT BENEFITS *(continued)*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions *(continued)*

As of May 31, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<i>(In thousands)</i>	
Differences between expected and actual experience	\$ 12,864	\$ 317
Net difference between projected and actual investment earnings on pension plan investments	8,333	-
Changes of assumptions	4,999	-
Differences between employer contributions and proportionate share of contributions	734	341
Changes in proportion	727	13,602
Commission contributions subsequent to measurement date	17,074	-
	<u>\$ 44,731</u>	<u>\$ 14,260</u>

The \$17.1 million reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending May 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as net (decreases) increases in pension expense as follows:

Year Ending May 31	
	<i>(In thousands)</i>
2026	\$ 4,043
2027	16,578
2028	(6,517)
2029	(1,085)
2030	378
	<u>\$ 13,397</u>

As of May 31, 2024, the Commission reported a liability of \$296.6 million for its proportionate share of the net pension liability of the pension fund. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projected-contribution method. This methodology applies the most recently calculated contribution rates for Commonwealth fiscal year 2024-2025, from the December 31, 2023 funding valuation, to the expected funding payroll. As of December 31, 2023, the Commission's proportionate share of the net pension liability was 1.40%, which was a decrease of 0.05% from its proportion measured as of December 31, 2022.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 10 RETIREMENT BENEFITS *(continued)*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions *(continued)*

For the fiscal year ended May 31, 2024, the Commission recognized pension expense of \$17.5 million related to the pension fund. For the fiscal year ended May 31, 2024, the Commission recognized pension expense of \$0.4 million related to the investment plan.

As of May 31, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
	<i>(In thousands)</i>	
Differences between expected and actual experience	\$ 8,373	\$ 603
Net difference between projected and actual investment earnings on pension plan investments	23,301	-
Changes of assumptions	12,781	-
Differences between employer contributions and proportionate share of contributions	706	651
Changes in proportion	-	28,540
Commission contributions subsequent to measurement date	16,642	-
	<u>\$ 61,803</u>	<u>\$ 29,794</u>

Actuarial Method and Assumptions

Every five years, SERS is required to conduct an actuarial experience study to determine whether the assumptions used in its annual actuarial valuations remain accurate based on current and anticipated demographic trends and economic conditions. The actuary, under oversight of the Pennsylvania State Employees' Retirement Board (SERB), reviewed economic assumptions (such as the assumed future investment returns and salary increases) as well as demographic assumptions (such as employee turnover, retirement, disability, and death rates). The 19th *Investigation of Actuarial Experience* study for the period 2015 – 2019 was released and approved by the SERB in July 2020, and the recommended assumption changes were effective with the December 31, 2020 valuation. SERS experience studies can be viewed at www.SERS.pa.gov.

The actuary and SERB review the investment rate of return annually, in addition to the normal five-year experience study cycle, in recognition of changing market environments to ensure this assumption remains reasonable with each actuarial valuation. In June 2024, the SERB deliberated and decided to maintain the 6.875% Defined Benefit Plan investment rate of return assumption for the December 31, 2024 valuation.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 10 RETIREMENT BENEFITS *(continued)*Actuarial Methods and Assumptions *(continued)*

The following methods and assumptions were used in the actuarial valuation for the December 31, 2024 and 2023 measurement dates:

	December 31, 2024	December 31, 2023
Actuarial cost method	Entry age	Entry age
Amortization method	Straight-line amortization of investments over five years and amortization of assumption changes and non-investment gains/losses over the average expected remaining service lives of all employees that are provided benefits	Straight-line amortization of investments over five years and amortization of assumption changes and non-investment gains/losses over the average expected remaining service lives of all employees that are provided benefits
Investment rate of return	6.875% net of manager fees, including inflation	6.875% net of manager fees, including inflation
Projected salary increases	Average of 4.58% with range of 3.30% - 6.95%, including inflation	Average of 4.55% with range of 3.30% - 6.95%, including inflation
Asset valuation method	Fair value	Fair value
Inflation	2.50%	2.50%
Mortality rate	Projected PubG-2010 and PubNS-2010 Mortality Tables adjusted for actual plan experience and future improvement	Projected PubG-2010 and PubNS-2010 Mortality Tables adjusted for actual plan experience and future improvement
Cost-of-living adjustments (COLA)	Ad hoc	Ad hoc

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 10 RETIREMENT BENEFITS *(continued)*Actuarial Methods and Assumptions *(continued)*

The long-term expected real rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 included in the pension plan's target asset allocation as of December 31, 2024 and 2023 are summarized in the following tables:

As of December 31, 2024:

Asset Class	Target Allocation	Long-term Expected Rate
Private Equity	16.00%	6.25%
Real Estate	7.00%	5.15%
U.S. Equity	37.00%	5.15%
International Developed Markets Equity	14.00%	5.00%
Emerging Markets Equity	2.00%	5.20%
Fixed Income	19.00%	2.85%
Inflation Protection (TIPS)	3.00%	2.55%
Cash	2.00%	0.50%
Total	100.00%	

As of December 31, 2023:

Asset Class	Target Allocation	Long-term Expected Rate
Private Equity	16.00%	6.00%
Real Estate	7.00%	4.80%
U.S. Equity	31.00%	4.85%
International Developed Markets Equity	14.00%	4.75%
Emerging Markets Equity	5.00%	4.95%
Fixed Income	22.00%	1.75%
Inflation Protection (TIPS)	3.00%	1.50%
Cash	2.00%	0.25%
Total	100.00%	

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 10 RETIREMENT BENEFITS *(continued)*Discount Rate

The discount rate, or investment rate of return, used to measure the total pension liability was 6.875% in 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that contributions from pension plan members will be made at the current contribution rates and that contributions from participating employers will be made at actuarially determined rates as set by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current pension plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Change in the Discount Rate

The following schedule presents the Commission's proportionate share of the 2024 and 2023 net pension liability calculated using the discount rate of 6.875% for both years. It also shows what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1.0% Decrease to 5.875%</u>	<u>Current Discount Rate of 6.875%</u>	<u>1.0% Increase to 7.875%</u>
	<i>(In thousands)</i>		
Commission's share of the net pension liability as of the 12/31/24 measurement date	\$ 379,289	\$ 283,823	\$ 203,222
Commission's share of the net pension liability as of the 12/31/23 measurement date	\$ 389,200	\$ 296,572	\$ 218,352

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements for SERS.

Payables to the Pension Plan

As of May 31, 2025 and 2024, the Commission reported a \$1.5 million and \$1.4 million liability, respectively, within accounts payable and accrued liabilities on the Statement of Net Position for the Commission's share of contributions that had not yet been paid to SERS. As of May 31, 2025 and 2024, \$24,900 and \$17,200, respectively, of the amount payable to SERS was allocated to the investment plan with the remainder allocated to the pension fund.

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Notes to the Financial Statements (*continued*)

Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES

The Commission is a defendant in a number of legal proceedings pertaining to matters normally incidental to routine operations. Such litigation includes, but is not limited to, claims asserted against the Commission arising from alleged torts, alleged breaches of contracts, and condemnation proceedings. Tort claims against the Commission are generally barred by sovereign immunity, except as waived by statute. Further, to the extent waived, damages for any loss are limited by sovereign immunity to \$250,000 for each person and \$1,000,000 for each accident. Based on the current status of these legal proceedings, it is the opinion of Commission management and counsel that they will not have a material effect on the Commission's financial position.

Act 44 and Act 89

On July 18, 2007, Act 44 was enacted, creating a "public-public partnership" between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Subsequently, in order to, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT as described in the following paragraphs, the Commission and PennDOT entered into a Lease and Funding Agreement (the Act 44 Funding Agreement), incorporating many of the terms of Act 44.

The Act 44 Funding Agreement also granted the Commission the option to lease the portion of Interstate 80 (I-80) located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration (FHWA) of the conversion of such portion into a toll road (the Conversion). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010 without the Commission effectuating the Conversion or having the ability to do so in the future, leaving all legal, financial and operational responsibility for I-80 solely with PennDOT.

Pursuant to Act 44 and the Act 44 Funding Agreement, the Commission is obligated to make scheduled annual payments to PennDOT (*Act 44/Act 89 Payments*). Previously, aggregate annual payments in the amount of \$450.0 million were due through 2057, payable in equal quarterly installments, with \$200.0 million of the scheduled annual payments supporting road and bridge projects and \$250.0 million supporting transit projects throughout the Commonwealth. However, commencing with fiscal year 2023, the Commission's current annual Act 44/Act 89 Payment obligation was reduced to \$50.0 million. See the following paragraphs for more information on the total amount paid by the Commission under the Amended Funding Agreement.

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Notes to the Financial Statements (*continued*)

Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Act 44 and Act 89 (*continued*)

On November 25, 2013, Act 89 was enacted to provide (i) substantial revenue enhancements to support investment in the Commonwealth's aging transportation infrastructure, and (ii) substantial reductions in the Commission's obligations with respect to the Act 44/Act 89 Payments. The revenue enhancements providing additional funds each year for investment in the Commonwealth's transportation infrastructure were fully implemented in fiscal year 2018.

Revisions to the Commission's Act 44/Act 89 Payment obligations enacted under Act 89 were implemented by Amendment Number One to Lease and Funding Agreement (the *Act 89 Amendment* and together with the Act 44 Funding Agreement, the *Original Amended Funding Agreement*) executed by the Commission and PennDOT on April 4, 2014.

In accordance with Act 89 and the Original Amended Funding Agreement, the Commission's aggregate annual Act 44/Act 89 Payment to PennDOT for fiscal year 2014 through fiscal year 2022 was \$450.0 million, with at least \$30.0 million of such annual amount required to be paid from current revenues, and the remainder funded by the proceeds of bonds issued under the Subordinate Revenue Indenture.

The Original Amended Funding Agreement was subsequently further amended, on July 31, 2018, by Amendment Number Two to Lease and Funding Agreement (the *Amendment Two*) and on June 11, 2020, by Amendment Number Three to the Lease and Funding Agreement (the *Amendment Three*, and together with the Original Amended Funding Agreement and Amendment Two, the *Amended Funding Agreement*) both of which were executed by all parties to provide current year adjustments for certain due dates for Act 44/Act 89 Payments in fiscal years 2019 through 2021.

Act 89 relieved the Commission from over \$15.0 billion in future Act 44/Act 89 Payments to PennDOT during fiscal years 2023 through 2057 (the term of the Amended Funding Agreement), by reducing the Commission's aggregate annual Act 44/Act 89 Payments to PennDOT to \$50.0 million, which amount must be paid from current revenues of the Commission.

The Commission is required by the terms of the Amended Funding Agreement and Act 44 to fix and adjust tolls at levels that will generate revenues (together with other available moneys) sufficient to pay, among other things, amounts to PennDOT pursuant to the Amended Funding Agreement when due and other obligations of the Commission, and the Commission has covenanted in the Subordinate Revenue Indenture to set tolls at a level sufficient to meet its coverage obligations taking into account any additional debt incurred in order to make such payments.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*

Act 44 and Act 89 *(continued)*

Act 44 and Act 89 provide that all Act 44/Act 89 Payments shall be subordinate obligations of the Commission payable solely from the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, liquidity policies or agreements in effect at the Commission.

Open Purchase Order Commitments

The Commission had open purchase order commitments of approximately \$1.6 billion and \$2.1 billion as of May 31, 2025 and 2024, respectively.

Interest Rate Swaps

The fair value and notional amounts of derivative instruments outstanding as of May 31, 2025 and 2024, classified by type and the changes in fair value of such derivative instruments for the years then ended as reported in the fiscal year 2025 and 2024 financial statements are as follows:

		Changes in Fair Value		Fair Value at May 31, 2025		
	May 31, 2024	Classification	Amount	Classification	Amount	Notional
			(In thousands)			
Cash flow hedges						
Pay-fixed interest rate swap	\$ 109,724	Deferred (outflows)/inflows	\$ (8,315)	Noncurrent liabilities	\$ 101,409	\$ 1,048,500
Investment derivative instruments						
Basis swaps	4,758	Investment earnings/(losses)	396	Noncurrent investments	5,154	412,235
Total PTC	<u>\$ 114,482</u>		<u>\$ (7,919)</u>		<u>\$ 106,563</u>	

		Changes in Fair Value		Fair Value at May 31, 2024		
	May 31, 2023	Classification	Amount	Classification	Amount	Notional
			(In thousands)			
Cash flow hedges						
Pay-fixed interest rate swap	\$ 50,765	Deferred (outflows)/inflows	\$ 58,959	Noncurrent liabilities	\$ 109,724	\$ 1,070,843
Investment derivative instruments						
Basis swaps	2,493	Investment earnings/(losses)	2,265	Noncurrent investments	4,758	427,375
Total PTC	<u>\$ 53,258</u>		<u>\$ 61,224</u>		<u>\$ 114,482</u>	

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

Fair Values

As of May 31, 2025 and 2024, the fair values of the Commission's derivative instruments were estimated beginning with the mid-market valuation. The mid-market valuation of the Commission's derivative instruments was estimated using the zero-coupon discounting method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bonds due on the date of each future net settlement payments on the swaps.

The fair value is then incorporated into the previously described mid-market valuation: 1) the credit risk of either the Commission or its counterparty (for a liability position or asset position, respectively) i.e. nonperformance risk; and 2) the bid/offer spread that would be charged to the Commission in order to transact. As the valuations are based on discounting future net cash flows to a single current amount, the approach being utilized is the income approach. The fair values rely primarily on Level 2 Inputs (observable inputs) – such as SOFR rates to build the yield curve.

Recent Activity – Cash Flow Hedges

On September 6, 2023, the 2005 Series B, C and D Motor License Registration Fee Revenue Bonds were refunded by the Commission's 2023 Series Motor License Registration Fee Revenue Refunding Bonds. The SIFMA Fixed Payer swaps previously associated with the 2005 Series B, C and D Motor License Registration Fee Revenue Bonds were deemed terminated and reassigned to the 2023 Series Motor License Registration Fee Revenue Refunding Bonds. There was no change in the notional amounts of these swap agreements (see (1) hedging derivative instruments listed in Note 11). The fair values at the time of deemed termination were negative \$0.2 million with respect to the Bank of New York swap, negative \$5.1 million with respect to the JP Morgan swap, negative \$5.1 million with respect to the Bank of America swap and negative \$5.1 million with respect to the Morgan Stanley swap. These amounts are being amortized until July 15, 2041, which is the final maturity of the swap.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*Interest Rate Swaps *(continued)**Recent Activity – Cash Flow Hedges (continued)*

On November 9, 2023, the 2018 Series A-1 Senior Revenue Bonds and 2018 Series B Senior Revenue Bonds were refunded by the Commission's 2023 Series B Senior Revenue Refunding Bonds. The swaps previously associated with the 2018 Series A-1 Senior Revenue Bonds and 2018 Series B Senior Revenue Bonds were deemed terminated and reassigned to the 2023 Series B Senior Revenue Refunding Bonds. There was no change in the notional amounts of these swap agreements (see (3) and (4) hedging derivative instruments listed in Note 11). The fair values at the time of deemed termination were:

<i>(in millions)</i>	Total	Goldman Sachs	Bank of America	Morgan Stanley	Bank of New York	JP Morgan
2018 A-1	\$ 2.1	\$ 0.7	\$ 0.7	\$ 0.7	n/a	n/a
2018 B	\$ 2.4	n/a	\$ 0.6	n/a	\$ 0.6	\$ 1.2

The 2018 A-1 amounts are being amortized until December 1, 2038, which is the final maturity of the swap. The 2018 B amounts are being amortized until December 1, 2030, which is the final maturity of the swap.

On December 8, 2023, the Commission amended its existing ISDA/CSA Agreement and fixed-payer callable interest rate swap with Barclays Bank PLC. Since the transaction has been positive to the Commission, the Commission elected to amend the CSA threshold for Barclays to \$25.0 million at ratings of A+/A1 and above. (Under the ISDA, the Commission does not post collateral). In exchange, the fixed swap rate payable by the Commission was lowered by 4.5 bps (from 1.995% to 1.95%) up until the swap's first optional cancellation date of 9/3/2030.

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Notes to the Financial Statements *(continued)*
Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

Following is a summary of the hedging derivative instruments in place as of May 31, 2025 and 2024. All items are fixed interest rate swap types. These hedging derivative instruments contain risks and collateral requirements as described below (in thousands).

As of May 31, 2025:

Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty	Moody's/ S&P/Fitch	Book Fair Value
1. Hedge of changes of cash flows on the Series of 2023 Bonds (formerly 2005 Series B, C, D, Bonds)	\$ 57,860 57,845 57,860 57,860 <u>231,425</u>	9/6/2023 9/6/2023 9/6/2023 9/6/2023	7/15/2041 7/15/2041 7/15/2041 7/15/2041	Pay 4.2015%, receive SIFMA	Bank of New York Mellon JPMorgan Chase Bank Bank of America Morgan Stanley CS ^	Aa2/AA-/AA Aa2/AA-/AA Aa2/A+/AA Aa3/A+/NR	\$ 243 243 224 224 <u>934</u>
2. Hedge of changes of cash flows of First Series of 2022 Sub Bonds (formerly 2017 Series A Sub Bonds)	291,850	4/28/2022	12/1/2041	Pay 1.8265%; receive 70.00% SOFR + 0.1831%	Royal Bank of Canada	Aa1/AA-/AA-	40,911
3. Hedge of changes of cash flows of 2023 Series B Bonds (formerly 2018 A-1, 2014 B-1, 2008 B-1 & 2011 C Bonds)	5,732 5,732 5,731 <u>17,195</u>	11/9/2023 11/9/2023 11/9/2023	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa2/A+/AA Aa3/A+/NR	(95) (95) (94) <u>(284)</u>
4. Hedge of changes of cash flows of 2023 Series B Bonds (formerly 2018 B, 2017 B-2, 2016 A-2, 2014 B-2 & 2012 B Bonds)	15,505 15,505 30,990 <u>62,000</u>	11/9/2023 11/9/2023 11/9/2023	12/1/2030 12/1/2030 12/1/2030	Pay 4.403%, receive 67.00% SOFR + 0.0769%	Bank of America Bank of New York Mellon JPMorgan Chase Bank	Aa2/A+/AA Aa2/AA-/AA Aa2/AA-/AA	(222) (222) (444) <u>(888)</u>
5. Hedge of changes of cash flow on the 2nd Series of 2019 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds)	46,605 46,605 46,605 <u>139,815</u>	6/4/2019 6/4/2019 6/4/2019	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa2/A+/AA Aa3/A+/NR	6,223 6,248 6,243 <u>18,714</u>
6. Hedge of changes of cash flows on the Series of 2020 Bonds (formerly 2013 Series B, 2009 Series C & 2011 Series D)	18,038 18,037 36,052 <u>72,127</u>	6/23/2020 6/23/2020 6/23/2020	12/1/2030 12/1/2030 12/1/2030	Pay 4.403%, receive 67.00% SOFR + 0.0769%	Bank of America Bank of New York Mellon JPMorgan Chase Bank	Aa2/A+/AA Aa2/AA-/AA Aa2/AA-/AA	1,121 1,123 2,246 <u>4,490</u>
7. Hedge of changes of cash flow on the Series of 2020 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds)	47,663 47,663 47,664 <u>142,990</u>	6/23/2020 6/23/2020 6/23/2020	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa2/A+/AA Aa3/A+/NR	7,834 7,865 7,858 <u>23,557</u>
8. Hedge of changes of cash flows on the 2020 Series A Bonds (new money)	91,098 <u>\$ 1,048,500</u>	8/20/2020	12/1/2050	Pay 1.950% until 9/3/2030, 1.995% thereafter; receive SIFMA	Barclay's	A1/A+/A+	13,975 <u>\$ 101,409</u>
Total	\$ 1,048,500						\$ 101,409

Secured Overnight Financing Rate (SOFR) was 4.35% as of May 31, 2025.
SIFMA was 1.97% as of May 31, 2025.

