



**STATE OF NEW HAMPSHIRE  
DEPARTMENT OF TRANSPORTATION  
TURNPIKE SYSTEM  
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2023**





# ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2023

Prepared by the State of New Hampshire  
Department of Transportation  
Division of Finance

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This document and related information can be accessed at:  
<https://www.dot.nh.gov/navigating-nh/highways-and-toll-roads/turnpikes-projects/turnpikes-traffic-and-financial-reports>

**ORGANIZATIONAL LISTING**  
**STATE OF NEW HAMPSHIRE**

**Governor**

Christopher T. Sununu

**Executive Council**

Theodore L. Gatsas

Joseph D. Kenney

Janet L. Stevens

Cinde Warmington

David K. Wheeler

**State Treasurer**

Monica I. Mezzapelle

**Secretary of State**

David M. Scanlan

**Attorney General**

John M. Formella

**NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION**

**Commissioner**

William J. Cass, P.E.

**Assistant Commissioner & Chief Engineer**

David M. Rodrigue, P.E.

**Deputy Commissioner**

Andre J. Briere, Colonel, USAF (RET)

**Director of Operations**

Michael J. Servetas, P.E.

**Director of Finance**

Danielle M. Chandonnet

**Financial Reporting Administrator**

Wayne A. Gardner

**Turnpike System Administrator**

John W. Corcoran, P.E.

**Turnpike System Assistant Administrator**

Matthew R. Blixt

**Project Manager**

Sam B. Newsom

**Business Administrator**

Samantha L. Fauteux

**Maintenance Superintendent**

Dix E. Bailey

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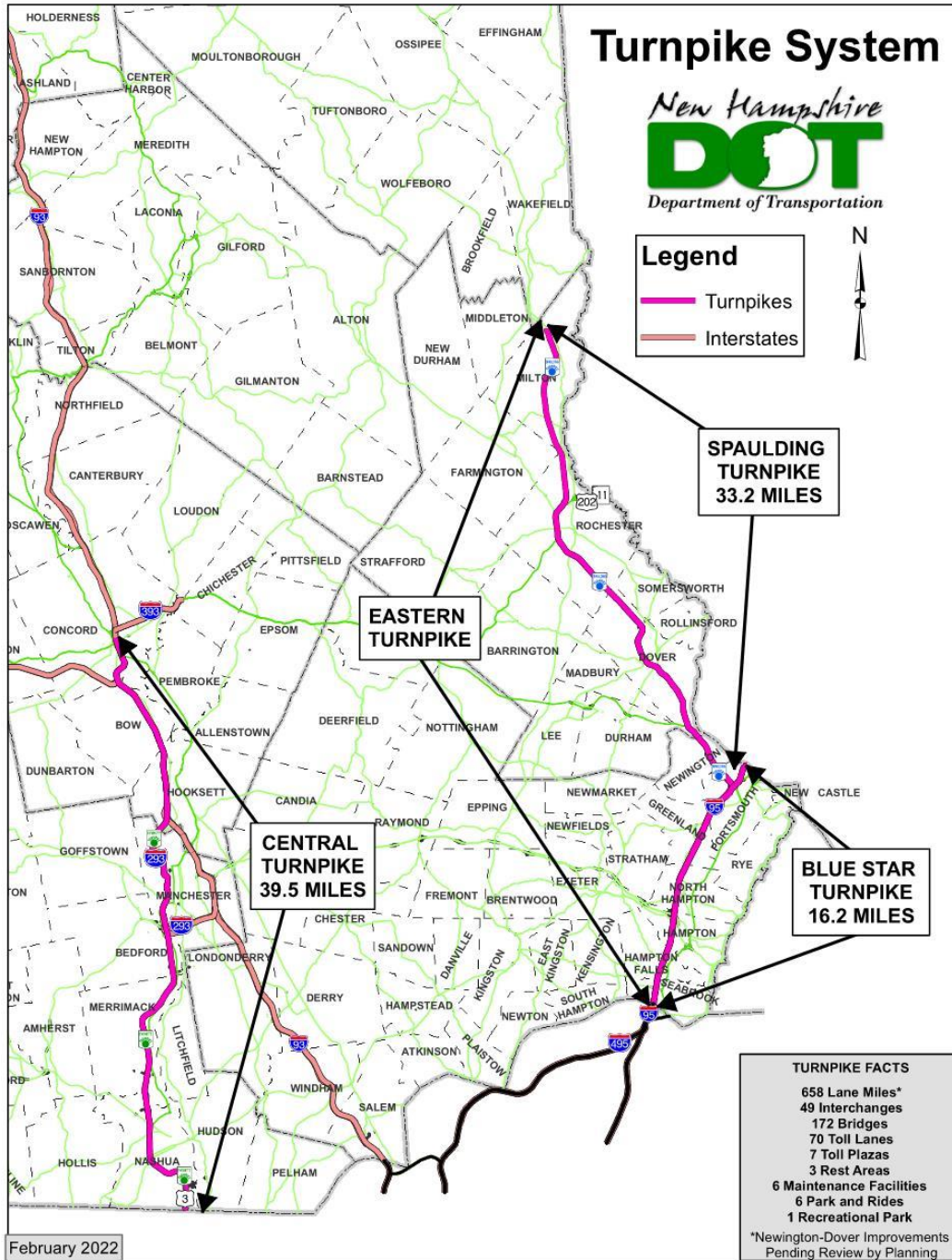
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# **INTRODUCTORY SECTION**

**(Unaudited)**

This section includes the Turnpike System map and a letter addressed to the citizens, the Governor of the State of New Hampshire, and the Honorable Council.







**THE STATE OF NEW HAMPSHIRE  
DEPARTMENT OF TRANSPORTATION**



*William Cass, P.E.  
Commissioner*

*David Rodrigue, P.E.  
Assistant Commissioner*

*Andre Briere, Colonel,  
USAF (RET)  
Deputy Commissioner*

December 13, 2023

To: The Citizens of New Hampshire,  
His Excellency the Governor, and the Honorable Council,

We are pleased to submit the Annual Financial Report of the New Hampshire Department of Transportation Turnpike System for the fiscal year ended June 30, 2023. The Department of Transportation, Division of Finance, prepared this report. Responsibility for both the accuracy of the financial data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Department. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the Turnpike System. All disclosures necessary to enable the reader to gain an understanding of the Turnpike System's financial activities are included herein.

This report reflects NHDOT's commitment to transparency and accountability, and demonstrates the effective use and application of toll user fees. While the Turnpike System continues to feel the effects of evolving commuting patterns, volume steadily improved during this reporting period. The Department also implemented fiscal and operational efficiencies which compensated for acutely increased materiel and labor costs. NHDOT personnel continue to innovate and provide our Turnpike system with unsurpassed oversight, improvement, and stewardship, preserving this engine of economic activity for all Granite Staters. We are proud to be NHDOT!

For further information, news, and online publications, please visit us at our website  
<http://www.nh.gov/dot>.

Respectfully submitted,

William J. Cass, P.E.

Commissioner

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## **FINANCIAL SECTION**

This section includes the independent auditors' report, the financial statements for the fiscal year ended June 30, 2023, and the accompanying notes to the financial statements.



KPMG LLP  
Two Financial Center  
60 South Street  
Boston, MA 02111

## Independent Auditors' Report

To the Fiscal Committee of the General Court  
State of New Hampshire:

### *Opinion*

We have audited the financial statements of the New Hampshire Turnpike System, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the New Hampshire Turnpike System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the New Hampshire Turnpike System as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

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

### *Emphasis of Matter— Reporting Entity*

As discussed in Note 1(a), the financial statements of the New Hampshire Turnpike System are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and each major fund of the State of New Hampshire that is attributable to the transactions of the New Hampshire Turnpike System. They do not purport to, and do not, present fairly the financial position of the State of New Hampshire, as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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.

### *Auditors' 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 auditors' report that includes our opinion. 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 and *Government Auditing*



*Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the New Hampshire Turnpike'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.

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*

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information section as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

#### *Other Information*

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and other supplementary information sections as listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.



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

In accordance with *Government Auditing Standards*, we have also included our report dated December 13, 2023 on our consideration of the New Hampshire Turnpike System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the New Hampshire Turnpike System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the New Hampshire Turnpike System's internal control over financial reporting and compliance.

A handwritten signature of the KPMG firm, written in black ink.

Boston, Massachusetts  
December 13, 2023

New Hampshire Turnpike System  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)

The Management's Discussion and Analysis of the Turnpike System's financial performance provides an overview of financial activities for the fiscal year ended June 30, 2023. This section should be read in conjunction with the Turnpike System financial statements, which follow this section.