^ Guaranteed by Morgan Stanley & Co. whose credit ratings at May 31, 2025 were 'A1/A-/A+' (Moody's/S&P/Fitch).

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NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

As of May 31, 2024:

Objective	Notional Amount	Effective Date	Maturity Date	Terms*	Counterparty	Moody's/ S&P/Fitch	Book Fair Value
1. Hedge of changes of cash flows on the Series of 2023 Bonds (formerly 2005 Series B, C, D, Bonds)	\$ 57,860 57,845 57,860 57,860 <u>231,425</u>	9/6/2023 9/6/2023 9/6/2023 9/6/2023	7/15/2041 7/15/2041 7/15/2041 7/15/2041	Pay 4.2015%, receive SIFMA	Bank of New York Mellon JPMorgan Chase Bank Bank of America Morgan Stanley CS ^	Aa2/AA-/AA Aa2/A+/AA Aa1/A+/AA Aa3/A+/NR	\$ (73) (73) (73) (73) <u>(292)</u>
2. Hedge of changes of cash flows of First Series of 2022 Sub Bonds (formerly 2017 Series A Sub Bonds)	291,850	4/28/2022	12/1/2041	Pay 1.8265%; receive 70.00% SOFR + 0.1831%	Royal Bank of Canada	Aa1/AA-/AA-	43,073
3. Hedge of changes of cash flows of 2023 Series B Bonds (formerly 2018 A-1, 2014 B-1, 2008 B-1 & 2011 C Bonds)	5,732 5,732 5,731 <u>17,195</u>	11/9/2023 11/9/2023 11/9/2023	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR	(82) (82) (82) <u>(246)</u>
4. Hedge of changes of cash flows of 2023 Series B Bonds (formerly 2018 B, 2017 B-2, 2016 A-2, 2014 B-2 & 2012 B Bonds)	17,806 17,806 35,588 <u>71,200</u>	11/9/2023 11/9/2023 11/9/2023	12/1/2030 12/1/2030 12/1/2030	Pay 4.403%, receive 67.00% SOFR + 0.0769%	Bank of America Bank of New York Mellon JPMorgan Chase Bank	Aa1/A+/AA Aa2/AA-/AA Aa2/A+/AA	(13) (13) (25) <u>(51)</u>
5. Hedge of changes of cash flow on the 2nd Series of 2019 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds)	46,605 46,605 46,605 <u>139,815</u>	6/4/2019 6/4/2019 6/4/2019	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR	6,887 6,904 6,907 <u>20,698</u>
6. Hedge of changes of cash flows on the Series of 2020 Bonds (formerly 2013 Series B, 2009 Series C & 2011 Series D)	20,714 20,714 41,402 <u>82,830</u>	6/23/2020 6/23/2020 6/23/2020	12/1/2030 12/1/2030 12/1/2030	Pay 4.403%, receive 67.00% SOFR + 0.0769%	Bank of America Bank of New York Mellon JPMorgan Chase Bank	Aa1/A+/AA Aa2/AA-/AA Aa2/A+/AA	1,776 1,780 3,556 <u>7,112</u>
7. Hedge of changes of cash flow on the Series of 2020 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds)	47,663 47,663 47,664 <u>142,990</u>	6/23/2020 6/23/2020 6/23/2020	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR	8,627 8,646 8,651 <u>25,924</u>
8. Hedge of changes of cash flows on the 2020 Series A Bonds (new money)	93,538	8/20/2020	12/1/2050	Pay 1.950% until 9/3/2030, 1.995% thereafter; receive SIFMA	Barclay's	A1/A+/A+	13,506
Total	\$ 1,070,843						\$ 109,724

Secured Overnight Financing Rate (SOFR) was 5.34% as of May 31, 2024.

SIFMA was 3.36% as of May 31, 2024.

* LIBOR was permanently discontinued on June 30, 2023. Therefore, LIBOR was replaced by SOFR for the applicable swap agreements.

^ Guaranteed by Morgan Stanley & Co. whose credit ratings at May 31, 2024 were 'A1/A-/A+' (Moody's/S&P/Fitch).

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

- **Credit Risk** – The Commission is at risk that a counterparty will not fulfill their obligations under the agreement. Specifically, the Commission is exposed to credit risk for hedging derivative instruments that have positive full values from the counterparty and investment derivative instruments (see Note 4) that have positive fair values. As of May 31, 2025, the Commission has credit risk exposure with respect to the (2) and (8) hedging derivative instruments listed in Note 11 and with respect to the (B) and (C) investment derivative instruments listed in Note 4. However, should interest rates change and the fair values of the other swaps become positive, the Commission would have additional credit risk exposure.

To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties' credit ratings along with the values of the swaps exceeding certain thresholds specified in the swap agreement. The Commission's derivative instrument agreements contain netting provisions, under which transactions executed with a single counterparty within a credit are netted to determine collateral amounts. Collateral would be posted with a bank custodian and would be in the form of cash, U.S. Treasury Obligations, or U.S. Government Agency Securities. As of May 31, 2025, the Commission had net credit risk exposure to two counterparties pursuant to the provisions of the respective derivative instrument agreements. Neither counterparty was required to post collateral, either due to its credit ratings or because the swap value at year end was below the collateral threshold levels.

- **Interest Rate Risk** – The Commission will be exposed to variable interest rates if the swap provider for a variable-to-fixed swap agreement defaults or if a variable-to-fixed swap is terminated.
- **Market-access Risk** – The Commission is not exposed to market-access risk as of May 31, 2025 because none of the maturity dates of the hedging derivative instruments extend past the maturity date of the related debt.

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Notes to the Financial Statements (*continued*)

Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

- **Basis Risk** – The Commission is exposed to basis risk on its basis swaps because the variable-rate payments received by the Commission on these derivative instruments are based on rates other than the interest rates the Commission pays on these derivative instruments. See the investment derivative instrument schedule in Note 4 for the terms of the interest rate swap agreements. The Commission's exposure to basis risk for the swaps listed in Note 4 is as follows:
 - (A) – To the extent SIFMA exceeds 63% of SOFR + 0.0721%+0.20%
 - (B) – To the extent 67% of SOFR + 0.0767% exceeds 60.15% of the 10-year maturity of the USD-ISDA Fallback Swap Rate
 - (C) – To the extent SIFMA exceeds 99.68% of SOFR + 0.2608%
- **Termination Risk** – The swap agreements may be terminated due to a number of circumstances and the Commission retains the option to terminate the swaps at any time. If a swap agreement is terminated (by either party), the respective variable-rate bond would no longer carry a synthetic fixed interest rate. Also, if at the time of termination, the swap had a negative fair value, the Commission would be liable to the swap counterparty for a liability equal to the swap's full value. It is generally the Commission's intent at the time of swap execution to maintain the swap transactions for the life of the financing.
- **Collateral Requirements** – The Commission's derivative instruments related to its Mainline Turnpike Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its senior credit rating falls below specified thresholds. These thresholds vary from agreement to agreement, with most in the 'A3' (Moody's) and 'A-' (S&P and Fitch) levels. The Commission's Mainline Senior Bond rating was 'Aa3' from Moody's, 'AA-' from S&P and 'AA-' from Fitch as of May 31, 2025. The Commission's Mainline Subordinate Bond rating was 'A2' from Moody's, 'A+' from S&P and 'A' from Fitch as of May 31, 2025. Based on May 31, 2025 full values, the Commission could be required to post \$37.5 million in collateral for its Mainline derivative instruments if its ratings fall below the agreement thresholds.

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NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

The Commission's derivative instruments related to its Oil Franchise Tax Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specified thresholds. These thresholds vary from agreement to agreement, with most in the 'A3' (Moody's) and 'A-' (S&P and Fitch) levels. The Commission's Oil Franchise Tax Senior Bond rating was 'Aa3' from Moody's, 'AA-' from S&P and 'AA-' from Fitch as of May 31, 2025. Based on May 31, 2025 full values, the Commission could be required to post \$1.5 million in collateral for its Oil Franchise derivative instruments if its ratings fall below the agreements thresholds.

The Commission's derivative instruments related to its Motor License Registration Fee Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specified thresholds and/or in the event of certain uncured insurer events of default. These thresholds vary from agreement to agreement. The Commission's Motor License Registration Fee Revenue Bond rating was 'A1' from Moody's, 'AA-' from S&P and 'AA-' from Fitch as of May 31, 2025. Based on May 31, 2025 full values, the Commission could be required to post \$17.4 million in collateral for its Motor License derivative instruments if its ratings fall below the agreement thresholds.

NOTE 12 RELATED-PARTY TRANSACTIONS

The Commission incurred charges, from the Commonwealth's State Police, of \$75.2 million and \$75.7 million, respectively, for the fiscal years ended May 31, 2025 and 2024. These charges are primarily related to patrolling the Turnpike System.

During fiscal year ended May 31, 2024, the Commission contributed \$1.3 million to PennDOT for construction projects related to pollutant reduction plan obligations in selected Pennsylvania watersheds.

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Notes to the Financial Statements (*continued*)

Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Commission maintains an Other Postemployment Welfare Plan Program (the Plan), for the purpose of providing benefits to eligible retirees and their dependents. The Plan is a single employer, defined benefit plan. The Commission established the Pennsylvania Turnpike Commission Retiree Medical Trust (the Trust) on May 30, 2008 as an irrevocable trust, tax-exempt under Section 115 of the Internal Revenue Code, to provide funding of the Plan's other postemployment benefits (OPEB).

The Trust is administered by Trustees who are appointed by and serve at the pleasure of the Commission. The chairman and vice chairman of the Trust are appointed by the Trustees and serve two-year terms. PNC Bank serves as custodian of the assets of the Plan. Disbursement of Plan assets are made by the custodian at the direction of the Trustees. The Plan's financial statements are not included in the financial statements of a public employee retirement system. The Plan issues a stand-alone financial report, which can be obtained by contacting the Commission's Accounting & Financial Reporting Department.

Plan benefit provisions and retiree and dependent contribution rates are established and may be amended by the Commission.

Management and Supervisory Union Employees/Retirees

The benefits funded by the Trust include certain postemployment medical, prescription drug, dental and vision benefits to management and supervisory union employees based upon their age, date of hire and Pennsylvania State Employees' Retirement System (SERS) credited service. Credited Service is defined as one year of service earned when an employee works 1,650 hours or more in a calendar year and includes Pennsylvania Public School Employees' Retirement System (PSERS) and military service. Any participation in SERS establishes an employee's SERS footprint. Eligibility categories include:

- Employees hired before March 1, 2016 or after with a SERS footprint, who have reached 20 years of service and are under age 60; benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older. The last five years of service must be with the Commission.
- Employees hired on or after March 1, 2016 without a SERS footprint, who have reached 30 years of service and are under age 60; benefit eligibility changes from 30 to 25 years for retirees 60 years of age or older. The last 10 years of service must be with the Commission. (Some current and previous Commonwealth of Pennsylvania employees hired on or after this date would be grandfathered under the first eligibility category.)

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

Plan Description *(continued)*

Management and Supervisory Union Employees/Retirees (continued)

Prior to May 20, 2020, the same coverage and cost was provided to surviving spouses or domestic partners and dependents of management and supervisory union retirees who retired after March 1, 2001. Surviving spouses or domestic partners of retirees who retired on or prior to March 1, 2001, may purchase medical, prescription, dental and/or vision coverage at the group rate and dependents are offered coverage under COBRA. Medicare Part B premiums are paid by the retiree, spouse or dependent if age 65 or over, or under age 65 and disabled. Effective May 20, 2020, domestic partners are no longer eligible to enroll.

Non-Supervisory Union Employees/Retirees

The benefits also include certain postemployment medical and prescription drug benefits to non-supervisory union employees who have satisfied the age and years of SERS Credited Service eligibility requirements in the applicable collective bargaining agreement. Credited Service is defined as one year of service earned when an employee works 1,650 hours or more in a calendar year and includes PSERS and military service. Eligibility categories include:

- For Local 30 Professionals who were hired prior to January 1, 2011¹, and retired after February 1, 2005, and for Local 250 and 77 employees who were hired prior to January 27, 2016, and retired after February 1, 2005, the earlier of completion of 20 years of Credited Service or the later of attainment of age 60 and completion of 10 years of Credited Service. The last five years of Credited Service must be with the Commission.
- For Local 30 professionals who were hired on or after January 1, 2011¹, and for Local 250 and 77 employees who were hired on or after January 27, 2016, the earlier of completion of 30 years of Credited Service or the later of attainment of age 60 and completion of 25 years of Credited Service. The last 10 years of Credited Service must be with the Commission. (Some current and previous Commonwealth of Pennsylvania employees hired on or after this date for Local 30 professionals would be grandfathered under the first eligibility category.)

The same coverage is provided to spouses or domestic partners and dependents of eligible non-supervisory union retirees until the death of the retiree. Surviving spouses or domestic partners are required to contribute the full cost of medical and prescription coverage and dependents are offered coverage under COBRA.

¹ On June 20, 2024, a Memo of Understanding was signed modifying this date to be the same as Local 250 and 77, January 27, 2016.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*Plan Description *(continued)**Non-Supervisory Union Employees/Retirees *(continued)**

As of October 1, 2023, upon the death of an active Local 30 professional who met the qualification for medical and prescription drug coverage, the surviving spouse or domestic partner is eligible for 60 months of medical and prescription coverage at the same contribution rate as the retiree.

Employees Covered by Benefit Terms

As of May 31 (the measurement date), the following employees were covered by the benefit terms.

	2024	2023
Inactive plan members or beneficiaries currently receiving benefit payments	1,723	1,772
Inactive plan members entitled to but not yet receiving benefit payments	125	109
Active plan members	1,341	1,335
Total	3,189	3,216

Contributions

The Commission adopted a Retiree Medical Trust Funding Policy, effective September 2008 and amended in June 2020, whereby the Commission anticipated approving an annual contribution to the Trust in the amount of the Actuarially Determined Contribution (ADC), as determined by the Commission's actuary, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the approval of its annual operating budget.

A second revision to the policy was approved in April 2023. Under the new revision, the Commission anticipates approving an annual operating budget that includes annual contributions to the Trust. The Commission may take into consideration the following factors when determining the annual contribution: funded status of the Trust, estimated actuarially determined contribution, estimated service cost, current market conditions, OPEB expense projections, projected cash balances and other pertinent factors.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Contributions *(continued)*

Retiree and spouse contribution rates as of May 31, 2024 and 2023 are as follows:

- Management and supervisory union employees who retired prior to July 1, 1998, and union employees who retired prior to October 1, 1997 – the retiree/spouse contributes the full cost of coverage less the Commission's monthly subsidy of \$19.28 once the retiree reaches age 65.
- Management and supervisory union employees who retired on July 1, 1998 or later – the retiree/spouse has no contribution once the retiree reaches age 65.
- Union employees who retired on October 1, 1997 or later – the retiree/spouse contributes the full cost of coverage, less the Commission's monthly subsidy when the retiree or spouse reaches age 65. Effective October 1, 2023, the Employer's monthly subsidy increased from \$73.50 to \$100.00.
- Beginning September 1, 2020, all management and supervisory union, Local 250, Local 77 and Local 30 professional retirees less than age 65 must contribute \$38.68 monthly towards medical and prescription coverage.
- Surviving spouses and domestic partners are paying 100% of the premiums, except for:
 - surviving spouses of management and supervisory union employees who retired after March 1, 2001.
 - As of October 1, 2023, Local 30 professional surviving spouses and domestic partners of a deceased active employee would be the same contribution rate as the retiree for 60 months and then 100% of premium.

Net OPEB Asset/Liability

The Commission recorded a net OPEB asset of \$202.7 million and \$173.5 million as of May 31, 2025 and 2024, respectively.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*Net OPEB Asset/Liability *(continued)**Actuarial Assumptions and Discount Rate*

The total OPEB liability reported as of May 31, 2025 was determined by an actuarial valuation as of the valuation date (May 31, 2023), calculated based on the discount rate and actuarial assumptions below, and was then projected forward, using update procedures, to the measurement date (May 31, 2024). The total OPEB liability reported as of May 31, 2024 was determined by an actuarial valuation as of May 31, 2023 which was calculated based on the discount rate and actuarial assumptions below. There have been no significant changes between the valuation dates and the fiscal year ends.

	<u>May 31, 2024</u>	<u>May 31, 2023</u>
Discount rate	5.5%	5.5%
Long-term expected rate of return, net of investment expense	5.5%	5.5%

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

An actuarial analysis of claims and enrollment data, related to the Plan's population, for the period September 1, 2021 through August 31, 2023 was performed and the claims cost method was adjusted based on this analysis. As stated in Note 10, Commission employees/retirees are also members of SERS. Every five years, SERS is required to conduct an actuarial experience study to determine whether the assumptions used in its annual actuarial valuations remain accurate based on current and anticipated demographic trends and economic conditions. The actuary, under oversight of the Pennsylvania State Employees' Retirement Board (SERB), reviewed economic assumptions (such as the assumed future investment returns and salary increases) as well as demographic assumptions (such as employee turnover, retirement, disability, and death rates). The 19th Investigation of Actuarial Experience study for the period January 1, 2015 – December 31, 2019 was released and approved by the SERB in July 2020. Many of the actuarial assumptions for the Plan were based on this SERS experience study (i.e. Salary, Withdrawal, Retirement, etc.).

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*Net OPEB Asset/Liability *(continued)**Actuarial Assumptions and Discount Rate (continued)*

Measurement date	May 31, 2024	May 31, 2023
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.5%	2.5%
Salary increases for union members	2.8% plus 0.5%- 4.15% merit	2.8% plus 0.5%- 4.15% merit
Salary increases for management members	2.8% plus 0.5%- 4.15% merit	2.8% plus 0.5%- 4.15% merit
Amortization method	Level dollar amortization over a period of 10 years	
Asset valuation method	Fair value of assets	

The healthcare cost trend assumption is based on the Society of Actuaries Long-Run Medical Cost Trend, utilizing the baseline assumptions included in the model for medical and prescription drug benefits.

The health cost trend assumption for benefits at sample years is as follows:

Valuation Year	Rate
2023	7.00%
2024	7.00
2025	6.50
2026	6.00
2027	5.50
2028	5.40
2029	5.30
2030	5.20
2031 – 2032	5.10
2033	5.00
2034	4.70
2035 – 2047	4.60
2048 – 2065	4.50
2066 – 2067	4.40
2068 – 2069	4.30
2070 – 2072	4.20
2073 – 2074	4.10
2075+	4.00

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*Net OPEB Asset/Liability *(continued)**Actuarial Assumptions and Discount Rate (continued)*

Mortality rates were based on the PubG-2010 headcount-weighted mortality table including rates for contingent survivors. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement. 0% of deaths are assumed to be work-related. The mortality assumption is based on the Society of Actuaries' Retirement Plans Experience Committee's comprehensive review of recent mortality experience of public retirement plans in the United States.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns (as of the May 31, 2023 valuation date) and reflecting expected volatility and correlation. Best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27%	4.81%
International equity	18	5.97
Rates/credit	25	1.82
Real assets	19	3.67
Multi-asset	10	2.14
Cash	1	0.20

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*Changes in the Net OPEB Asset/Liability

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
	<i>(In thousands)</i>		
Balances as of May 31, 2023	\$ 386,217	\$ 559,674	\$ (173,457)
<i>Changes for the year</i>			
Service cost	7,684	-	7,684
Interest on OPEB liability	20,946	-	20,946
Changes of assumptions	3,644	-	3,644
Benefit payments	(24,113)	(24,113)	-
Employer contributions	-	13,419	(13,419)
Net investment income	-	48,114	(48,114)
Administrative expenses	-	(23)	23
Balances as of May 31, 2024	\$ 394,378	\$ 597,071	\$ (202,693)

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
	<i>(In thousands)</i>		
Balances as of May 31, 2022	\$ 462,962	\$ 572,613	\$ (109,651)
<i>Changes for the year</i>			
Service cost	8,850	-	8,850
Interest on OPEB liability	25,311	-	25,311
Differences between expected and actual experience	72,694	-	72,694
Changes of assumptions	(162,169)	-	(162,169)
Benefit payments	(21,431)	(21,431)	-
Employer contributions	-	14,652	(14,652)
Net investment income	-	(6,146)	6,146
Administrative expenses	-	(14)	14
Balances as of May 31, 2023	\$ 386,217	\$ 559,674	\$ (173,457)

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*Changes in the Net OPEB Liability *(continued)**Sensitivity Analysis*

The following presents the net OPEB (asset) liability of the Commission, calculated using the current discount rate of the respective fiscal year, as well as what the Commission's net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

	1% Decrease (4.5%)	Current Discount Rate (5.5%)	1% Increase (6.5%)
		<i>(In thousands)</i>	
Net OPEB (asset) liability as of May 31, 2024	\$ (156,650)	\$ (202,693)	\$ (241,369)
Net OPEB (asset) liability as of May 31, 2023	\$ (127,972)	\$ (173,457)	\$ (211,591)

The following presents the net OPEB (asset) liability of the Commission, calculated using the current healthcare cost trend rates as well as what the net OPEB (asset) liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
		<i>(In thousands)</i>	
Net OPEB (asset) liability as of May 31, 2024	\$ (246,702)	\$ (202,693)	\$ (149,031)
Net OPEB (asset) liability as of May 31, 2023	\$ (213,671)	\$ (173,457)	\$ (124,496)

OPEB Plan Fiduciary Net Position

The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position as of and for the fiscal year ended May 31, 2025 are presented in the Basic Financial Statements section of this report. Further detailed information about the OPEB plan's fiduciary net position is available in the separately issued Pennsylvania Turnpike Commission Other Postemployment Welfare Plan Program financial statements. The stand-alone Plan financial statements can be obtained by contacting the Commission's Accounting & Financial Reporting Department.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended May 31, 2025, the Commission recognized an OPEB benefit (negative expense) of \$26.2 million. As of May 31, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<i>(In thousands)</i>	
Differences between expected and actual experience	\$ 43,616	\$ 17,226
Changes of assumptions	11,077	97,301
Net difference between projected and actual earnings on OPEB plan investments	13,854	-
Contributions subsequent to measurement date	9,042	-
	<u>\$ 77,589</u>	<u>\$ 114,527</u>

The \$9.0 million reported as deferred outflows of resources related to OPEB, resulting from Commission contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability during the fiscal year ending May 31, 2026. Other amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized as net increases/(decreases) in OPEB expense as follows:

Year Ending May 31	
	<i>(In thousands)</i>
2026	\$ (27,572)
2027	(2,411)
2028	(13,201)
2029	(2,796)
Thereafter	-
	<u>\$ (45,980)</u>

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB *(continued)*

For the year ended May 31, 2024, the Commission recognized an OPEB benefit (negative expense) of \$15.1 million. As of May 31, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<i>(In thousands)</i>	
Differences between expected and actual experience	\$ 59,569	\$ 34,537
Changes of assumptions	16,324	130,461
Net difference between projected and actual earnings on OPEB plan investments	32,768	-
Contributions subsequent to measurement date	13,419	-
	<u>\$ 122,080</u>	<u>\$ 164,998</u>

The \$13.4 million reported as deferred outflows of resources related to OPEB, resulting from Commission contributions subsequent to the measurement date, was recognized as a reduction of the net OPEB liability during the fiscal year ending May 31, 2025.

NOTE 14 SELF-INSURANCE

The Commission is exposed to various risks of losses such as theft of, damage to, and destruction of assets, errors and omissions, torts, injuries to employees and natural disasters. The Commission has purchased commercial all risk property insurance and stop loss insurance for employee medical and prescription benefits coverage. The Commission remains self-insured for torts, injuries to employees, and dental and vision benefits as well as medical and prescription benefits up to stop loss coverages. No settlements exceeded insurance coverage for each of the past three years.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 14 SELF-INSURANCE *(continued)*

The Commission recorded a liability of \$34.7 million and \$37.0 million for loss and loss adjustment expenses for claims relating to workers' compensation, motor vehicle and tort self-insurance that have been incurred and for claims incurred but not reported as of May 31, 2025 and 2024, respectively. The workers' compensation, motor vehicle and tort self-insurance liabilities recorded as accounts payable and accrued liabilities are \$4.1 million and \$6.5 million as of May 31, 2025 and 2024, respectively. The workers' compensation, motor vehicle and tort self-insurance liabilities recorded as other noncurrent liabilities are \$30.6 million and \$30.5 million as of May 31, 2025 and 2024, respectively. This liability is based on GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is calculated based on the Commission's past loss experience. The liability for vehicle and general tort was not discounted. The liability for workers' compensation was discounted using a rate of 1.5% for both fiscal years ended May 31, 2025 and 2024. The liability includes amounts for claims adjustment expense and is net of any recoveries and subrogation. Recoveries and subrogation were not material for the years ended May 31, 2025 and 2024. The Commission believes the liability established is reasonable and appropriate to provide for settlement of losses and related loss adjustment expenses.

Management believes that its reserve for claims incurred but not reported is determined in accordance with generally accepted actuarial principles and practices. However, estimating the ultimate liability is a complex and judgmental process since the amounts are based on management's informed estimates and judgments using data currently available. As additional experience and data become available regarding claim payments and reporting patterns, legislative developments and economic conditions, the estimates are revised accordingly, and the impact is reflected currently in the Commission's financial statements.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 14 SELF-INSURANCE *(continued)*

The following tables provide aggregated information on self-insurance liabilities:

	May 31, 2024 Liability	Effects of Discount as of June 1, 2024	Incurred Claims		Paid Claims		Effects of Discount as of May 31, 2025	May 31, 2025 Liability
			Current Year	Prior Years	Current Year	Prior Years		
<i>Year ended May 31, 2025</i>								
Workers' compensation	\$ 7,993	\$ 557	\$ 1,331	\$ 2,742	\$ (658)	\$ (3,112)	\$ (751)	\$ 8,102
Motor vehicle/general tort	28,966	-	775	105	(196)	(3,087)	-	26,563
	<u>\$ 36,959</u>	<u>\$ 557</u>	<u>\$ 2,106</u>	<u>\$ 2,847</u>	<u>\$ (854)</u>	<u>\$ (6,199)</u>	<u>\$ (751)</u>	<u>\$ 34,665</u>

	May 31, 2023 Liability	Effects of Discount as of June 1, 2023	Incurred Claims		Paid Claims		Effects of Discount as of May 31, 2024	May 31, 2024 Liability
			Current Year	Prior Years	Current Year	Prior Years		
<i>Year ended May 31, 2024</i>								
Workers' compensation	\$ 8,531	\$ 585	\$ 812	\$ 796	\$ (370)	\$ (1,804)	\$ (557)	\$ 7,993
Motor vehicle/general tort	29,091	-	870	(94)	(44)	(857)	-	28,966
	<u>\$ 37,622</u>	<u>\$ 585</u>	<u>\$ 1,682</u>	<u>\$ 702</u>	<u>\$ (414)</u>	<u>\$ (2,661)</u>	<u>\$ (557)</u>	<u>\$ 36,959</u>

The foregoing reflects an adjustment for an increase of \$2.8 million and an increase of \$0.7 million for the fiscal years ended May 31, 2025 and 2024, respectively, in the provision for events of prior fiscal years (Incurred Claims – Prior Years) that resulted from a change in estimate as more information became available.

NOTE 15 COMPENSATED ABSENCES

The Commission records a liability for compensated absences related to sick and vacation leave, as well as parental, military, or jury duty leave, where applicable. This liability also includes defined contribution pension employer contributions and associated taxes related to the leave.

Sick leave is earned at a rate of 3.08 hours every two weeks, or 10 days per year. Unused sick leave may be carried over from year to year, up to a maximum of 18 days for Management/Local 30S/Local 30P employees and 20 days for Local 77/250 employees. In November of each year, active employees are reimbursed for all accumulated unused sick leave above the maximum. Sick leave payouts to active employees were \$1.7 million during each of the fiscal years ended May 31, 2025 and 2024.

Vacation leave is earned at varying rates, depending on years of service. Management and supervisory union employees earn between 4.62 and 8.93 hours every two weeks. Non-supervisory union employees earn between 3.08 and 8.93 hours every two weeks.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 15 COMPENSATED ABSENCES *(continued)*

Upon termination of employment, all unused sick and vacation leave is paid to the employee. The compensated absences liabilities were \$19.0 million and \$17.7 million for each of the fiscal years ended May 31, 2025 and 2024, respectively. The compensated absences liabilities recorded as accounts payable and accrued liabilities were \$10.5 million and \$9.8 million as of May 31, 2025 and 2024 respectively. The compensated absences liabilities recorded as other noncurrent liabilities were \$8.5 million and \$7.9 million as of May 31, 2025 and 2024, respectively.

A summary of changes to compensated absences for the years ended May 31, 2025 and 2024 is as follows:

<u>Fiscal Year Ended May 31</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
			<i>(In thousands)</i>		
2025	\$ 17,729	\$ 12,787	\$ 11,489	\$ 19,027	\$ 10,467
2024	\$ 17,511	\$ 11,955	\$ 11,737	\$ 17,729	\$ 9,751

NOTE 16 LETTERS OF CREDIT

Pennsylvania insurance law requires a letter of credit, surety bond, or escrow from entities that self-insure their Workers' Compensation. As of May 31, 2025, the Commission has two standby letters of credit to satisfy the PA Turnpike's collateral requirement under the expired Owner Controlled Insurance Program (OCIP); there have been no draws against the letters of credit. The first Letter of Credit is \$160,000 with Wells Fargo Bank, N.A. for beneficiary Zurich American Insurance for the Uniontown to Brownsville Phase II OCIP. The second Letter of Credit is \$7.0 million with PNC Bank, N.A. for beneficiary The Travelers Indemnity Co for the Mon/Fayette Expressway OCIP.

In May 2017, in lieu of a letter of credit, the Commission placed \$2.0 million into an escrow account with Wells Fargo, now held by ComputerShare as trustee, (naming Liberty Mutual as beneficiary) for the new OCIP on the U.S. 22 to I-79 portion of the Southern Beltway, which opened on October 15, 2021.

Supplemental Trust Indenture No. 50 dated as of June 1, 2019, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2019 Second Series Senior Revenue Bonds. The Commission entered into a Letter of Credit with TD Bank, N.A. in the amount of up to \$142.2 million for purposes of paying debt service obligations on the bonds. On April 22, 2024, the Commission entered into an extension of that Letter of Credit with a new termination date of June 1, 2028. There were no outstanding draws against the Letter of Credit as of May 31, 2025 and 2024.

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 16 LETTERS OF CREDIT *(continued)*

Supplemental Trust Indenture No. 55 dated as of June 1, 2020, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2020 Series Senior Revenue Bonds. The Commission entered into a Letter of Credit with TD Bank, N.A in the amount of up to \$229.7 million for purposes of paying debt service obligations on the bonds. On April 29, 2025, the Commission entered into an extension of that Letter of Credit with a new termination date of June 24, 2030. There were no outstanding draws against the Letter of Credit as of May 31, 2025 and 2024.

Supplemental Trust Indenture No. 56 dated as of August 1, 2020, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2020 Series A Senior Revenue Bonds. The Commission entered into a Letter of Credit with Barclays Bank PLC in the amount of up to \$102.2 million for purposes of paying debt service obligations on the bonds. On June 12, 2023, the Commission entered into an extension of that Letter of Credit in the amount of \$97.6 million with a new termination date of June 12, 2026. There were no outstanding draws against the Letter of Credit as of May 31, 2025 and 2024.

Supplemental Trust Indenture No. 71 dated as of November 1, 2023, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2023 Series B Senior Revenue Bonds. The Commission entered into a Letter of Credit with TD Bank, N.A in the amount of up to \$193.4 million for purposes of paying debt service obligations on the bonds. There were no outstanding draws against the Letter of Credit as of May 31, 2025 and 2024.

NOTE 17 SUBSEQUENT EVENTS

On June 20, 2025, the Commission executed a new \$200,000,000 line of credit with PNC Bank, N.A. The Commission secured this line of credit as a continuing liquidity safeguard and because the 2024 Line of Credit expired on June 17, 2025.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 17 SUBSEQUENT EVENTS *(continued)*

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Turnpike Senior Revenue Bonds in an aggregate principal amount not to exceed \$800,000,000 in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing the capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current Ten Year Plan, the refunding of all or a portion of certain outstanding fixed rate and/or variable rate Turnpike Senior Revenue Bonds designated by the Commission, including the modification and/or termination of related swap agreements, the funding of necessary reserves and the funding of the costs of issuance of such Turnpike Senior Revenue Bonds.

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's Subordinate Revenue Refunding Bonds and/or Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds in an aggregate principal amount not to exceed \$700,000,000, in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing the costs of refunding all or a portion of certain fixed and/or variable rate Subordinate Revenue Refunding Bonds or Notes and/or Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds or Notes, including the modification and/or termination of related swap agreements, the funding of necessary reserves and the funding of the costs of issuance of such Turnpike Subordinate Revenue Refunding Bonds and/or Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds.

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's Revolving Line of Credit (PNC Bank, N.A.), in one or more series or sub-series, fixed or floating rate, taxable or tax-exempt under its amended and restated trust indenture dated as of March 1, 2001, in an aggregate principal amount not to exceed \$200,000,000, in a single issuance or from time to time, for the purpose of funding or refinancing costs including general working capital needs of the Commission, including funding/reimbursing necessary reserves and the payment of debt service on outstanding Turnpike Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 17 SUBSEQUENT EVENTS *(continued)*

On September 2, 2025, the Commission authorized the approval of authorizing with respect to the Pennsylvania Turnpike Commission's variable rate Senior Revenue Bonds, Series A of 2020 (the "bonds") the amendment, renewal, extension, substitution or replacement of the irrevocable direct pay letter of credit supporting the bonds, in an amount not exceeding \$100,000,000; and further authorizing the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Turnpike revenue refunding bonds in an aggregate principal amount not to exceed \$100,000,000 in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing the refunding of all or a portion of the bonds outstanding, including, with respect to such refunding bonds, (1) the funding of necessary reserves, (2) the obtaining and funding of costs of one or more credit facilities to provide credit enhancement or liquidity support in connection with the issuance of the refunding bonds, (3) the payment of costs of issuance of such refunding bonds.

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's fixed and/or variable rate Turnpike Senior Revenue Bonds in an aggregate principal amount not to exceed \$350,000,000 in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing the: (1) capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current ten year capital plan, including any amendment thereto, or any prior capital plan including, but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or the rehabilitation of certain interchanges, (2) obtaining one or more credit facilities and/or reserve fund credit facilities (as each is hereinafter defined) in connection with the issuance of such bonds; (3) funding capitalized interest, if necessary, on the bonds and (4) paying the costs of issuing of such Turnpike Senior Revenue Bonds.

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Oil Franchise Tax Revenue Bonds in an aggregate principal amount not to exceed \$400,000,000 in one or more series or sub-series, taxable and/or tax-exempt, senior and/or subordinate, for the purpose of financing (1) the costs of various capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current or any prior independently funding capital plan, including any amendment thereto, including, but not limited to, funding of capital expenditures related to the Southern Beltway or the Mon-Fayette Expressway; and (2) the refunding, or tender and exchange, of all or a portion of certain outstanding Oil Franchise Tax Revenue Bonds, including the funding of necessary reserves, obtaining one or more credit facilities, funding interest, as necessary or convenient, and costs of issuance of the bonds.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements *(continued)*

Years Ended May 31, 2025 and 2024

NOTE 17 SUBSEQUENT EVENTS *(continued)*

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Turnpike Subordinate Revenue Refunding Bonds and/or Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Refunding Bonds, in an aggregate principal amount not to exceed \$650,000,000, in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing (1) the costs of refunding all or a portion of certain outstanding fixed rate and/or variable rate Turnpike Subordinate Revenue Bonds or notes and/or Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds or notes, as designated by the Commission, including the modification and/or termination of related swap agreements, (2) the funding of necessary reserves, and (3) the funding of the costs of issuance and insuring of such bonds.