***Financial Highlights***

- Traffic increased by 1.2 million vehicles traveled which resulted in a \$2.9 million, or 2.4%, increase in revenue over last fiscal year. This change is attributable to modest increases in leisure travel while commuter traffic volume remained flat in the post-COVID environment.
- Total Operating Expenses increased \$13.9 million, or 16.2%, over FY 2022 due to inflationary pressures driving increases primarily in utility costs, fuel, supplies, and aggregates.
- Capital projects progressed as planned, increasing the Turnpike's asset value by \$18.7 million, or 2.0%, primarily due to work on several projects including the transition to all-electronic toll collection at the Dover and Rochester tolls booths, the expansion to three lanes between Nashua and Bedford on the F.E. Everett Turnpike, and the construction of the Newington maintenance facility.
- The Turnpike System retired two revenue bond issues with final payments rendered in FY 2023. Final bond payments for the 2012 Series C bond (issue: \$113.0 million) and the 2015 Series A (issue: \$45.8 million) were completed in August 2022 and October 2022, respectively.

***Using this Report***

The Turnpike System is accounted for as an enterprise fund, reporting all the Turnpike System's financial activity, assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, much like a private business entity. As such, this annual report consists of financial statements, along with explanatory notes to the financial statements. The Statement of Net Position on page 19 and the Statement of Revenues, Expenses and Changes in Net Position on page 20 report the Turnpike's net position and change in net position. The Statement of Cash Flows on page 21 outlines the cash inflows and outflows and non-cash capital and related financing activities related to the activity of the Turnpike System.

New Hampshire Turnpike System  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)

**(I) Summary of Net Position**

(Dollars in thousands)

Type		FY 2023	FY 2022	\$ Change	% Change
Assets & Deferred Outflows	Current Assets	\$ 231,736	\$ 221,194	\$ 10,542	4.8%
	Non-Current Assets	952,160	933,630	18,530	2.0%
	Deferred Outflows of Resources	9,009	10,883	(1,874)	-17.2%
	<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 1,192,905</b>	<b>\$ 1,165,707</b>	<b>\$ 27,198</b>	<b>2.3%</b>
Liabilities & Deferred Inflows	Current Liabilities	\$ 58,686	\$ 52,053	\$ 6,633	12.7%
	Non-Current Liabilities	257,659	275,983	(18,324)	-6.6%
	Deferred Inflows of Resources	23,006	24,730	(1,724)	-7.0%
	<b>Total Liabilities &amp; Deferred Inflows</b>	<b>\$ 339,351</b>	<b>\$ 352,766</b>	<b>\$ (13,415)</b>	<b>-3.8%</b>
Net Position:	Net Investment in Capital Assets	707,555	672,571	34,984	5.2%
	Restricted for Debt Repayments	32,602	35,458	(2,856)	-8.1%
	Restricted for Uninsured Risks	4,080	3,910	170	4.3%
	Restricted for Facility Sustainment and Reinvestment Reserve	1,129	992	137	13.8%
	Restricted for Loan Receivable & Ground Lease	14,768	14,966	(198)	-1.3%
	Unrestricted	93,420	85,044	8,376	9.8%
	<b>Total Net Position</b>	<b>\$ 853,554</b>	<b>\$ 812,941</b>	<b>\$ 40,613</b>	<b>5.0%</b>

Total Assets increased \$27.2 million, or 2.3%, to \$1.2 billion. Current Assets increased \$10.5 million or 4.8% while Non-Current Assets increased \$18.5 million or 2.0%.

Current Asset performance against FY 2022 is noted in the chart below. Highlights are as follows:

- Cash and Cash Equivalents increased \$9.7 million, or 6.5%, due primarily to increases in Accounts Payable in the normal course of business.
- Cash and Cash Equivalents Restricted increased \$10.4 million, or 212.7%, while Investments – Restricted decreased overall by \$13.0 million or 29.9% as a result of reinvestment timing relative to the maturities of short-term investments.
- Accounts Receivable increased \$2.0 million, or 9.9%, due largely to increases in toll and fee billing – a result of increased cash-less toll segments on the Turnpike System.