On September 4, 2025, the Commission issued \$122,550,000 of the 2025 Series A Oil Franchise Tax Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2053. The 2025 Series A Oil Franchise Tax Senior Revenue Bonds were issued primarily to finance the 2025 Construction Project and paying the cost of issuing the 2025 Series A Oil Franchise Tax Senior Revenue Bonds.

On September 4, 2025, the Commission issued \$60,955,000 of the 2025 Series B Oil Franchise Tax Subordinate Revenue Bonds at a fixed rate with a maturity of December 1, 2053. The 2025 Series B Oil Franchise Tax Subordinate Revenue Bonds were issued primarily to finance the 2025 Construction Project and paying the cost of issuing the 2025 Series B Oil Franchise Tax Subordinate Revenue Bonds.

On September 11, 2025, the Commission issued \$343,740,000 of 2025 Series B Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2055. The 2025 Series B Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2025 Series B Senior Revenue Bonds.

On September 11, 2025, the Commission issued \$256,260,000 of 2025 Third Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2045. The 2025 Third Series Senior Revenue Refunding Bonds were primarily issued to finance the cost of refunding a portion of the 2015 Series B Senior Revenue Bonds (\$281,085,000) and for paying the costs of issuing the 2025 Third Series Senior Revenue Refunding Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Commission's Proportionate Share of the Net Pension Liability – Pennsylvania State Employees' Retirement System – Pension Fund (Unaudited)

Last 10 Fiscal Years*

(Dollar Amounts in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Commission's proportion of the net pension liability	1.40815502%	1.40316068%	1.45120227%	1.50512333%	1.57665712%	1.81091910%	1.85214667%	1.90329134%	1.96867410%	1.90799267%
Commission's proportionate share of the net pension liability	\$ 283,823	\$ 296,572	\$ 331,574	\$ 219,303	\$ 288,472	\$ 329,189	\$ 385,821	\$ 329,112	\$ 379,173	\$ 346,946
Commission's covered payroll	109,487	102,236	99,939	102,582	108,555	121,643	121,127	120,641	123,365	121,085
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	259.23%	290.09%	331.78%	213.78%	265.74%	270.62%	318.53%	272.80%	307.36%	286.53%
Plan fiduciary net position as a percentage of the total pension liability	67.7%	65.3%	61.5%	76.0%	67.0%	63.1%	56.4%	63.0%	57.8%	58.9%

* The amounts presented for each fiscal year were determined as of the measurement date (12/31) that occurred within the Commission's fiscal year.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Schedule of Commission's Contributions –
Pennsylvania State Employees' Retirement System – Pension Fund (Unaudited)

Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 35,416	\$ 34,826	\$ 32,654	\$ 31,250	\$ 30,785	\$ 37,699	\$ 37,771	\$ 38,073	\$ 33,303	\$ 27,864
Contributions in relation to the contractually required contribution	<u>(35,416)</u>	<u>(34,826)</u>	<u>(32,654)</u>	<u>(31,250)</u>	<u>(30,785)</u>	<u>(37,699)</u>	<u>(37,771)</u>	<u>(38,073)</u>	<u>(33,303)</u>	<u>(27,864)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered payroll [^]	\$ 114,075	\$ 109,388	\$ 101,311	\$ 96,882	\$ 97,446	\$ 120,107	\$ 122,145	\$ 122,654	\$ 121,778	\$ 121,060
Contributions as a percentage of covered payroll	31.05%	31.84%	32.23%	32.26%	31.59%	31.39%	30.92%	31.04%	27.35%	23.02%

* The amounts presented for each fiscal year were determined as of the measurement date (12/31) that occurred within the Commission's fiscal year.

[^] Classes A5 and A6 became effective on January 1, 2020 and are now included in covered payroll due to the Hybrid plan including a pension fund contribution component.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Changes in the Commission's Net OPEB (Asset) Liability and Related Ratios (Unaudited)

Last 10 Fiscal Years*

(Dollar Amounts in Thousands)

<i>Fiscal Year Ended</i>	5/31/2025	5/31/2024	5/31/2023	5/31/2022	5/31/2021	5/31/2020	5/31/2019
<i>Measurement Date</i>	5/31/2024	5/31/2023	5/31/2022	5/31/2021	5/31/2020	5/31/2019	5/31/2018
Total OPEB liability							
Service cost	\$ 7,684	\$ 8,850	\$ 8,583	\$ 11,492	\$ 11,141	\$ 11,254	\$ 10,926
Interest on total OPEB liability	20,946	25,311	24,645	28,834	27,723	26,371	25,431
Changes of benefit terms	-	-	-	(3,563)	-	-	-
Differences between expected and actual experience	-	72,694	-	(86,127)	-	8,487	(2,671)
Changes of assumptions	3,644	(162,169)	-	40,809	-	(4,358)	-
Benefit payments	(24,113)	(21,431)	(21,344)	(20,582)	(20,848)	(17,032)	(17,984)
Net change in total OPEB liability	8,161	(76,745)	11,884	(29,137)	18,016	24,722	15,702
Total OPEB liability, beginning	386,217	462,962	451,078	480,215	462,199	437,477	421,775
Total OPEB liability, ending (a)	394,378	386,217	462,962	451,078	480,215	462,199	437,477
Plan fiduciary net position							
Employer contributions	13,419	14,652	13,746	47,250	11,730	46,056	28,171
Net investment income	48,114	(6,146)	(21,089)	109,214	14,196	6,789	34,322
Benefit payments	(24,113)	(21,431)	(21,344)	(20,582)	(20,848)	(17,032)	(17,984)
Administrative expenses	(23)	(14)	(2)	(4)	(8)	(2)	(11)
Net change in plan fiduciary net position	37,397	(12,939)	(28,689)	135,878	5,070	35,811	44,498
Plan fiduciary net position, beginning	559,674	572,613	601,302	465,424	460,354	424,543	380,045
Plan fiduciary net position, ending (b)	597,071	559,674	572,613	601,302	465,424	460,354	424,543
Commission's net OPEB (asset) liability, ending = (a) - (b)	\$ (202,693)	\$ (173,457)	\$ (109,651)	\$ (150,224)	\$ 14,791	\$ 1,845	\$ 12,934
Plan fiduciary net position as a % of total OPEB liability	151.4%	144.9%	123.7%	133.3%	96.9%	99.6%	97.0%
Covered-employee payroll	\$ 106,651	\$ 102,207	\$ 97,486	\$ 100,154	\$ 118,560	\$ 119,730	\$ 119,391
Commission's net OPEB (asset) liability as a % of covered payroll	-190.1%	-169.7%	-112.5%	-150.0%	12.5%	1.5%	10.8%

* The Commission adopted GASB Statement No. 75 in fiscal year 2019; therefore, only the available years are presented in the above schedule.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program (Unaudited)

Last 10 Fiscal Years

(Dollar Amounts in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 14,012	\$ 11,729	\$ 13,970	\$ 8,384	\$ 11,121	\$ 11,368
Contributions in relation to the actuarially determined contribution	<u>9,042</u>	<u>13,419</u>	<u>14,652</u>	<u>13,746</u>	<u>47,250</u>	<u>11,730</u>	<u>46,056</u>	<u>28,171</u>	<u>28,176</u>	<u>28,143</u>
Contribution (excess) deficiency	<u>\$ (9,042)</u>	<u>\$ (13,419)</u>	<u>\$ (14,652)</u>	<u>\$ (13,746)</u>	<u>\$ (33,238)</u>	<u>\$ (1)</u>	<u>\$ (32,086)</u>	<u>\$ (19,787)</u>	<u>\$ (17,055)</u>	<u>\$ (16,775)</u>
Covered-employee payroll	\$ 114,729	\$ 106,651	\$ 102,207	\$ 97,486	\$ 100,154	\$ 118,560	\$ 119,730	\$ 119,391	\$ 117,818	\$ 117,391
Contributions as a % of covered-employee payroll	7.9%	12.6%	14.3%	14.1%	47.2%	9.9%	38.5%	23.6%	23.9%	24.0%

Notes to Schedule

Full actuarial valuations are performed every other year.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2025 was calculated based on a May 31, 2023 full valuation and then projected forward to the May 31, 2024 measurement date. See Note 13 to the financial statements for more information.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2024 was calculated based on a May 31, 2023 full valuation. See Note 13 to the financial statements for more information.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2023 was calculated based on a May 31, 2021 full valuation and then projected forward to the May 31, 2022 measurement date.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2022 was calculated based on a May 31, 2021 full valuation.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2021 was calculated based on a May 31, 2019 full valuation and then projected forward to the May 31, 2020 measurement date.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2020 was calculated based on a May 31, 2019 full valuation.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2019 was calculated based on a June 1, 2017 full valuation and then projected forward to the May 31, 2018 measurement date.

The Actuarially Determined Contribution (formerly Annual Required Contribution) for the fiscal year ended May 31, 2018 was calculated based on a January 1, 2017 interim valuation that was rolled forward from the January 1, 2016 full valuation.

The Actuarially Determined Contribution (formerly Annual Required Contribution) for the fiscal year ended May 31, 2017 was calculated based on a January 1, 2016 full valuation.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program (Unaudited) (continued)

Notes to Schedule (continued)

A summary of the actuarial methods and assumptions used in the full valuations are as follows:

	May 31, 2023 Full Valuation	May 31, 2021 Full Valuation	May 31, 2019 Full Valuation	June 1, 2017 Full Valuation	January 1, 2016 Full Valuation
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected-unit credit
Discount rate	5.5%	5.5%	6.0%	6.0%	6.5%
Rate of return on assets	5.5%	5.5%	6.0%	6.0%	6.5%
Inflation rate	2.5%	2.5%	2.5%	2.3%	2.5%
Amortization method	Level dollar amortization over a period of 10 years	Level dollar amortization over a period of 10 years	Level dollar amortization over a period of 10 years	Level dollar amortization over a period of 10 years	Level dollar
<i>Amortization period</i>					
▪ - UAAL as of March 1, 2012	N/A	N/A	N/A	N/A	10 years (closed)
▪ - Subsequent changes	N/A	N/A	N/A	N/A	10 years (open)
Asset valuation method	Fair value plus receivable contributions made attributable to a prior fiscal year	Fair value plus receivable contributions made attributable to a prior fiscal year	Fair value plus receivable contributions made attributable to a prior fiscal year	Fair value plus receivable contributions made attributable to a prior fiscal year	Fair value
Health cost trend rates	Varying rates between 4.1% and 7.0% for Plan benefits.	Varying rates between 4.0% and 5.5% for Plan benefits.	Varying rates between 4.3% and 5.6% for Plan benefits.	Varying rates between 4.3% and 6.3% for medical and pharmacy benefits. 4.0% for dental and vision benefits.	Varying rates between 4.6% and 6.2% for medical and pharmacy benefits. 4.0% for dental and vision benefits.
Salary increases	2.8% plus 0.5 - 4.15% merit	Union – 3.0%, Management – 3.3%	Union – 3.0%, Management – 3.3%	Union – 3.0%, Management – 3.3%	Not considered as OPEB benefits are not based upon pay.
Mortality	PubG-2010 mortality table adjusted to reflect Mortality Improvement Scale MP-2021 and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date.	PubG-2010 mortality table adjusted to reflect Mortality Improvement Scale MP-2020 and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date.	RPH-2014 total Dataset Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2018 and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date.	RPH-2014 total Dataset Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2017 from 2006 base year and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date.	RP-2000 Healthy Annuitant Mortality Table projected on a generational basis using Scale AA to allow for past and future improvements in mortality. The Employee table is used for pre-retirement. Rates vary by age and gender.

OTHER SUPPLEMENTARY INFORMATION

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Section Information

For accounting purposes, the Commission maintains its records in three sections: Mainline, Oil Franchise, and Motor License. These sections are based on the types of revenues and the associated bond issues.

The Mainline section consists of income and expenses directly associated with the operations of the Turnpike System. In addition, all bonds pledged against this revenue source are included in this section.

The Oil Franchise section consists of revenues received from the Commission's allocation of the Commonwealth's Oil Company Franchise Tax. This revenue is pledged against the Oil Franchise Tax Debt as listed in Note 9 to the financial statements.

The Motor License section consists of an annual income of \$28.0 million, which has been provided to the Commission pursuant to Section 20 of Act 3 of the Commonwealth of Pennsylvania. This income is pledged against the Motor License Registration Fee Debt as listed in Note 9 to the financial statements.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Net Position – Business-type activities

	May 31, 2025			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In thousands)</i>			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
<i>Current assets</i>				
Cash and cash equivalents	\$ 354,547	\$ -	\$ -	\$ 354,547
Investments	285,760	-	-	285,760
Accounts receivable	181,765	-	-	181,765
Accrued interest receivable	4,204	-	-	4,204
Inventories	27,261	-	-	27,261
<i>Restricted current assets</i>				
Cash and cash equivalents	776,070	156,400	18,422	950,892
Investments	428,657	74,339	14,668	517,664
Accounts receivable	1,079	10,096	-	11,175
Accrued interest receivable	7,983	1,866	(44)	9,805
Total current assets	2,067,326	242,701	33,046	2,343,073
<i>Noncurrent assets</i>				
<i>Investments</i>				
Investments (unrestricted)	334,186	-	-	334,186
Investments restricted	571,195	23,628	10,086	604,909
Total noncurrent investments	905,381	23,628	10,086	939,095
<i>Capital assets not being depreciated/amortized</i>				
Land and intangibles	492,466	-	-	492,466
Assets under construction	2,374,207	-	-	2,374,207
<i>Capital assets being depreciated/amortized</i>				
Buildings	1,244,617	-	-	1,244,617
Improvements other than buildings	227,457	-	-	227,457
Equipment	765,855	-	-	765,855
Infrastructure	11,201,211	-	-	11,201,211
Right-to-use - subscriptions	22,224	-	-	22,224
Total capital assets before accumulated depreciation/amortization	16,328,037	-	-	16,328,037
Less: Accumulated depreciation/amortization	7,924,644	-	-	7,924,644
Total capital assets after accumulated depreciation/amortization	8,403,393	-	-	8,403,393
<i>Other assets</i>				
Prepaid bond insurance costs	3,057	-	179	3,236
Net OPEB asset	202,693	-	-	202,693
Other assets	68,726	-	-	68,726
Total other assets	274,476	-	179	274,655
Total noncurrent assets	9,583,250	23,628	10,265	9,617,143
Total assets	11,650,576	266,329	43,311	11,960,216
Deferred outflows of resources from hedging derivatives	1,173	-	-	1,173
Deferred outflows of resources from refunding bonds	168,035	6,199	23,763	197,997
Deferred outflows of resources from pensions	44,731	-	-	44,731
Deferred outflows of resources from OPEB	77,589	-	-	77,589
Total deferred outflows of resources	291,528	6,199	23,763	321,490
Total assets and deferred outflows of resources	\$ 11,942,104	\$ 272,528	\$ 67,074	\$ 12,281,706

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Net Position – Business-type activities *(continued)*

	May 31, 2025			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In thousands)</i>			
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
<i>Current liabilities</i>				
Accounts payable and accrued liabilities	\$ 633,552	\$ 52,282	\$ 1,876	\$ 687,710
Current portion of debt	296,099	30,490	12,330	338,919
Unearned income	133,003	-	-	133,003
Total current liabilities	1,062,654	82,772	14,206	1,159,632
<i>Noncurrent liabilities</i>				
Debt, less current portion, net of unamortized premium	15,421,061	1,578,805	299,513	17,299,379
Net pension liability	283,823	-	-	283,823
Other noncurrent liabilities	38,033	8,279	19,090	65,402
Total noncurrent liabilities	15,742,917	1,587,084	318,603	17,648,604
Total liabilities	16,805,571	1,669,856	332,809	18,808,236
Deferred inflows of resources from hedging derivatives	101,648	-	934	102,582
Deferred inflows of resources from service concession arrangements	75,801	-	-	75,801
Deferred inflows of resources from refunding bonds	104,775	55	-	104,830
Deferred inflows of resources from pensions	14,260	-	-	14,260
Deferred inflows of resources from OPEB	114,527	-	-	114,527
Deferred inflows of resources from leases	46,150	-	-	46,150
Total deferred inflows of resources	457,161	55	934	458,150
Total liabilities and deferred inflows of resources	17,262,732	1,669,911	333,743	19,266,386
NET POSITION				
Net investment in capital assets	583,010	(1,549,593)	(307,795)	(1,274,378)
Restricted for construction purposes	-	142,478	41,126	183,604
Restricted for debt service	75,519	9,732	-	85,251
Restricted for OPEB	202,693	-	-	202,693
Unrestricted	(6,181,850)	-	-	(6,181,850)
Total net position	\$ (5,320,628)	\$ (1,397,383)	\$ (266,669)	\$ (6,984,680)

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information (*continued*)

Schedule of Revenues, Expenses, and Changes in Net Position – Business-type activities

	May 31, 2025			
	Mainline	Oil Franchise	Motor License	Total
	(In thousands)			
Operating revenue				
Net fares	\$ 1,720,694	\$ -	\$ -	\$ 1,720,694
Other	59,318	-	-	59,318
Total operating revenue	1,780,012	-	-	1,780,012
Operating expenses				
Cost of services	565,115	1,654	-	566,769
Depreciation/amortization	432,767	-	-	432,767
Total operating expenses	997,882	1,654	-	999,536
Operating income (loss)	782,130	(1,654)	-	780,476
Nonoperating revenue (expenses)				
Investment earnings	120,042	18,076	1,989	140,107
Other nonoperating revenue	12,358	4,603	-	16,961
Act 44 and Act 89 payments to PennDOT	(50,000)	-	-	(50,000)
Interest and bond expense	(626,067)	(63,439)	(15,747)	(705,253)
Nonoperating expenses, net	(543,667)	(40,760)	(13,758)	(598,185)
Income (loss) before capital contributions	238,463	(42,414)	(13,758)	182,291
Capital contributions	4,806	129,854	28,000	162,660
Increase in net position	243,269	87,440	14,242	344,951
Net position, at beginning of year	(5,861,433)	(1,187,287)	(280,911)	(7,329,631)
Intersection transfers	297,536	(297,536)	-	-
Net position, at end of year	\$ (5,320,628)	\$ (1,397,383)	\$ (266,669)	\$ (6,984,680)

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities

	May 31, 2025			
	Mainline	Oil Franchise	Motor License	Total
	(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customer tolls and deposits	\$ 1,740,184	\$ -	\$ -	\$ 1,740,184
Cash payments for goods and services	(452,649)	(908)	-	(453,557)
Cash payments to employees	(160,921)	(741)	-	(161,662)
Cash received from other operating activities	14,483	-	-	14,483
Net cash provided by (used in) operating activities	1,141,097	(1,649)	-	1,139,448
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	3,473,848	649,169	1,439	4,124,456
Interest received on investments	46,297	8,718	1,268	56,283
Purchases of investments	(3,686,648)	(366,187)	-	(4,052,835)
Net cash (used in) provided by investing activities	(166,503)	291,700	2,707	127,904
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Motor License Registration fees	-	-	28,000	28,000
Proceeds from Oil Company Franchise Tax	-	128,997	-	128,997
Construction and acquisition of capital assets	(690,341)	(296,583)	-	(986,924)
Proceeds from sale of capital assets	1,850	-	-	1,850
Payments for bond and swap expenses	(9,952)	(40)	-	(9,992)
Payments for debt refundings	(1,026,671)	-	-	(1,026,671)
Payments for bond maturities	(141,205)	(29,020)	(11,715)	(181,940)
Interest paid on debt	(328,875)	(71,553)	(15,947)	(416,375)
Interest subsidy from Build America Bonds	16,498	3,376	-	19,874
Proceeds from debt issuances	1,719,969	-	-	1,719,969
Net cash (used in) provided by capital and related financing activities	(458,727)	(264,823)	338	(723,212)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash payments to PennDOT	(50,000)	-	-	(50,000)
Payments for bond and swap expenses	(4,234)	-	-	(4,234)
Payments for debt refundings	(687,462)	-	-	(687,462)
Payments for debt maturities	(140,645)	-	-	(140,645)
Interest paid on debt	(302,190)	-	-	(302,190)
Proceeds from debt issuances	672,408	-	-	672,408
Net cash used in noncapital financing activities	(512,123)	-	-	(512,123)
Increase in cash and cash equivalents	3,744	25,228	3,045	32,017
Cash and cash equivalents at beginning of year	1,126,873	131,172	15,377	1,273,422
Cash and cash equivalents at end of year	\$ 1,130,617	\$ 156,400	\$ 18,422	\$ 1,305,439

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities *(continued)*

	May 31, 2025			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In thousands)</i>			
<i>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</i>				
Operating income (loss)	\$ 782,130	\$ (1,654)	\$ -	\$ 780,476
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>				
Depreciation/amortization	432,767	-	-	432,767
<i>Change in operating assets and liabilities</i>				
Accounts receivable	(23,245)	-	-	(23,245)
Inventories	(2,236)	-	-	(2,236)
Other assets	11	-	-	11
Net OPEB asset	(29,236)	-	-	(29,236)
Deferred outflows of resources from pensions	17,072	-	-	17,072
Deferred outflows of resources from OPEB	44,491	-	-	44,491
Accounts payable and accrued liabilities	(1,691)	5	-	(1,686)
Net pension liability	(12,749)	-	-	(12,749)
Other noncurrent liabilities	630	-	-	630
Deferred inflows of resources from pensions	(15,534)	-	-	(15,534)
Deferred inflows of resources from OPEB	(50,471)	-	-	(50,471)
Deferred inflows of resources from leases	(842)	-	-	(842)
Net cash provided by (used in) operating activities	\$ 1,141,097	\$ (1,649)	\$ -	\$ 1,139,448
<i>Reconciliation of cash and cash equivalents to the statements of net position</i>				
Cash and cash equivalents	\$ 354,547	\$ -	\$ -	\$ 354,547
Restricted cash and cash equivalents	776,070	156,400	18,422	950,892
Total cash and cash equivalents	\$ 1,130,617	\$ 156,400	\$ 18,422	\$ 1,305,439

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded a net increase of \$73.2 million in the fair value of its investments not reported as cash equivalents for the year ended May 31, 2025. Increases by section were: Mainline, \$61.8 million; Oil Franchise, \$10.7 million; and Motor License, \$0.7 million.

The Commission recorded \$81.1 million for the amortization of bond premium for the year ended May 31, 2025. Amortization by section was: Mainline, \$69.3 million; Oil Franchise, \$10.8 million; and Motor License, \$1.0 million.

As indicated in Note 9, the Commission refunded various bonds in fiscal year 2025. The fiscal year 2025 refundings resulted in a \$11.6 million reclassification from Mainline bond premiums (discounts) to deferred outflows of resources from refundings and a \$105.5 million reclassification from Mainline bond premiums (discounts) to deferred inflows of resources from refundings. Additionally, the Commission recorded \$17.1 million for the amortization of deferred outflows/inflows of resources from refunding bonds for the year ended May 31, 2025. Amortization by section was: Mainline, \$14.5 million; Oil Franchise, \$0.8 million; and Motor License, \$1.8 million.

The Commission recorded \$0.3 million for the amortization of prepaid bond insurance costs for the year ended May 31, 2025. Amortization by section was: Mainline, \$0.2 million; and Motor License, \$0.1 million.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities *(continued)*

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities *(continued)*

The Commission recorded an interest expense reduction of \$6.3 million in the Mainline section and \$0.9 million in the Motor License section for the year ended May 31, 2025 related to terminated derivative instruments.

The Commission recognized total capital contributions of \$162.7 million for fiscal year ended May 31, 2025. Cash received of \$157.0 million for fiscal year ended May 31, 2025 is reported in the capital and related financing activities of this schedule. The \$5.7 million difference between capital contributions and cash received is primarily the result of a \$0.9 million increase in Oil Franchise receivables related to these capital contributions in addition to a \$4.8 million Mainline noncash capital contribution related to capital assets provided by service plaza operators. The Commission entered into agreements with a food and fuel provider to totally reconstruct the service plazas; the service plaza operators provided the capital for the reconstruction in exchange for lower rental rates. See Note 2 to the financial statements for further discussion on capital contributions and Note 6 to the financial statements for further discussion on the service plazas.

The Commission records intersection activity related to revenue, expense, asset and liability transfers between its sections. Some of the intersection entries are related to cash transfers; others are noncash transfers as required. Net intersection transfers for the year ended May 31, 2025 were: to Mainline, \$297.5 million; and from Oil Franchise, \$297.5 million.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Net Position – Business-type activities

	May 31, 2024			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In thousands)</i>			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
<i>Current assets</i>				
Cash and cash equivalents	\$ 355,987	\$ -	\$ -	\$ 355,987
Investments	224,582	-	-	224,582
Accounts receivable	158,966	-	-	158,966
Accrued interest receivable	2,181	-	-	2,181
Inventories	25,025	-	-	25,025
<i>Restricted current assets</i>				
Cash and cash equivalents	770,886	131,172	15,377	917,435
Investments	391,268	286,839	1,382	679,489
Accounts receivable	367	9,240	-	9,607
Accrued interest receivable	14,618	3,213	36	17,867
Total current assets	1,943,880	430,464	16,795	2,391,139
<i>Noncurrent assets</i>				
<i>Investments</i>				
Investments	262,669	-	-	262,669
Investments restricted	456,450	81,140	24,097	561,687
Total noncurrent investments	719,119	81,140	24,097	824,356
<i>Capital assets not being depreciated/amortized</i>				
Land and intangibles	485,043	-	-	485,043
Assets under construction	2,096,118	-	-	2,096,118
<i>Capital assets being depreciated/amortized</i>				
Buildings	1,176,281	-	-	1,176,281
Improvements other than buildings	196,423	-	-	196,423
Equipment	664,015	-	-	664,015
Infrastructure	10,864,934	-	-	10,864,934
Right-to-use - subscriptions	12,930	-	-	12,930
Total capital assets before accumulated depreciation/amortization	15,495,744	-	-	15,495,744
Less: Accumulated depreciation/amortization	7,630,043	-	-	7,630,043
Total capital assets after accumulated depreciation/amortization	7,865,701	-	-	7,865,701
<i>Other assets</i>				
Prepaid bond insurance costs	3,510	-	214	3,724
Net OPEB Asset	173,457	-	-	173,457
Other assets	70,329	-	-	70,329
Total other assets	247,296	-	214	247,510
Total noncurrent assets	8,832,116	81,140	24,311	8,937,567
Total assets	10,775,996	511,604	41,106	11,328,706
Deferred outflows of resources from hedging derivatives	296	-	293	589
Deferred outflows of resources from refunding bonds	199,985	7,057	25,601	232,643
Deferred outflows of resources from pensions	61,803	-	-	61,803
Deferred outflows of resources from OPEB	122,080	-	-	122,080
Total deferred outflows of resources	384,164	7,057	25,894	417,115
Total assets and deferred outflows of resources	\$ 11,160,160	\$ 518,661	\$ 67,000	\$ 11,745,821

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Net Position – Business-type activities *(continued)*

	May 31, 2024			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In thousands)</i>			
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
<i>Current liabilities</i>				
Accounts payable and accrued liabilities	\$ 654,365	\$ 52,080	\$ 2,206	\$ 708,651
Current portion of debt	370,350	29,020	11,715	411,085
Unearned income	127,894	-	-	127,894
Total current liabilities	1,152,609	81,100	13,921	1,247,630
<i>Noncurrent liabilities</i>				
Debt, less current portion, net of unamortized premium	15,087,008	1,618,319	312,815	17,018,142
Net pension liability	296,572	-	-	296,572
Other noncurrent liabilities	29,988	6,379	21,175	57,542
Total noncurrent liabilities	15,413,568	1,624,698	333,990	17,372,256
Total liabilities	16,566,177	1,705,798	347,911	18,619,886
Deferred inflows of resources from hedging derivatives	110,313	-	-	110,313
Deferred inflows of resources from service concession arrangements	82,600	-	-	82,600
Deferred inflows of resources from refunding bonds	20,719	150	-	20,869
Deferred inflows of resources from pensions	29,794	-	-	29,794
Deferred inflows of resources from OPEB	164,998	-	-	164,998
Deferred inflows of resources from leases	46,992	-	-	46,992
Total deferred inflows of resources	455,416	150	-	455,566
Total liabilities and deferred inflows of resources	17,021,593	1,705,948	347,911	19,075,452
NET POSITION				
Net investment in capital assets	430,108	(1,439,070)	(319,522)	(1,328,484)
Restricted for construction purposes	-	240,710	38,611	279,321
Restricted for debt service	80,202	11,073	-	91,275
Restricted for OPEB	173,457	-	-	173,457
Unrestricted	(6,545,200)	-	-	(6,545,200)
Total net position	\$ (5,861,433)	\$ (1,187,287)	\$ (280,911)	\$ (7,329,631)

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information (*continued*)

Schedule of Revenues, Expenses, and Changes in Net Position – Business-type activities

	May 31, 2024			
	Mainline	Oil Franchise	Motor License	Total
	(In thousands)			
Operating revenue				
Net fares	\$ 1,608,793	\$ -	\$ -	\$ 1,608,793
Other	58,078	-	-	58,078
Total operating revenue	1,666,871	-	-	1,666,871
Operating expenses				
Cost of services	553,873	2,364	-	556,237
Depreciation/amortization	417,032	-	-	417,032
Total operating expenses	970,905	2,364	-	973,269
Operating income (loss)	695,966	(2,364)	-	693,602
Nonoperating revenue (expenses)				
Investment earnings	102,484	25,761	3,490	131,735
Other nonoperating revenue	3,516	4,612	-	8,128
Act 44 and Act 89 payments to PennDOT	(50,000)	-	-	(50,000)
Interest and bond expense	(609,428)	(68,785)	(18,847)	(697,060)
Nonoperating expenses, net	(553,428)	(38,412)	(15,357)	(607,197)
Income (loss) before capital contributions	142,538	(40,776)	(15,357)	86,405
Capital contributions	4,806	135,248	28,000	168,054
Increase in net position	147,344	94,472	12,643	254,459
Net position, at beginning of year	(6,258,501)	(1,055,890)	(269,699)	(7,584,090)
Intersection transfers	249,724	(225,869)	(23,855)	-
Net position, at end of year	\$ (5,861,433)	\$ (1,187,287)	\$ (280,911)	\$ (7,329,631)

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities

	May 31, 2024			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customer tolls and deposits	\$ 1,663,003	\$ -	\$ -	\$ 1,663,003
Cash payments for goods and services	(434,403)	(1,583)	-	(435,986)
Cash payments to employees	(161,448)	(728)	-	(162,176)
Cash received from other operating activities	6,623	-	-	6,623
Net cash provided by (used in) operating activities	1,073,775	(2,311)	-	1,071,464
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	4,079,533	1,340,860	21,647	5,442,040
Interest received on investments	39,979	9,957	896	50,832
Purchases of investments	(3,881,704)	(1,290,526)	(33,810)	(5,206,040)
Net cash provided by (used in) investing activities	237,808	60,291	(11,267)	286,832
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants received from other governments	641	-	-	641
Proceeds from Motor License Registration fees	-	-	28,000	28,000
Proceeds from Oil Company Franchise Tax	-	137,513	-	137,513
Intersection cash transfer for debt related activity	-	(2,261)	2,261	-
Construction and acquisition of capital assets	(822,922)	(245,462)	-	(1,068,384)
Proceeds from sale of capital assets	1,646	-	-	1,646
Payments for bond and swap expenses	(9,090)	(40)	(2,350)	(11,480)
Payments for debt refundings	(249,993)	-	(231,425)	(481,418)
Payments for bond maturities	(130,840)	(27,640)	(11,125)	(169,605)
Interest paid on debt	(315,029)	(73,496)	(16,619)	(405,144)
Interest subsidy from Build America Bonds	16,498	4,613	-	21,111
Proceeds from debt issuances	941,729	-	231,425	1,173,154
Net cash (used in) provided by capital and related financing activities	(567,360)	(206,773)	167	(773,966)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash payments to PennDOT	(50,000)	-	-	(50,000)
Payments for debt maturities	(124,350)	-	-	(124,350)
Interest paid on debt	(314,259)	-	-	(314,259)
Net cash used in noncapital financing activities	(488,609)	-	-	(488,609)
Increase (decrease) in cash and cash equivalents	255,614	(148,793)	(11,100)	95,721
Cash and cash equivalents at beginning of year	871,259	279,965	26,477	1,177,701
Cash and cash equivalents at end of year	\$ 1,126,873	\$ 131,172	\$ 15,377	\$ 1,273,422

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities *(continued)*

	May 31, 2024			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In Thousands)</i>			
<i>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</i>				
Operating income (loss)	\$ 695,966	\$ (2,364)	\$ -	\$ 693,602
<i>Adjustments to reconcile operating income to net cash provided by (used in) operating activities</i>				
Depreciation/amortization	417,032	-	-	417,032
<i>Change in operating assets and liabilities</i>				
Accounts receivable	(19,696)	-	-	(19,696)
Inventories	(1,878)	-	-	(1,878)
Other assets	(2)	-	-	(2)
Net OPEB asset	(63,806)	-	-	(63,806)
Deferred outflows of resources from pensions	26,139	-	-	26,139
Deferred outflows of resources from OPEB	(76,074)	-	-	(76,074)
Accounts payable and accrued liabilities	22,788	53	-	22,841
Net pension liability	(35,002)	-	-	(35,002)
Other noncurrent liabilities	(3,160)	-	-	(3,160)
Deferred inflows of resources from pensions	(8,436)	-	-	(8,436)
Deferred inflows of resources from OPEB	111,352	-	-	111,352
Deferred inflows of resources from leases	8,552	-	-	8,552
Net cash provided by (used in) operating activities	\$ 1,073,775	\$ (2,311)	\$ -	\$ 1,071,464
<i>Reconciliation of cash and cash equivalents to the statements of net position</i>				
Cash and cash equivalents	\$ 355,987	\$ -	\$ -	\$ 355,987
Restricted cash and cash equivalents	770,886	131,172	15,377	917,435
Total cash and cash equivalents	\$ 1,126,873	\$ 131,172	\$ 15,377	\$ 1,273,422

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded a net increase of \$75.5 million in the fair value of its investments not reported as cash equivalents for the year ended May 31, 2024. Increases by section were: Mainline, \$57.2 million; Oil Franchise, \$17.8 million; and Motor License, \$0.5 million.

The Commission recorded \$77.6 million for the amortization of bond premium for the year ended May 31, 2024. Amortization by section was: Mainline, \$65.6 million; Oil Franchise, \$11.0 million; and Motor License, \$1.0 million.

As indicated in Note 9, the Commission refunded various bonds in fiscal year 2024. The fiscal year 2024 refundings resulted in a \$0.2 million reclassification from Mainline bond premiums (discounts) to deferred outflows of resources from refundings. Additionally, the Commission recorded \$16.5 million for the amortization of deferred outflows/inflows of resources from refunding bonds for the year ended May 31, 2024. Amortization by section was: Mainline, \$14.4 million; Oil Franchise, \$0.5 million; and Motor License, \$1.6 million.

The Commission recorded \$0.3 million for the amortization of prepaid bond insurance costs for the year ended May 31, 2024. Amortization by section was: Mainline, \$0.2 million; and Motor License, \$0.1 million.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities *(continued)*

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities *(continued)*

The Commission recorded an interest expense reduction of \$6.4 million in the Mainline section and \$0.7 million in the Motor License section for the year ended May 31, 2024 related to terminated derivative instruments.

The Commission recognized total capital contributions of \$168.1 million for fiscal year ended May 31, 2024. Cash received of \$166.2 million for fiscal year ended May 31, 2024 is reported in the capital and related financing activities of this schedule. The \$1.9 million difference between capital contributions and cash received is primarily the result of a \$2.3 million decrease in Oil Franchise receivables and a \$0.6 million decrease in Mainline receivables related to these capital contributions offset by a \$4.8 million Mainline noncash capital contribution related to capital assets provided by service plaza operators. The Commission entered into agreements with a food and fuel provider to totally reconstruct the service plazas; the service plaza operators provided the capital for the reconstruction in exchange for lower rental rates. See Note 2 to the financial statements for further discussion on capital contributions and Note 6 to the financial statements for further discussion on the service plazas.

The Commission records intersection activity related to revenue, expense, asset and liability transfers between its sections. Some of the intersection entries are related to cash transfers; others are noncash transfers as required. Net intersection transfers for the year ended May 31, 2024 were: to Mainline, \$249.7 million; from Oil Franchise, \$225.9 million; and from Motor License, \$23.8 million.