**(II) Current Assets**

(Dollars in thousands)

Type	FY 2023	FY 2022	\$ Change	% Change
Cash and Cash Equivalents	\$ 159,351	\$ 149,672	\$ 9,679	6.5%
Cash and Cash Equivalents – Restricted	15,333	4,903	10,430	212.7%
Investments – Restricted <sup>1</sup>	30,399	43,378	(12,979)	-29.9%
Accounts Receivable (Net of Allowances)	22,595	20,567	2,028	9.9%
Loan Receivable - Restricted & Ground Lease	108	174	(66)	-37.9%
Due from Other Funds	895	328	567	172.9%
Inventories	2,990	2,120	870	41.0%
Prepaid Assets	65	52	13	25.0%
<b>Total Current Assets</b>	<b>\$ 231,736</b>	<b>\$ 221,194</b>	<b>\$ 10,542</b>	<b>4.8%</b>

<sup>1</sup> FY 2022 figures include reclassification of a mutual fund investment for comparative purposes aligned with GASB 72 requirements modified in FY 2023.



New Hampshire Turnpike System  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)

Non-current assets increased \$18.5 million, or 2.0%, as shown below due to the continued work on several projects resulting in an increase in overall Turnpike assets. These projects primarily include work on the All-Electronic Tolling (AET) conversion at the Dover and Rochester toll plazas, the widening of the F.E. Everett Turnpike between Nashua and Bedford, and the building of the Newington maintenance facility. Accumulated depreciation expense offsets the increases in capital assets by \$28.4 million. See Note 4 Capital Assets for details on capital asset activity and Note 11(b) Capital Improvement Program for more information.

**(III) Non-current Assets**

(Dollars in thousands)

Type	FY 2023	FY 2022	\$ Change	% Change
Loan Receivable Long-Term - Restricted & Ground Lease	\$ 14,660	\$ 14,792	\$ (132)	-0.9%
Net Capital Assets	937,500	918,838	18,662	2.0%
<b>Total Non-current Assets</b>	<b>\$ 952,160</b>	<b>\$ 933,630</b>	<b>\$ 18,530</b>	<b>2.0%</b>

Current Liabilities, shown below, consisting primarily of accrued operating expenses, unearned revenue, and the current portion of revenue bonds, increased \$6.6 million, or 12.7%, in FY 2023.

The increase in Accounts Payable is largely attributed to an increase in post year-end invoice receipts and processing while the decrease in Revenue Bonds Payable is the result of bond restructuring completed in FY 2022 combined with the retirement of two revenue bond issues, the 2012 Series C and the 2015 Series A bonds.

**(IV) Current Liabilities**

(Dollars in thousands)

Type	FY 2023	FY 2022	\$ Change	% Change
Accounts Payable	\$ 20,336	\$ 11,416	\$ 8,920	78.1%
Accrued Payroll	121	727	(606)	-83.4%
Due to Other Funds	1,868	766	1,102	143.9%
Unearned Revenue	16,942	16,298	644	4.0%
Revenue Bonds Payable	14,965	19,435	(4,470)	-23.0%
Accrued Interest Payable	2,922	2,241	681	30.4%
Claims and Compensated Absences Payable	791	858	(67)	-7.8%
Other Liabilities	741	312	429	137.5%
<b>Total Current Liabilities</b>	<b>\$ 58,686</b>	<b>\$ 52,053</b>	<b>\$ 6,633</b>	<b>12.7%</b>

Non-Current Liabilities decreased \$18.3 million, or 6.6%, from the prior fiscal year primarily due to the retirement of two bond Series in FY 2023 which resulted in the reduction of Revenue Bonds Payable. Changes in Pension, Other Post-Employment Benefits, and Claims and Compensated Absences Payable are driven by actuarial calculations. See Note 9 for details on the computations of these values.

**(V) Non-Current Liabilities**

(Dollars in thousands)

Type	FY 2023	FY 2022	\$ Change	% Change
Revenue Bonds Payable	\$ 218,510	\$ 235,157	\$ (16,647)	-7.1%
Pension	11,185	8,776	2,409	27.4%
Other Postemployment Benefits	20,855	26,422	(5,567)	-21.1%
Claims and Compensated Absences Payable	2,877	1,588	1,289	81.2%
Other Non-current Liabilities	4,232	4,040	192	4.8%
<b>Total Non-Current Liabilities</b>	<b>\$ 257,659</b>	<b>\$ 275,983</b>	<b>\$ (18,324)</b>	<b>-6.6%</b>

New Hampshire Turnpike System  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)

The Turnpike System’s primary revenues are generated from toll collections. Operating revenues rose modestly over FY 2022, increasing by \$4.9 million, or 3.5%, to \$142.6 million. The combined toll operating revenue for FY 2023 totaled \$124.7 million. Of this amount, the Blue Star Turnpike generated \$65.3 million, the Central Turnpike \$42.4 million, and the Spaulding Turnpike \$17.0 million. Toll revenues continue to recover in a post-COVID environment; however, while leisure travel has increased, commuter traffic levels held steady. See Turnpike System Revenue and Traffic Trends below.

Total Operating Expenses increased by \$13.9 million, or 16.2%, to \$99.6 million primarily due to the following:

- Payroll Benefits increased \$7.1 million in the calculation of future retirement benefits (see Note 9 for additional details).
- Increased E-ZPass processing fees associated with additional tolls and violations billing for non-transponder vehicles resulted in \$2.6 million increase over the prior year.
- Supplies, Materials and Other exceeded costs in the prior year by \$1.6 million due primarily to an inflationary environment in every sector.
- Enforcement expenses exceeded prior year by \$1.4 million in ground and air traffic patrols due to increases in labor and equipment.

Total Non-Operating Expenses increased \$4.8 million, or 201.0%, to \$2.4 million primarily due to:

- An \$8.0 million increase in interest paid on bonds and notes, driven by the addition of interest expense on bond series Refunding 2022A for a full year.
- A \$2.0 million increase in Local Non-Operating as a result of work on the I-95 High Level Bridge ITS project shared with the State of Maine.
- These expense increases were partially offset by an increase in investment income of \$3.0 million due to higher interest rates on higher balances maintained in the cash management and general reserve accounts and a \$1.9 million increase in miscellaneous income from routine billing of private/local project partners.

**(VI) Summary of Revenues, Expenses, and Changes in Net Position**

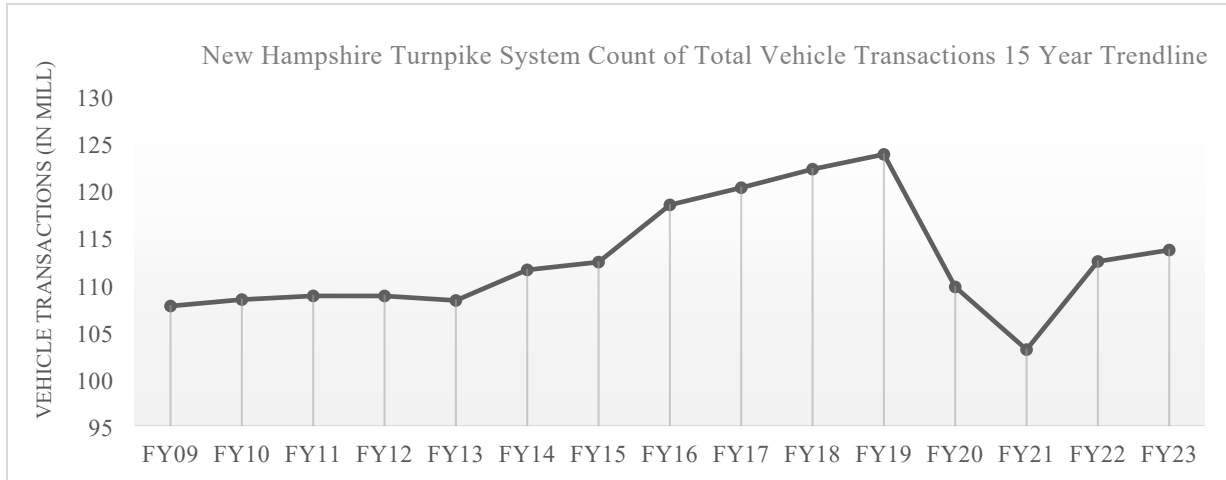
(Dollars in thousands)

Type	FY 2023	FY 2022	\$ Change	% Change
Operating Revenues	\$ 142,644	\$ 137,788	\$ 4,856	3.5%
Operating Expenses	(99,636)	(85,778)	(13,858)	16.2%
<b>Operating Income</b>	<b>43,008</b>	<b>52,010</b>	<b>(9,002)</b>	<b>-17.3%</b>
Non-Operating Revenues (Expenses)	(2,429)	2,405	(4,834)	-201.0%
<b>Change in Net Position Before Capital Contributions</b>	<b>40,579</b>	<b>54,415</b>	<b>(13,836)</b>	<b>-25.4%</b>
Capital Contributions	34	13	21	161.5%
<b>Change in Net Position</b>	<b>40,613</b>	<b>54,428</b>	<b>(13,815)</b>	<b>-25.4%</b>
Net Position - July 1	812,941	758,513	54,428	7.2%
<b>Net Position - June 30</b>	<b>\$ 853,554</b>	<b>\$ 812,941</b>	<b>\$ 40,613</b>	<b>5.0%</b>