PENNSYLVANIA TURNPIKE COMMISSION

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Section Information *(continued)*

Schedules of Cost of Services Detail

The following tables provide additional detail for the costs of services reported in the Statements of Revenues, Expenses, and Changes in Net Position.

Fiscal Year Ended May 31, 2025

	<u>Mainline Operating</u>	<u>Mainline Capital</u>	<u>Total Mainline</u>	<u>Oil Franchise</u>	<u>Motor License</u>	<u>Total</u>
	(in thousands)					
General and administrative	\$ 74,865	\$ 132,821	\$ 207,686	\$ 1,093	\$ -	\$ 208,779
Traffic engineering and operations	3,898	2,915	6,813	-	-	6,813
Service centers	80,226	-	80,226	-	-	80,226
Employee benefits	35,975	12,687	48,662	561	-	49,223
Toll collection	22,235	1,783	24,018	-	-	24,018
Normal maintenance	94,809	5,611	100,420	-	-	100,420
Facilities and energy mgmt. operations	17,501	9,653	27,154	-	-	27,154
Turnpike patrol	70,136	-	70,136	-	-	70,136
Total cost of services	\$ 399,645	\$ 165,470	\$ 565,115	\$ 1,654	\$ -	\$ 566,769

Fiscal Year Ended May 31, 2024

	<u>Mainline Operating</u>	<u>Mainline Capital</u>	<u>Total Mainline</u>	<u>Oil Franchise</u>	<u>Motor License</u>	<u>Total</u>
	(in thousands)					
General and administrative*	\$ 68,677	\$ 146,871	\$ 215,548	\$ 1,886	\$ -	\$ 217,434
Traffic engineering and operations	3,749	4,544	8,293	-	-	8,293
Service centers	72,570	-	72,570	-	-	72,570
Employee benefits	38,405	11,294	49,699	478	-	50,177
Toll collection*	21,490	3,041	24,531	-	-	24,531
Normal maintenance	81,528	6,820	88,348	-	-	88,348
Facilities and energy mgmt. operations*	16,043	9,402	25,445	-	-	25,445
Turnpike patrol	69,439	-	69,439	-	-	69,439
Total cost of services	\$ 371,901	\$ 181,972	\$ 553,873	\$ 2,364	\$ -	\$ 556,237

*Certain costs were reclassified among departments in this schedule to be consistent with the current organization structure.

STATISTICAL SECTION

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Statistical Section

This part of the Commission's Annual Comprehensive Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, required supplementary information and the Commission's overall financial health.

Financial Trends

Pages 143-144

These schedules contain trend information to help the reader understand how the Commission's financial performance and viability have changed over time.

Debt Capacity

Pages 145-146

These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt.

Revenue Capacity

Pages 147-149

These schedules contain information to help the reader assess the Commission's most significant revenue source, fare revenues.

Demographic and Economic Information

Pages 150-152

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.

Operating Information

Pages 153-163

These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services it provides and the activities it performs.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Summary of Revenues and Expenses

(000s Omitted)

Fiscal Years Ended May 31

	2016	2017	2018	2019	2020 *	2021	2022	2023	2024	2025
<i>Operating revenues</i>										
Net fares	\$ 1,030,115	\$ 1,111,061	\$ 1,196,606	\$ 1,327,031	\$ 1,247,779	\$ 1,190,419	\$ 1,459,916	\$ 1,540,705	\$ 1,608,793	\$ 1,720,694
Other	22,576	23,335	4,668	9,574	36,004	41,130	47,283	55,942	58,078	59,318
Total operating revenues	1,052,691	1,134,396	1,201,274	1,336,605	1,283,783	1,231,549	1,507,199	1,596,647	1,666,871	1,780,012
<i>Operating expenses</i>										
Cost of services	471,132	517,103	494,742	509,753	533,931	509,381	438,923	534,558	556,237	566,769
Depreciation/amortization	332,941	354,343	379,401	384,104	382,088	373,924	431,195	409,943	417,032	432,767
Total operating expenses	804,073	871,446	874,143	893,857	916,019	883,305	870,118	944,501	973,269	999,536
Operating income	248,618	262,950	327,131	442,748	367,764	348,244	637,081	652,146	693,602	780,476
<i>Nonoperating revenues (expenses)</i>										
Investment earnings (loss)	29,069	14,225	18,809	83,072	90,345	15,336	(71,591)	55,950	131,735	140,107
Other nonoperating revenues	21,651	21,532	22,303	22,572	22,693	12,996	21,503	12,656	8,128	16,961
Act 44 and Act 89 payments to PennDOT	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(50,000)	(50,000)	(50,000)
Capital assets transferred to Commonwealth	(40,937)	(54,724)	-	(162,982)	(294)	(2,769)	(51,908)	(2,852)	-	-
Interest and bond expense	(521,021)	(560,660)	(566,137)	(620,584)	(652,901)	(671,774)	(716,212)	(685,346)	(697,060)	(705,253)
Nonoperating expenses, net	(961,238)	(1,029,627)	(975,025)	(1,127,922)	(990,157)	(1,096,211)	(1,268,208)	(669,592)	(607,197)	(598,185)
Loss (income) before capital contribution	(712,620)	(766,677)	(647,894)	(685,174)	(622,393)	(747,967)	(631,127)	(17,446)	86,405	182,291
Capital contributions	180,906	214,664	207,804	229,386	173,486	164,147	169,141	170,310	168,054	162,660
(Decrease) increase in net position	\$ (531,714)	\$ (552,013)	\$ (440,090)	\$ (455,788)	\$ (448,907)	\$ (583,820)	\$ (461,986)	\$ 152,864	\$ 254,459	\$ 344,951

* Approximately \$32.0 million of toll-related bad debt was reclassified from other operating revenues to fare revenues to conform to the fiscal year ended May 31, 2021, financial statement presentation amounts.

Note: The Commission implemented GASB 75 in 2019, GASB 87 in 2023 and GASB 96 in 2024; years prior to the required restated years have not been adjusted to reflect the implementation of the standard.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Net Position

(000s Omitted)

Fiscal Years Ended May 31

	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2016	\$ (24,520)	\$ 361,798	\$ (4,983,937)	\$ (4,646,659)
2017	(258,038)	374,775	(5,315,409)	(5,198,672)
2018	(250,112)	304,478	(5,693,128)	(5,638,762)
2019	(623,209)	382,601	(6,001,633)	(6,242,241)
2020	(903,089)	453,932	(6,241,991)	(6,691,148)
2021	(1,115,845)	322,760	(6,481,883)	(7,274,968)
2022#	(1,422,146)	526,050	(6,840,858)	(7,736,954)
2023#	(1,470,936)	515,129	(6,628,283)	(7,584,090)
2024	(1,328,484)	544,053	(6,545,200)	(7,329,631)
2025	(1,274,378)	471,548	(6,181,850)	(6,984,680)

During fiscal year 2024, balances for fiscal year 2022 and 2023 were updated from their previous presentation to include a reclassification of restricted for OPEB as presented in these financial statements.

Note: The Commission implemented GASB 75 in 2019, GASB 87 in 2023 and GASB 96 in 2024; years prior to the required restated years have not been adjusted to reflect the implementation of the standard.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Debt Coverage – All Sections

(000s Omitted)

Fiscal Years Ended May 31

	2016	2017	2018 *	2019	2020	2021	2022	2023	2024	2025
<i>Revenues and capital contributions</i>										
Operating revenues	\$ 1,052,691	\$ 1,134,396	\$ 1,201,274	\$ 1,336,605	\$ 1,283,783	\$ 1,231,549	\$ 1,507,199	\$ 1,596,647	\$ 1,666,871	\$ 1,780,012
Investment earnings**	24,527	23,693	25,569	39,019	39,670	25,473	28,807	42,599	56,214	66,875
Other nonoperating revenues	21,651	21,532	22,303	22,572	22,693	12,996	21,503	12,656	8,128	16,961
Capital contributions	180,906	214,664	207,804	229,386	173,486	164,147	169,141	170,310	168,054	162,660
Total revenues and capital contributions	1,279,775	1,394,285	1,456,950	1,627,582	1,519,632	1,434,165	1,726,650	1,822,212	1,899,267	2,026,508
<i>Direct expenses</i>										
Cost of services	471,132	517,103	494,742	509,753	533,931	509,381	438,923	534,558	556,237	566,769
Bond and swap expenses	14,258	16,990	11,002	8,180	12,223	10,308	12,140	11,585	19,344	18,319
Total direct expenses	485,390	534,093	505,744	517,933	546,154	519,689	451,063	546,143	575,581	585,088
<i>Net revenues available for debt service payments</i>	<u>\$ 794,385</u>	<u>\$ 860,192</u>	<u>\$ 951,206</u>	<u>\$ 1,109,649</u>	<u>\$ 973,478</u>	<u>\$ 914,476</u>	<u>\$ 1,275,587</u>	<u>\$ 1,276,069</u>	<u>\$ 1,323,686</u>	<u>\$ 1,441,420</u>
<i>Debt service payments</i>										
Debt maturity payments	\$ 138,630	\$ 122,630	\$ 251,375	\$ 224,365	\$ 186,055	\$ 41,775	\$ 218,105	\$ 263,740	\$ 293,955	\$ 322,585
Interest payments	436,073	494,301	519,173	591,837	616,570	629,587	669,651	717,776	719,403	718,565
Total debt service payments	<u>\$ 574,703</u>	<u>\$ 616,931</u>	<u>\$ 770,548</u>	<u>\$ 816,202</u>	<u>\$ 802,625</u>	<u>\$ 671,362</u>	<u>\$ 887,756</u>	<u>\$ 981,516</u>	<u>\$ 1,013,358</u>	<u>\$ 1,041,150</u>
Coverage	1.38	1.39	1.23	1.36	1.21	1.36	1.44	1.30	1.31	1.38

Revenues and capital contributions, direct expenses, principal payments and interest payments listed on this schedule include all sections (Mainline, Oil Franchise, and Motor License) of the Pennsylvania Turnpike Commission. Amounts listed for the principal and interest payments are for all sections and include both senior and subordinate debt. BAB Interest Subsidy is included in other nonoperating revenues.

* During FY18, the Commission retired \$100.0 million of the 2013 Series A Senior debt that was scheduled to mature on December 1, 2017. This debt was originally expected to be refunded but the Commission chose to retire this debt due to its cash position. Had the Commission chose to refund this debt as originally planned, total debt service payments for FY18 would have been \$670,548 and the FY18 coverage would have been 1.42.

** Excludes change in fair value of investments.

Note: The Commission implemented GASB 75 in 2019, GASB 87 in 2023 and GASB 96 in 2024; years prior to the required restated years have not been adjusted to reflect the implementation of the standard.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Ratios of Mainline Outstanding Debt* and Debt Service Payments

(000s Omitted)

Fiscal Years Ended May 31

	Number of Vehicle Transactions #	Number of Vehicle ORT Equivalent Transactions @	Mainline Outstanding Debt *	Oil Franchise Outstanding Debt *	Motor License Outstanding Debt *	Total Outstanding Debt*	Mainline Debt Service Payments	Oil Franchise Debt Service Payments	Motor License Debt Service Payments	Total Debt Service Payments	Mainline Outstanding Debt Per Vehicle Transaction ^	Mainline Debt Service Payments Per Vehicle Transaction ^	Mainline Outstanding Debt Per Vehicle ORT Equivalent Transaction ^	Mainline Debt Service Payments Per Vehicle ORT Equivalent Transaction ^
2016	204,783		\$ 10,540,019	\$ 733,956	\$ 420,574	\$ 11,694,549	\$ 492,380	\$ 54,578	\$ 27,745	\$ 574,703	\$ 51.47	\$ 2.40		
2017	207,142		11,436,677	720,245	412,080	12,569,002	534,190	54,885	27,856	616,931	55.21	2.58		
2018	209,110		12,210,090	699,006	403,175	13,312,271	691,471	50,624	28,453	770,548	58.39	3.31		
2019	213,292	457,934	12,354,555	1,182,302	379,752	13,916,609	725,630	61,372	29,200	816,202	57.92	3.40	\$ 26.98	\$ 1.58
2020	189,340	404,587	13,429,674	1,157,517	369,709	14,956,900	700,962	73,787	27,876	802,625	70.93	3.70	33.19	1.73
2021	169,601	360,827	14,311,272	1,133,066	359,192	15,803,530	572,429	71,104	27,829	671,362	84.38	3.38	39.66	1.59
2022	200,103	422,587	15,089,256	1,720,097	348,175	17,157,528	786,862	73,099	27,795	887,756	75.41	3.93	35.71	1.86
2023	206,253	430,632	15,073,881	1,684,284	336,628	17,094,793	854,372	99,295	27,849	981,516	73.08	4.14	35.00	1.98
2024	209,116	435,905	15,457,358	1,647,339	324,530	17,429,227	884,478	101,136	27,744	1,013,358	73.92	4.23	35.46	2.03
2025		436,913	15,717,160	1,609,295	311,843	17,638,298	912,915	100,573	27,662	1,041,150			35.97	2.09

* Outstanding debt is reported net of unamortized premium/discount.

^ Oil Franchise and Motor License debt outstanding and debt service payments are not included in the ratios as the related debt service payments are not associated with traffic volumes.

The number of vehicle transactions presented for fiscal years 2016 through 2020 are slightly less than originally presented. The slight decrease is the result of a change in methodology for reporting transactions that could not be correlated due to a missing entry or exit record for the transaction. The Commission implemented this change as part of a reporting enhancement project in fiscal year 2021. Prior years were restated; therefore, counts are consistent with the current methodology.

@ See Traffic Statistics pages for further discussion on the transition to Open Road Tolling and the new Vehicle ORT Equivalent Transactions used for Traffic Statistics.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Traffic Statistics

(000s Omitted)

Fiscal Years Ended May 31

	Number of Vehicle Transactions*	Number of Vehicle ORT Equivalent Transactions#	Gross Fare Revenue^A	Gross Fare Revenue Per Vehicle Transaction	Gross Fare Revenue Per ORT Equivalent Transaction#
Passenger					
2016	176,369		\$ 608,910	\$ 3.34	
2017	178,244		660,930	3.58	
2018	179,125		703,082	3.79	
2019	181,946	387,670	767,558	4.07	\$ 1.98
2020	158,738	336,507	711,320	4.31	2.11
2021	137,714	290,510	640,111	4.43	2.20
2022	165,128	345,914	854,081	4.96	2.47
2023	170,355	353,106	904,550	5.10	2.56
2024	173,231	358,432	963,560	5.34	2.69
2025		357,975	1,003,712		2.80
Commercial					
2016	28,414		\$ 422,710	\$ 15.60	
2017	28,898		454,045	16.48	
2018	29,985		500,076	17.49	
2019	31,346	70,264	567,827	18.99	\$ 8.08
2020	30,602	68,080	578,241	19.80	8.49
2021	31,887	70,317	618,701	20.34	8.80
2022	34,975	76,673	714,946	21.42	9.32
2023	35,898	77,526	757,157	22.10	9.77
2024	35,885	77,473	791,449	23.11	10.22
2025		78,938	874,971		11.08
Total					
2016	204,783		\$ 1,031,620	\$ 5.04	
2017	207,142		1,114,975	5.38	
2018	209,110		1,203,158	5.75	
2019	213,292	457,934	1,335,385	6.26	\$ 2.92
2020	189,340	404,587	1,289,561	6.81	3.19
2021	169,601	360,827	1,258,812	7.42	3.49
2022	200,103	422,587	1,569,027	7.84	3.71
2023	206,253	430,632	1,661,707	8.06	3.86
2024	209,116	435,905	1,755,009	8.39	4.03
2025		436,913	1,878,683		4.30

Traffic volumes and revenues prior to January 5, 2025 have been restated because on January 5, 2025, the Commission transitioned its toll collection to Open Road Tolling (ORT) on trips east of Reading and along the entire Northeast Extension. In an ORT system, tolls are charged electronically as customers drive at highway speeds passing beneath overhead structures, called gantries. The gantries are located between interchanges and contain the cameras and electronic readers required for toll collection. In addition to the transition to Open Road Tolling, the Commission converted its weight-based Vehicle Classification System to an Axle/Height Vehicle Classification System ("A/H") across the entire System.

(continued on next page)

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Traffic Statistics

(000s Omitted)

Fiscal Years Ended May 31

(continued from previous page):

Although implementation of the ORT system, along with the conversion to an A/H system, has significantly altered the way in which relevant tolls are charged, there is expected to be no net revenue impact to the System. Under the segment-based system there is a toll gantry between each interchange, and drivers will be charged a given rate at each gantry they pass through rather than one rate based on entry and exit points. As a result, the number of transactions on the ticket system will increase significantly. Gross revenue is expected to remain unchanged on a system-wide basis. To allow for reasonable comparisons of current traffic volumes and revenues with prior periods, PTC's third-party traffic engineering consulting firm calculated estimated "equivalent volumes" for periods prior to the January 5, 2025 ORT launch and provided an ORT conversion table to reclass revenues from weight-based categories to Axle/Height categories. Traffic volumes and revenues prior to January 5, 2025 have been restated using these equivalent volumes and ORT revenue conversion table.

Additionally, with the conversion from its weight-based vehicle classification system to an A/H system, the Commission reclassified the 3L vehicle class from the commercial category to passenger category. Class 1 (passenger) vehicles under the previous weight-based classification system are now, for the most part, being recorded as class 2L and 3L transactions under the A/H system. The regrouping of class 3L volumes and revenues to the passenger category provides more consistent reporting compared to prior periods.

* The number of vehicle transactions presented for fiscal years 2016 through 2020 are slightly less than originally presented. The slight decrease is the result of a change in methodology for reporting transactions that could not be correlated due to a missing entry or exit record for the transaction. The Commission implemented this change as part of a reporting enhancement project in fiscal year 2021. Prior years were restated; therefore, counts are consistent with the current methodology.

^ Gross fare revenues for fiscal years 2016 to 2024 have been reclassified to conform to the fiscal year 2025 passenger and commercial vehicle groupings as noted above.