New Hampshire Turnpike System  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)

***Turnpike System Revenue and Traffic Trends***

During the twelve months ended June 30, 2023, the number of traffic transactions processed through the E-ZPass system accounted for 88.7% of total toll transactions, an increase of 2.9% over FY 2022. Overall, the Turnpike System experienced an increase in traffic transactions of 1.2 million, or 1.08%, over the previous year attributed to leisure travel. The system continues to recover from sharp traffic declines due to the COVID-19 emergency that impacted fiscal years 2020 & 2021. Traffic levels remain below pre-pandemic levels primarily due to reduced levels of commuter travel. See chart below.



***Maintenance of the Turnpike System***

The Turnpike System is maintained and repaired by the Bureau of Turnpikes in the Department of Transportation. All maintenance and repair costs have been funded from Turnpike operating revenues since the beginning of the Turnpike System in 1950. In addition, the State law RSA 237:15 authorizes the Turnpike System to set up an account to finance extension studies, maintenance, construction, reconstruction, and extensions of the Turnpike System wherever located, interest on bonded indebtedness or retirement of bonded indebtedness or other costs which may be properly charged against these accounts or to the New Hampshire Turnpike System.

The contracted independent engineering consultant, HNTB Corporation (HNTB), completed a review and assessment of the Renewal & Replacement Program in November 2022. These assessments are typically updated every 5 years and provide recommendations on program funding levels and insight on the condition of the Turnpike infrastructure. The Turnpike facilities were deemed in overall “good” condition and the current R&R program funding meets both bond covenants and the demands of the system. Prioritization recommendations included bridge preservation/rehabilitation, culvert and drainage needs, repair and rehabilitation of the remaining toll plazas, and the construction of replacement storage facilities in Merrimack and Hooksett. The assessment also recommended funding levels of \$115.4 million for the Renewal & Replacement Program for fiscal years 2023 through 2028.

For FY 2023 and FY 2022, the Turnpike System’s operating expenses for Renewal & Replacement were \$14.4 million and \$14.0 million, respectively. Renewal & Replacement capitalized expenses for fiscal years 2023 and 2022 were \$6.0 million and \$8.6 million, respectively. For fiscal year 2024, the budget for Renewal & Replacement is \$23.9 million. See Note 8(d) Revenue Bond Resolutions for additional information.

Appropriations for Renewal & Replacement expenditures do not lapse and are carried forward and made available in subsequent years. The carryforward balance on June 30, 2023, including commitments is \$11.7 million.

New Hampshire Turnpike System  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)

***Changes in Key Personnel***

Effective March 29, 2023, *Tandy Hartford* resigned her position as Turnpike System Financial Analyst to assume a role with the New Hampshire Department of Health & Human Services.

Effective April 7, 2023, *Laura Guimont* assumed the Turnpike System Financial Analyst position. Prior to this role, Ms. Guimont held various positions within the Bureau of Finance & Contracts, most recently as the Supervisor of Accounts Payable (Supervisor IV). She received her Bachelor of Commerce with a major in Finance from Rider University and has over 30 years of varied accounting experience in the private and non-profit sectors.

Effective May 19, 2023, *Wayne Gardner* was hired as the Financial Reporting Administrator II. Mr. Gardner graduated from Bryant College with a Bachelor of Science in Accounting and has over 30 years of finance and accounting experience in the private sector.

***Budget and Appropriation Process***

The Legislature meets in session annually and adopts its budget every other year on a biennial basis. Prior to the beginning of each biennium, all departments of the State, including the Department of Transportation, are required by law to transmit to the Commissioner of the Department of Administrative Services requests for capital expenditures, as well as estimates of their administration, operation, and maintenance expenditure requirements for each fiscal year of the ensuing biennium.

The Turnpike System, a Bureau of the State of New Hampshire Department of Transportation, is included in the State of New Hampshire's biennial operating budget. The Turnpike System's official budget, as adopted by the Legislature, is prepared principally on a modified cash basis, and consists primarily of salaries and benefits, maintenance, and expenses relative to snow removal and debt service.

The Commissioner of the Department of Administrative Services, who submits the summary to the Governor, summarizes capital expenditure requests. After holding public hearings and requesting further evaluation of selected projects by the Commissioner of the Department of Transportation, the Governor prepares a capital budget for submission to the Legislature.

In conjunction with the receipt of operating budget estimates, the Commissioner of the Department of Administrative Services prepares an estimate of the total income of the State for each fiscal year of the ensuing biennium. Based upon the expenditure estimates the Commissioner has received and the revenue projections the Commissioner has made, the Commissioner prepares a tentative budget for the ensuing biennium, which is transmitted to the Governor. The Governor then holds public hearings on the tentative operating budget and prepares the final budget proposal for submission to the Legislature setting forth the Governor's financial program for the upcoming two fiscal years.

Once the budget becomes law, it represents the authorization for spending levels of each department of the State during the next two fiscal years.

New Hampshire Turnpike System  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)

***Capital Improvement Program***

Under the provisions of State law, New Hampshire Revised Statutes Annotated (RSA) 240, as amended by the Legislature established a ten-year highway construction and reconstruction plan and authorized major expansion and improvement projects as part of a Capital Improvement Program. State law RSA 237-A:2 authorized the issuance of \$766.0 million of revenue bonds to fund these projects.

The ten-year capital improvement program, adopted by the Legislature in 1986 and amended through 2023, includes specific components relating to the Turnpike System. This program is intended to improve the safety of the Turnpike System and increase its capacity. It is updated every two years to address changing priorities. Depending on the scheduling of projects and availability of funding (e.g., excess toll revenues, bond proceeds), the Turnpike System capital improvement program expenditures during the ten-year plan period of 2023 – 2032 is \$488.5 million.

The Turnpike System's bond credit ratings as of June 30, 2023, were as follows: Fitch Ratings A+, outlook stable, Moody's Investors Service Aa3, outlook stable, and Standard & Poor's AA-, outlook stable.

***Contacting the Turnpike System's Financial Management***

This financial report is designed to provide New Hampshire citizens, the Legislature, and the Executive Branch of government, as well as other interested parties, a general overview of the Turnpike System's financial activity for FY 2023 and to demonstrate the Turnpike System's accountability for the revenue it received from toll collections. If there are questions about this report or the need for additional information, please contact the New Hampshire Department of Transportation, Division of Finance, John O. Morton Building, 7 Hazen Drive, Concord, NH 03302-0483.

## **BASIC FINANCIAL STATEMENTS**

**New Hampshire Turnpike System**  
**Statement of Net Position**  
**For the Fiscal Year Ended June 30, 2023**

**ASSETS and DEFERRED OUTFLOWS of RESOURCES**

	(Dollars in Thousands)
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 159,351
Cash and Cash Equivalents – Restricted	15,333
Investments – Restricted	30,399
Accounts Receivable (Net of Allowances)	22,595
Loan Receivable – Restricted & Ground Lease	108
Due from Other Funds	895
Inventories	2,990
Prepaid Assets	65
Total Current Assets	231,736
<b>Non-Current Assets:</b>	
Loan Receivable Long-Term – Restricted & Ground Lease	14,660
Capital Assets:	
Land	101,241
Land Improvements	2,003
Buildings	19,459
Equipment and Computer Software	61,774
Work in Progress – Computer Software	1,294
Construction in Progress	106,835
Infrastructure	1,177,032
Less: Accumulated Depreciation	(532,138)
Net Capital Assets	937,500
Total Non-Current Assets	952,160
<b>Total Assets</b>	<b>1,183,896</b>
<b>Deferred Outflows of Resources:</b>	
Pension and Other Postemployment Benefits (OPEB)	6,985
Loss on Refunding	2,024
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,192,905</b>

**LIABILITIES and DEFERRED INFLOWS of RESOURCES**

<b>Current Liabilities:</b>	
Accounts Payable	20,336
Accrued Payroll	121
Due to Other Funds	1,868
Unearned Revenue	16,942
Revenue Bonds Payable	14,965
Accrued Interest Payable	2,922
Claims and Compensated Absences Payable	791
Other Liabilities	741
Total Current Liabilities	58,686
<b>Non-current Liabilities:</b>	
Revenue Bonds Payable	218,510
Pension	11,185
Other Postemployment Benefits	20,855
Claims and Compensated Absences Payable	2,877
Other Non-current Liabilities	4,232
Total Non-current Liabilities	257,659
<b>Total Liabilities</b>	<b>316,345</b>
<b>Deferred Inflows of Resources:</b>	
Pension, OPEB and Ground Lease	23,006
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>339,351</b>