Refer to page 154 for vehicle class definitions.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Traffic Statistics

Fiscal Years Ended May 31

Revenue Composition as a Percentage of Total Revenue

	Passenger	Commercial	Total	Electronic Toll Collection		Non-ETC	Total
				EZPass/VES	Toll By Plate		
2016	59.02%	40.98%	100.00%	74.28%	0.26%	25.46%	100.00%
2017	59.28	40.72	100.00	76.55	0.59	22.86	100.00
2018	58.44	41.56	100.00	78.86	0.81	20.33	100.00
2019	57.48	42.52	100.00	81.38	1.10	17.52	100.00
2020	55.16	44.84	100.00	84.00	2.80	13.20	100.00
2021	50.85	49.15	100.00	84.94	15.04	0.02	100.00
2022	54.43	45.57	100.00	83.47	16.53	0.00	100.00
2023	54.43	45.57	100.00	83.98	16.02	0.00	100.00
2024	54.90	45.10	100.00	83.69	16.31	0.00	100.00
2025	53.43	46.57	100.00	83.06	16.94	0.00	100.00

Note: Gross fare revenues for fiscal years 2016 to 2024 have been reclassified to conform to the fiscal year 2025 passenger and commercial vehicle groupings as noted above on the “Traffic Statics” schedule.

Traffic Composition as a Percentage of Total Vehicles

	Passenger	Commercial	Total	Electronic Toll Collection (ETC)		Non-ETC	Total
				EZPass/VES	Toll By Plate		
2016	86.12%	13.88%	100.00%	76.96%	0.30%	22.74%	100.00%
2017	86.05	13.95	100.00	79.00	0.76	20.24	100.00
2018	85.66	14.34	100.00	81.12	1.87	17.01	100.00
2019	84.66	15.34	100.00	82.65	17.35	0.00	100.00
2020	83.17	16.83	100.00	83.90	16.10	0.00	100.00
2021	80.51	19.49	100.00	77.69	22.31	0.00	100.00
2022	81.86	18.14	100.00	77.79	22.21	0.00	100.00
2023	82.00	18.00	100.00	78.13	21.87	0.00	100.00
2024	82.23	17.77	100.00	77.80	22.20	0.00	100.00
2025	81.93	18.07	100.00	75.04	24.96	0.00	100.00

Note 1: The number of vehicle transactions presented for fiscal years 2016 through 2018 are slightly less than originally presented. The slight decrease is the result of a change in methodology for reporting transactions that could not be correlated due to a missing entry or exit record for the transaction. The Commission implemented this change as part of a reporting enhancement project in fiscal year 2021. Prior years were restated; therefore, counts are consistent with the current methodology.

Note 2: The number of vehicle transaction counts for fiscal years 2019 through January 4, 2025, have been restated using ORT equivalent volumes as described in the notes to the “Traffic Statics” schedule. Percentages for fiscal years 2019 through 2024 have been restated for the ORT equivalent values. Percentages for fiscal years 2016 through 2018 are presented as originally reported due to the unavailability of ORT equivalent transaction data for those years.

Note 3: Non-ETC transactions are included with TBP transactions for estimating equivalency volumes for periods prior to the ORT conversion.

Refer to page 154 for vehicle class definitions.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Ten Largest Commercial Customers

(000s Omitted)

Fiscal Years Ended May 31

	2025		2016	
	Annual Fares	Rank	Annual Fares	Rank
Best Pass, Inc.	\$ 252,333	1	\$ 64,916	1
Prepass Safety Alliance (Previously HELP)	199,213	2	59,834	2
Central Transport LLC	1,728	3		
Food Haulers, Inc.	1,287	4		
Giant Eagle/OK Grocery	786	5		
Sheetz Distribution Services LLC	647	6		
Lindy Paving, Inc.	590	7		
Air Ground Xpress, Inc.	451	8		
JA Trucking, Inc.	433	9		
PECO Energy Co.	339	10		
FedEx Ground			5,106	3
United Parcel Service, Inc.			3,768	4
J. B. Hunt Transport, Inc.			3,410	5
Pitt-Ohio Express, Inc.			2,770	6
Estes Express Lines			2,142	7
Con-way Freight System, Inc.			1,933	8
ECM Transport LLC			1,516	9
ABF Freight System, Inc.			1,451	10
	<u>\$ 457,807</u>		<u>\$ 146,846</u>	

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Percentage of PA Turnpike ETC Traffic by IAG Agency

Fiscal Years Ended May 31

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>Pennsylvania ^</i>	71.58%	71.53%	71.01%	71.48%	71.98%	75.84%	75.22%	75.32%	75.53%	73.74%
New Jersey Agencies*	13.49	13.33	11.87	12.95	12.75	10.93	10.97	10.27	9.97	11.44
MTA Bridges & Tunnels	2.25	2.33	2.21	2.51	2.47	2.28	2.55	2.54	2.52	2.76
New York State Thruway	2.98	2.87	2.59	2.40	2.33	1.86	1.98	2.31	2.25	2.23
Port Authority NY & NJ	1.96	2.07	2.15	2.19	2.25	1.96	2.17	2.17	2.16	2.04
Ohio Turnpike	1.03	1.13	1.12	1.31	1.34	1.24	1.30	1.40	1.44	1.15
Massachusetts Turnpike Authority	0.48	0.49	0.56	0.50	0.58	1.27	1.03	1.29	1.44	2.25
Maryland Transportation Authority	1.15	1.16	1.15	1.21	1.23	1.13	1.16	1.09	1.13	1.05
Illinois State Toll Highway Authority	1.11	1.12	1.09	1.30	1.34	1.25	1.13	1.06	1.00	0.86
Virginia DOT	0.90	0.93	0.86	0.97	0.97	0.87	0.97	0.94	0.95	0.83
Delaware DOT	0.98	0.97	0.85	0.89	0.88	0.79	0.80	0.77	0.77	0.79
Florida Turnpike	n/a	n/a	n/a	n/a	n/a	0.00	0.11	0.21	0.24	0.23
Central Florida Expressway Authority	n/a	n/a	n/a	n/a	0.01	0.03	0.06	0.09	0.10	0.12
Indiana DOT	0.11	0.11	0.14	0.10	0.09	0.08	0.08	0.07	0.07	0.07
West Virginia Parkways Authority	0.17	0.17	1.23	0.16	0.17	0.15	0.13	0.17	0.03	0.14
Rhode Island Toll & Bridge Authority	0.03	0.03	0.13	0.04	0.03	0.03	0.03	0.03	0.03	0.03
Delaware River Joint Toll Bridge Commission	0.82	0.72	0.57	0.44	0.12	0.09	0.07	0.04	0.02	0.02
Delaware River Port Authority	0.03	0.01	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.93	1.03	2.27	1.55	1.46	0.20	0.24	0.23	0.35	0.25
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

* Includes: New Jersey Highway Authority, New Jersey Turnpike Authority, South Jersey Transportation Authority, and Burlington County Bridge Commission.

^ In FY21, amounts were updated to include TBP for 2016 and forward.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Employment by Nonfarm Related Industries – Demographic and Economic⁽¹⁾

Fiscal Years Ended May 31⁽²⁾

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>Employment by nonfarm related industries</i>										
<i>Private sector</i>										
<u>Goods producing</u>										
Mining and logging	33,800	24,800	26,500	28,500	28,700	23,100	21,500	22,000	22,600	21,600
Construction	235,500	239,200	249,200	255,900	261,200	241,600	254,800	259,100	260,700	259,900
Manufacturing	569,600	561,400	563,400	571,600	575,500	538,100	544,500	564,000	566,600	562,600
Total goods producing	838,900	825,400	839,100	856,000	865,400	802,800	820,800	845,100	849,900	844,100
<u>Service providing</u>										
Trade, transportation and utilities	1,114,000	1,118,500	1,117,800	1,123,800	1,123,400	1,059,000	1,101,900	1,141,700	1,143,100	1,140,300
Information	85,500	85,000	84,800	86,700	87,900	83,900	86,400	93,200	93,200	90,800
Financial activities	317,200	319,700	323,600	328,700	333,900	329,400	331,100	336,100	340,700	339,900
Professional and business services	782,800	795,400	800,400	804,200	812,900	768,000	800,300	841,000	839,800	834,100
Education and health services	1,192,400	1,218,900	1,245,800	1,274,800	1,295,800	1,228,800	1,228,900	1,262,300	1,314,100	1,361,300
Leisure and hospitality	545,400	557,500	566,800	571,900	578,000	424,400	478,400	537,300	561,300	569,100
Other services	254,600	259,300	259,700	260,800	262,400	223,800	236,000	250,900	256,900	262,000
Total service providing	4,291,900	4,354,300	4,398,900	4,450,900	4,494,300	4,117,300	4,263,000	4,462,500	4,549,100	4,597,500
Total private sector	5,130,800	5,179,700	5,238,000	5,306,900	5,359,700	4,920,100	5,083,800	5,307,600	5,399,000	5,441,600
<i>Government</i>	704,700	703,200	703,200	703,000	706,200	684,800	676,700	678,100	687,600	699,900
Total employment by nonfarm related industries	5,835,500	5,882,900	5,941,200	6,009,900	6,065,900	5,604,900	5,760,500	5,985,700	6,086,600	6,141,500

Notes: (1) Due to statutory requirements (confidentiality provisions), the Commonwealth of Pennsylvania cannot disclose the number employed by the ten largest employers. As an alternative comparison, this schedule presents the number employed by nonfarm related industries. The ten largest employers are nonfarm related; therefore, the number employed by those employers could be expected to fall within this schedule. Farming related employment is not included on this schedule because most farms are not large enough to be required to provide the necessary data to the Pennsylvania Department of Labor and Industry.

(2) Annual data provided by the Pennsylvania Department of Labor and Industry's Center for Workforce Information & Analysis website is on a calendar year basis. Therefore, the amounts presented for each fiscal year were determined for the calendar year ended (12/31) that occurred within the Commission's fiscal year. In addition, various calendar years may differ from the totals presented in the same table in the May 31, 2024, ACFR because of revised data provided on the website.

Source: Information obtained from the Pennsylvania Department of Labor and Industry's Center for Workforce Information & Analysis website (<https://www.workstats.dli.pa.gov/Research/Pages/default.aspx>).

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Number of Employees

Fiscal Years Ended May 31

Number of Employees - Union and Management

	<u>Management</u>	<u>Union</u>	<u>Total</u>
2016	436	1,632	2,068
2017	440	1,589	2,029
2018	429	1,539	1,968
2019	432	1,492	1,924
2020	424	1,453	1,877
2021	387	967	1,354
2022	390	979	1,369
2023	426	959	1,385
2024	451	962	1,413
2025	443	959	1,402

Bargaining Unit Affiliation: International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America

Number of Employees - Functional Area

	<u>Toll Collection - Fares</u>	<u>Maintenance</u>	<u>Other</u>	<u>Total</u>
2016	747	728	593	2,068
2017	715	723	591	2,029
2018	671	714	583	1,968
2019	637	701	586	1,924
2020	601	706	570	1,877
2021	91	723	540	1,354
2022	94	740	535	1,369
2023	92	737	556	1,385
2024	83	760	570	1,413
2025	-	751	651	1,402

Note 1: In response to the public health concerns resulting from the 2020 COVID-19 pandemic, the Commission moved to AET collection, removed toll collectors from toll booths and transitioned to only utilizing Toll-By-Plate and E-ZPass toll collection across the System.

Note 2: Effective May 30, 2025, the entire Interchange Operations Unit of Toll Collection was moved to the Facilities & Energy Management Operations (FEMO) Department, included in "Other".

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Vehicle Class Definitions

(Class Determines Fare)

Weight Classification ^

<i>Class</i>	<i>Weight Classification</i>
1	Passenger vehicles
2*	7,001 - 15,000 lbs.
3	15,001 - 19,000 lbs.
4	19,001 - 30,000 lbs.
5	30,001 - 45,000 lbs.
6	45,001 - 62,000 lbs.
7	62,001 - 80,000 lbs.
8	80,001 - 100,000 lbs.
9	100,001 lbs. and over or over dimensional

* Also includes any vehicle combination with more than two axles but weighing less than 7,000 lbs., except motorcycles with sidecar and/or trailer.

^Prior to the ORT implementation on January 5, 2025, axle height definitions were used on the Southern Beltway, and at the Clarks Summit and Keyser Ave tolling points. All other TBP/AET In Place tolling points used classes listed above. See note below.

Axle Height Classification ^

L is vehicle height of 7'6" or lower	
H is vehicle height of higher than 7'6"	
2L	2 axle, low profile 
3L	3 axle, low profile 
4L	4 axle, low profile 
5L	5 axle, low profile 
6L	6+ axle, low profile 
2H	2 axle, high profile 
3H	3 axle, high profile 
4H	4 axle, high profile 
5H	5 axle, high profile 
6H	6 axle, high profile 
7H	7+ axle, high profile 

Note: On January 5, 2025, the Commission fully transitioned away from weight-based toll classification to the axle and height under automated vehicle classification system that calculates tolls based on the vehicle's height plus the number of axles.

Permits may be required. Permits are required if the vehicle exceeds any of the following:

Length: 85 feet

Weight: 100,000 lbs.

Axle weight: 22,400 lbs.

Height: 13 feet 6 inches

Width: Over 10 feet to a maximum of 11 feet 6 inches

Bumper Overhang: Over 5 ft. front or over 15 ft. rear

Note: Some exceptions may apply. For additional information regarding these exceptions, visit our website at www.paturndpike.com or call our Customer Assistance Center.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Miscellaneous Statistics

Fiscal Years Ended May 31

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<i>LENGTH OF HIGHWAY</i>										
Delaware River to Ohio Line	359	359	359	359	359	359	359	359	359	359
Northeast Extension	110	110	110	110	110	110	110	110	110	110
Southwestern Expansion	83	83	83	83	83	83	96	96	96	96
<i>NUMBER OF SYSTEM ACCESS/TOLLING POINTS ^{1 2 3}</i>										
<i>Mainline</i>										
Staffed interchanges/barriers	28	27	27	25	-	-	-	-	-	-
Cashless Tolling/Ramps	3	5	5	7	32	32	36	36	36	20
Entry/Exit - No Toll Charged	-	-	-	-	-	-	-	-	-	16
ORT Toll Points (gantries)	-	-	-	-	-	-	-	-	-	11
Total	31	32	32	32	32	32	36	36	36	47
<i>Northeast Extension</i>										
Staffed interchanges/barriers	10	10	8	8	-	-	-	-	-	-
Cashless Tolling/Ramps	1	1	3	3	11	11	11	11	11	-
Entry/Exit - No Toll Charged	-	-	-	-	-	-	-	-	-	11
ORT Toll Points (gantries)	-	-	-	-	-	-	-	-	-	10
Total	11	11	11	11	11	11	11	11	11	21
<i>Western Expansions</i>										
Staffed interchanges/barriers	25	20	-	-	-	-	-	-	-	-
Cashless Tolling/Ramps	-	5	25	25	25	25	26	26	26	22
Entry/Exit - No Toll Charged	-	-	-	-	-	-	-	-	-	25
ORT Toll Points (gantries)	-	-	-	-	-	-	-	-	-	3
Total	25	25	25	25	25	25	26	26	26	50
<i>NUMBER OF SERVICE PLAZAS</i>										
Delaware River to Ohio Line	15	15	15	15	15	15	15	15	15	15
Northeast Extension	2	2	2	2	2	2	2	2	2	2
<i>NUMBER OF MAINTENANCE FACILITIES</i>										
	22	22	22	22	22	22	23	23	23	23

¹ Staffed interchanges/barriers include staffed interchanges, staffed barriers and staffed ramp locations. Cashless Tolling/Ramps include slip ramps, barriers and ramp locations that are not staffed. These cashless locations only collect tolls using automated money machines, E-ZPass, Toll-By-Plate or a combination of these methods. 'Entry/Exit - No Toll Charged' are system access points including interchanges and ramps where no toll is charged. ORT Toll Points (gantries) are overhead structures located between interchanges that contain the cameras and electronic readers that allow the Commission to charge tolls electronically as customers drive beneath at highway speeds.

² Effective March 16, 2020, due to the COVID-19 pandemic, the Commission implemented all-electronic tolling across the system.

³ On January 5, 2025, the Commission transitioned its toll collection to Open Road Tolling (ORT) on trips east of Reading and on the entire Northeast Extension. The counts on the Western Expansions were adjusted to match the new format for all sections.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Technical Data

<i>Right-of-way width</i>	Minimum	200 feet
<i>Turnpike width</i>	Delaware River to Ohio Line (4 lanes)	78 feet
	Northeastern Extension Junction to Philadelphia Interchange (6 lanes)	106 feet
	Northeastern Extension (4 lanes)	72 feet
	Southwestern Expansion	132 feet
	Totally Reconstructed Areas (various locations)	122 feet
<i>Lane width</i>	Standard	12 feet
	Northeastern Extension Junction to Philadelphia Interchange	12 feet
	Width of double lanes	24 feet
	Width of triple lanes	36 feet
<i>Curves</i>	Maximum (approximately 955 feet minimum radius) on Allegheny Mountain climbing lanes only	6 degrees
	Western Extension (Irwin - Ohio Line)	4 degrees
	Remainder of Turnpike	3 degrees
<i>Grades</i>	Mainline	3 percent
	Ramps	6 percent
	Extensions	5 percent
<i>Tunnels</i>	Allegheny	6,070 feet
	Tuscarora	5,326 feet
	Kittatinny	4,727 feet
	Lehigh	4,379 feet
	Blue Mountain	4,339 feet
<i>Major bridges</i>	Delaware River Bridge	6,571 feet
	Susquehanna River Bridges (EB/WB)*	5,918 feet
	Monongahela River Bridge	3,078 feet
	Joe Montana Bridges (NB/SB)*	2,516 feet
	Allegheny River Bridges (EB/WB)*	2,350 feet
	Park Avenue Bridges (NB/SB)*	1,788 feet
	Mahoning River Bridges (NB/SB)*	1,700 feet
	SR 51/SR 119 Interchange Bridges*	1,697 feet
	Dunlap Creek Bridges (NB/SB)*	1,675 feet
	Clarks Summit Bridge	1,627 feet
<i>Highest elevation</i>	Milepost 100.45	2,603 ft. above sea level

* When bridges are separated for directional purposes, the longer bridge length is reported.

The technical data presented does not change from year to year; therefore, a ten-year trend schedule is not presented.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Chronology, Turnpike Construction

Turnpike Section	Length (Miles)	Construction Cost (Millions)	Bill Signed	Ground- breaking	Open to Traffic
<i>Original Turnpike</i>					
Carlisle - Irwin	159	\$ 76	May 21, 1937	Oct. 27, 1938	Oct. 1, 1940
<i>Philadelphia Extension</i>					
Carlisle - Valley Forge	100	87	May 16, 1940	Sept. 28, 1948	Nov. 20, 1950
<i>Western Extension:</i>					
Irwin - Ohio Line	67	77.5	June 11, 1941	Oct. 24, 1949	Dec. 26, 1951
<i>Delaware River Extension:</i>					
Valley Forge - Delaware River	33	65	May 23, 1951	Nov. 20, 1952	Nov. 17, 1954
Delaware River Bridge	1.5	Not available	May 23, 1951	June 22, 1954	May 23, 1956
<i>Northeastern Extension:</i>					
East/West Turnpike to Scranton	110	233	Sept. 27, 1951	Mar. 25, 1954	Nov. 7, 1957
<i>Mon/Fayette Expressway -</i>					
California Interchange	6	7	Sept. 1985	June 9, 1988	Oct. 12, 1990
Beaver Valley Expressway	16	240	Sept. 1985	Oct. 20, 1989	Nov. 20, 1992
Mid-County Interchange	-	80	Sept. 1985	Dec. 20, 1989	Dec. 15, 1992
Amos K. Hutchinson Bypass	13	271	Sept. 1985	Aug. 20, 1990	Dec. 9, 1993
Keyser Avenue Interchange	-	47	Sept. 1985	Not available	Feb. 1, 1995
<i>Mon/Fayette Expressway -</i>					
Mason-Dixon Link	8	132	Sept. 1985	Nov. 1, 1994	Mar. 1, 2000
<i>Mon/Fayette Expressway - I-70</i>					
to Coyle Curtain Road	4	90	Sept. 1985	June 19, 1997	May 11, 2001
<i>Mon/Fayette Expressway - Coyle</i>					
Curtain Road to SR 51	13	604	Sept. 1985	Sept. 1997	Apr. 12, 2002
<i>Southern Beltway Findlay</i>					
Connector	6	234	Aug. 1991	Nov. 12, 2003	Oct. 11, 2006
<i>Mon/Fayette Expressway -</i>					
Uniontown to Brownsville		859	Sept. 1985		
Phase 1	8			April 1, 2006	Oct. 23, 2008
Phase 2	9			April 24, 2008	July 16, 2012
<i>Southern Beltway -</i>					
US 22 to I-79	13	800	Aug. 1991	December 2016	October 15, 2021

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Chronology, Turnpike Improvements

Date	Improvement
September 6, 1962	Groundbreaking on Laurel Hill Bypass and boring of second Allegheny Tunnel
October 30, 1964	Laurel Hill Bypass (3.1 miles) opened, eliminating two-lane, 4,541-foot-long Laurel Hill tunnel
March 15, 1965	Second Allegheny Tunnel opened; original tunnel closed for refurbishing
December 1965	Median barriers completed on entire east-west turnpike
April 1966	Work begins at second tunnels at Blue, Kittatinny, and Tuscarora Mountains
August 25, 1966	Original Allegheny Tunnel reopened
November 26, 1968	Sideling Hill Bypass (13.3 miles) opened, eliminating two two-lane tunnels: Ray's Hill (3,532 feet) and Sideling Hill (6,782 feet)
November 26, 1968	Second Blue, Kittatinny, and Tuscarora Tunnels opened
August 14, 1969	Median barrier completed on entire Turnpike
December 2, 1981	Completion of three climbing lane projects (Allegheny, Indian Creek, and Jacob's Creek)
May 20, 1982	Computerization and renovation of toll collection system begins
March 10, 1986	Six-lane widening project begins (junction of Northeastern Extension to Bensalem Interchange)
July 22, 1987	Computerized toll collection system placed into service
November 27, 1987	Opening of six-lane section near Philadelphia
June 9, 1988	Groundbreaking on the Mon/Fayette, six-mile link between I-70 and U.S. 40
February 14, 1989	Groundbreaking for second Lehigh Tunnel
October 20, 1989	Groundbreaking for Mahoning River Bridge
December 19, 1989	Groundbreaking for Mid-County Interchange
June 14, 1990	Groundbreaking for Beaver Valley Expressway
August 15, 1990	Groundbreaking for Amos K. Hutchinson Bypass
October 12, 1990	Opening of the first six-mile section of the Mon-Valley/Fayette Expressway linking I-70 and U.S. 40 in Washington County
November 22, 1991	Complete installation of call boxes along the Turnpike System
November 22, 1991	Opening of the second Lehigh Tunnel
November 20, 1992	Opening of the Beaver Valley Expressway (Toll 60, James E. Ross Highway), the world's first weigh barrier toll system
December 15, 1992	Opening of the new Mid-County Interchange
December 9, 1993	Opening of Amos K. Hutchinson Bypass
November 1, 1994	Groundbreaking on first section of the Mon/Fayette Expressway, at Fairchance
February 1, 1995	Opening of the Keyser Avenue Interchange
May 26, 1995	Opening of the Allentown and Sideling Hill Farmers' Markets
June 2, 1995	Groundbreaking on the Mon/Fayette I-70 to Route 51 Transportation project
November 1, 1996	Northeast Extension designated I-476
March 1, 2000	Opening of Mon/Fayette Expressway - Mason-Dixon Link
August 25, 2000	Completion of total reconstruction MP 94 - 99
December 2, 2000	Implementation of E-ZPass (electronic toll collection system) for passenger vehicles in southeastern and south central PA (interchanges 242-359)

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Chronology, Turnpike Improvements (*continued*)

Date	Improvement
May 7, 2001	Reopening of the newly renovated and expanded central office administration building in Highspire, PA
May 11, 2001	Opening of I-70 to Coyle Curtain Road section of the Mon/Fayette Expressway
May 19, 2001	Expansion of E-ZPass system to six additional interchanges, 226, 236, and 74 (Mahoning Valley) to 115 (Wyoming Valley) Toll Plaza on the Northeast Extension
August 17, 2001	Completion of total reconstruction MP 186 - 199
November 2001	Interchange dual-numbering system installation completed
December 15, 2001	E-ZPass lanes for passenger vehicles available at all of the Turnpike's Mainline Interchanges
April 12, 2002	Opening of Coyle Curtain Road to SR 51 section of the Mon/Fayette Expressway
June 1, 2002	Implementation of a Wide Area Network (WAN)
August 23, 2002	Completion of total reconstruction MP 75 - 85
December 15, 2002	E-ZPass lanes for commercial vehicles available at all of the Turnpike's Mainline Interchanges
June 1, 2003	Opening of the new Warrendale Interchange
November 12, 2003	Groundbreaking for Southern Beltway Findlay Connector (PA-60 to US 22)
June 2, 2004	Opening of the first express E-ZPass lane at Warrendale Interchange (eastbound)
June 26, 2004	Opening of the second express E-ZPass lane at Warrendale Interchange (westbound)
November 23, 2004	Expansion of E-ZPass system to two additional interchanges, 122-Keyser Avenue and 131-Clarks Summit on the Northeast extension
December 9, 2004	Electronic bar code scanners installed at all interchanges
January 19, 2005	Implementation of the Tag Teller program
April 1, 2005	Completion of total reconstruction MP 109 - 121
October 12, 2005	Express E-ZPass lanes opened at Mid County Interchange
November 28, 2005	Fog warning system between Breezewood Interchange and Sideling Hill Service Plaza installed
November 2005	Total Reconstruction of MP 38 - MP 40
December 2005	Total Reconstruction of MP 85 - MP 94
January 2, 2006	One way tolling (eastbound) at Gateway Interchange (free westbound)
April 1, 2006	Groundbreaking for Mon/Fayette Uniontown to Brownsville project
June 2, 2006	Expansion of E-ZPass system to the AKH Mainline interchange
June 2006	Total Reconstruction of MP 331 - MP 333 and addition of third travel lane
October 2006	Opening of Southern Beltway Findlay Connector
January 2007	Reconstruction of Norristown Interchange, MP 333.28
February 2007	Amos K. Hutchinson and Beaver Valley Expressway completely equipped with E-ZPass
May 2007	Opening of reconstructed Oakmont Service Plaza
June 2007	Opening of newly reconstructed Susquehanna River Bridge
June 2007	Gateway Express E-ZPass opened
August 2007	Reconstruction of Lebanon-Lancaster Interchange, MP 266.45
September 2007	Reconstruction of Gettysburg Interchange, MP 236.22
October 2007	Reconstruction of Harrisburg East Interchange, MP 247.38

PENNSYLVANIA TURNPIKE COMMISSION

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Chronology, Turnpike Improvements (*continued*)

Date	Improvement
May 2008	Opening of reconstructed Allentown, Sideling Hill and North Somerset Service Plazas
June 2008	Total Reconstruction of MP 245 - MP 247 and addition of third travel lane
October 2008	Completion of Phase I of Uniontown to Brownsville portion of Mon/Fayette
November 2008	Total Reconstruction of MP 326 - MP 331 and addition of third travel lane
November 2008	Total Reconstruction of MP 124 - MP 128 and addition of third lane westbound only
May 2009	Opening of reconstructed New Stanton Service Plaza
June 2009	Total Reconstruction of MP 0 - MP 10, and MP 210 - MP 215 and addition of third travel lane
November 2009	Total Reconstruction of MP 67 - MP 75 and addition of third travel lane
May 2010	Opening of reconstructed King of Prussia Service Plaza
October 2010	Opening of reconstructed Trevoise Maintenance Facility
November 2010	Total Reconstruction of MP 48 - MP 50 and addition of third travel lane
November 2010	Opening of reconstructed Hickory Run Service Plaza
November 2010	Opening of newly reconstructed Allegheny River Bridge
November 2010	Opening of all-electronic E-ZPass Only Street Road Interchange, MP 352
May 2011	Opening of reconstructed Bowmansville and Lawn Service Plazas
May 2012	Opening of newly constructed South Somerset Service Plaza
May 2012	Opening of reconstructed Cumberland Valley and Blue Mountain Service Plazas
July 2012	Completion of Phase 2 of Uniontown to Brownsville portion of Mon/Fayette (including Monongahela River Bridge)
November 2012	Opening of newly constructed Lehigh River & Pohopoco Creek Bridges
November 2012	Total Reconstruction of MP A73 - MP A75 and addition of third travel lane
December 2012	Opening of all-electronic E-ZPass Only SR29 Interchange, MP 320
December 2012	Total Reconstruction of MP 31 - MP 38, MP 319 - MP 320, MP 215 - MP 220 and addition of third travel lane
May 2013	Opening of reconstructed Highspire and South Midway Service Plazas
July 2013	Groundbreaking for Stage 1 of the Turnpike/I-95 Interchange project
August 2013	Total Reconstruction of MP 199 - MP 202 and addition of third travel lane
April 2014	Electric vehicle charging stations installed at Bowmansville and King of Prussia Service Plazas
May 2014	Opening of reconstructed Peter J. Camiel Service Plaza
October 2014	Total Reconstruction of MP A20-A26 and addition of third travel lane
November 2014	Compressed Natural Gas fueling dispensers installed at the New Stanton Service Plaza
December 2014	Total Reconstruction of MP 206 - 210 and addition of third travel lane
February 2015	Opening of reconstructed Somerset Maintenance and PSP Facilities
May 2015	Opening of reconstructed North Midway Service Plaza
June 2015	Opening of reconstructed Plymouth Meeting Maintenance Facility
July 2015	Opening of E-ZPass Only SR903 Interchange, MP 87 on the Northeast Extension
August 2015	Opening of reconstructed Valley Forge Service Plaza
November 2015	Total Reconstruction of MP 99 - 102 and addition of third travel lane

PENNSYLVANIA TURNPIKE COMMISSION

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Chronology, Turnpike Improvements (*continued*)

Date	Improvement
January 2016	Neshaminy Falls Toll Plaza, the new eastern-most start and end point of the ticket system opens and the Delaware Valley interchange and the Delaware River Bridge toll plazas are decommissioned
January 2016	Toll By Plate, a new westbound highway speed automatic cashless tolling location, opens near the Delaware River Bridge
April 2016	Total Reconstruction of MP 44 - 48 and addition of third travel lane
September 2016	Pavement Rehabilitation of MP A101 - A104
October 2016	Opening of newly reconstructed Swatara Creek Bridge
October 2016	Total Reconstruction of MP 250 - 252
December 2016	Groundbreaking for the US 22 to I-79 Section of the Southern Beltway
April 2017	Total Reconstruction of MP 220 - 227 and addition of third travel lane
April 2017	Opening of Toll By Plate cashless tolling along Beaver Valley Expressway
May 2017	Remediation of New Baltimore Slide, MP 128
November 2017	Total Reconstruction of MP A26 - A31 and addition of third travel lane
April 2018	Opening of Toll By Plate cashless tolling at Keyser Avenue/Clarks Summit
May 2018	Total Reconstruction of MP 242 - 245 and addition of third travel lane
June 2018	Total Reconstruction of MP 202 - 206 and addition of third travel lane
June 2018	Opening of Toll By Plate cashless tolling at Findlay Connector
September 2018	Opening of Stage 1 of I-95 Interchange Project connecting the Turnpike Mainline with I-95
January 2019	Conversion of Fort Littleton and Blue Mountain to cashless interchanges
July 2019	Construction starts on first major rehabilitation of the Tuscarora Tunnel
October 2019	Design and Construction starts on the installation of a Fiber Optic Network from MP 247 - H43 and from MP A20 - A131
October 2019	Total Reconstruction of MP 40 - 44 and addition of third travel lane
March 2020	Emergency conversion to All-Electronic Tolling interchanges systemwide
June 2020	Permanent conversion to All-Electronic Tolling interchanges systemwide
October 2021	Partial opening of Southern Beltway (US 22 to I-79)
October 2021	Greensburg Microgrid goes online at Greensburg Maintenance Facility
November 2021	Total Reconstruction of MP A31 - A-38 and addition of third travel lane
October 2022	Total Reconstruction of MP 28 - 31 and addition of third travel lane
April 2023	Construction complete on the installation of the Fiber Optic Network from MP 247 - H43
November 2023	Construction complete on the installation of the Fiber Optic Network from MP A20 - A131
December 2023	Design and Construction starts on the installation of a Fiber Optic Network from MP 0 (Ohio Line) to MP 247
January 2024	Construction completed on first major rehabilitation of the Tuscarora Tunnel
July 2024	Opening of reconstructed Devault Maintenance Facility
August 2024	Total Reconstruction of MP 102-109 and addition of third travel lane
October 2024	Total Reconstruction of MP 324-326 and addition of third travel lane
December 2024	Construction complete on the installation of the Fiber Optic Network from MP 236-247
January 2025	Open Road Tolling Conversion from Reading to NJ and on the Northeast Extension

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Chronology, Speed Limits

Date	Speed Limit
October 1, 1940	No speed limit established by law
April 15, 1941	70 MPH; various lower commercial speeds depending on vehicle weight
December 1941	Wartime restriction of 35 MPH for all traffic
August 1945	Wartime restriction lifted. Speed limits revert to those of April 15, 1941
July 9, 1951	70 MPH for cars, buses, motorcycles 50 MPH for all other traffic
January 15, 1953	<i>Gateway to Breezewood</i> 60 MPH for cars, buses 45 MPH for trucks
May 7, 1956	<i>Breezewood to Valley Forge</i> 70 MPH for cars, buses 50 MPH for trucks <i>Bridges</i> 45 MPH for all traffic
July 24, 1966	65 MPH for cars, buses, motorcycles 55 MPH for commercial vehicles
November 1973	55 MPH restriction nationwide, enforced on Turnpike beginning December 2, 1973
July 13, 1995	65 MPH for cars, buses, motorcycles, and commercial vehicles, except in urban areas where speed limit is 55 MPH
April 3, 2001	55 MPH from milepost 75 to milepost 130 for all vehicles
April 11, 2005	65 MPH for all vehicles, except tunnels, MP 122-130, and approaches to mainline toll plazas will remain at 55 MPH
July 2014	70 MPH for all vehicles between MP 201 - 298
May 2016	70 MPH for all vehicles in all areas that were previously 65 MPH

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Chronology, Toll Rates

	Statewide Average Rate Increase (All Classes)		Total Cross-State Toll (Class 1)		Total Miles (East-West Mainline)	Average Cents Per Mile	
	Cash / TBP ^	E-ZPass	Cash / TBP ^	E-ZPass	Miles	Cash / TBP ^	E-ZPass
1956*	0%	0%	\$ 3.90	\$ 0.00	359	1.1¢	0.0¢
1969	82	0	7.10	0.00	359	2.0	0.0
1978	23	0	8.70	0.00	359	2.4	0.0
1987	30	0	11.30	0.00	359	3.1	0.0
1991	30	0	14.70	0.00	359	4.1	0.0
2004	42	0	21.25	21.25	359	5.9	5.9
2009**	25	25	28.45	28.45	359	7.9	7.9
2010**	3	3	29.35	29.35	359	8.1	8.1
2011**	10	3	32.30	30.17	359	9.0	8.4
2012**	10	0	35.55	30.17	359	9.9	8.4
2013**	10	2	39.15	30.77	359	10.9	8.6
2014**	12	2	43.90	31.38	359	12.2	8.7
2015**	5	5	46.10	32.95	359	12.8	9.2
2016**	6	6	48.90	34.93	359	13.6	9.7
2017**	6	6	51.85	37.03	359	14.4	10.3
2018**	6	6	55.00	39.25	359	15.3	10.9
2019**	6	6	58.30	41.70	359	16.2	11.6
2020**	6	6	65.70	44.30	359	18.3	12.3
2021** #	6	6	95.30	47.00	359	26.5	13.1
2022**	5	5	100.20	49.50	359	27.9	13.8
2023**	5	5	105.30	52.10	359	29.3	14.5
2024**	5	5	110.70	54.80	359	30.8	15.3
2025**	5	5	120.74	60.27	359	33.6	16.8

Total Cross-State Toll represents Eastbound Mainline Toll for Class 1 (Passenger) from Gateway (Exit #2) to Delaware River Bridge (Exit #43 [old #359]).

* Cross-State Toll Clarification: Although the PA Turnpike opened to traffic October 1, 1940, at the time it ran just 160 miles from Irwin, PA, to Middlesex, PA; therefore, the 1956 toll rate is used for comparison purposes as it represents the earliest, cross-state Turnpike toll.

** Eastbound cross-state motorists pay a “one-way” toll at the Gateway Toll Plaza (Exit #2) near the Ohio border implemented in 2006. Beginning in 2016, westbound cross-state motorists pay a “one-way” toll at the Delaware River Bridge (Exit #43 [old #359]). The closed (formerly ticket) toll system begins at Warrendale (Exit # 30) and ends at gantry T-291 (east of the Reading interchange [Exit #286]).

^ Effective March 16, 2020, due to the COVID-19 pandemic, the Commission implemented all-electronic tolling across the system. Tolls are collected via the Toll-By-Plate system at the cash rates.

An additional 45% increase over the 2020 cash rate for Toll-By-Plate motorists was implemented at most interchanges which reflects the higher cost of collections for this method.

Source: Pennsylvania Turnpike Commission.