**NET POSITION**

Net Investment in Capital Assets	707,555
Restricted for Debt Repayments	32,602
Restricted for Uninsured Risks	4,080
Restricted for Facility Sustainment and Reinvestment Reserve	1,129
Restricted for Loan & Ground Lease Receivable	14,768
Unrestricted	93,420
<b>Total Net Position</b>	<b>\$ 853,554</b>

*See accompanying notes to financial statements.*

**New Hampshire Turnpike System**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2023**

<b><u>OPERATING REVENUES</u></b>	(Dollars in Thousands)
Toll Revenue – Cash	\$ 13,225
Toll Revenue – E-ZPass	111,516
Other Toll Operating Revenue	16,895
Transponder Revenue	794
Federal Operating Revenue	214
<b>Total Operating Revenues</b>	<b>142,644</b>
<b><u>OPERATING EXPENSES</u></b>	
Personnel Services	8,137
Payroll Benefits	4,158
Enforcement	9,211
Renewal & Replacement	14,377
Supplies, Materials and Other	4,129
Equipment and Repairs	5,416
Indirect Costs	2,850
Welcome Centers	925
Heat, Light and Power	1,405
Bank and Credit Card Fees	3,718
Rentals	1,244
E-ZPass Processing Fees	14,572
Transponder Expense	620
Depreciation	28,874
<b>Total Operating Expenses</b>	<b>99,636</b>
<b>Operating Income</b>	<b>43,008</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Investment Income	3,389
Facilities Rental and Concession Revenue	1,897
Facility Sustainment and Reinvestment Reserve	17
Build America Bonds Subsidy	1,740
Miscellaneous Income	3,390
Gain on Sale of Other Capital Assets	204
Interest on Bonds	(9,730)
Miscellaneous Expense	(111)
Local Non-Operating Expense	(3,225)
<b>Total Non-operating Revenues (Expenses)</b>	<b>(2,429)</b>
<b>Change in Net Position Before Capital Contributions</b>	<b>40,579</b>
Capital Contributions	34
<b>Change in Net Position</b>	<b>40,613</b>
<i>Net Position - July 1</i>	812,941
<i>Net Position - June 30</i>	<b>853,554</b>

*See accompanying notes to financial statements.*



**New Hampshire Turnpike System**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2023**

	(Dollars in Thousands)
<b>Cash Flows from Operating Activities</b>	
Receipts from Customers	\$ 141,217
Payments to Employees	(14,449)
Payments to Suppliers	(54,343)
Net Cash Provided by Operating Activities	<u>72,425</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Receipts from Municipalities	2,973
Welcome Center Rental Income	1,429
Facility Sustainment Reserve Fund Receipt	(115)
Facility Sustainment Reserve Fund Loan Receipt	24
Private Local Receipts	34
Net Cash Provided by Non-Capital Financing Activities	<u>4,345</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and Construction of Capital Assets	(43,763)
Interest Paid on Revenue Bonds	(10,658)
Principal Paid	(19,435)
Costs of Issuances	(111)
Build America Bonds Subsidy Receipt	938
Net Cash Used by Capital and Related Financing Activities	<u>(73,029)</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of Investments	(35,270)
Proceeds from Sales and Maturities of Investments	31,957
Investment Income	3,389
Net Cash Provided by Investing Activities	<u>76</u>
Net Increase in Cash and Cash Equivalents	3,817
<sup>1</sup> Total Cash and Cash Equivalents - July 1	<u>170,867</u>
Total Cash and Cash Equivalents - June 30	<u><u>174,684</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 43,008
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	28,874
Miscellaneous Income	154
Change in Operating Assets and Liabilities:	
Receivables	(2,028)
Inventories	(870)
Net Pension Liability (Net of Deferred Amounts)	(688)
Net Other Postemployment Benefits Liability (Net of Deferred Amounts)	(860)
Accounts Payable and Other Accruals	4,388
Deferred Revenue	447
Net Cash Provided by Operating Activities	<u><u>72,425</u></u>
<b>Turnpike Non-Cash Capital and Related Financing Activities</b>	
Capital Contributions	34
Non-Cash Capital Acquisition	6,123

*See accompanying notes to financial statements.*

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**New Hampshire Turnpike System  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 1) Summary of Significant Accounting Policies**

The accompanying financial statements of the New Hampshire Turnpike System (the “Turnpike System”) have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles.

**(a) Financial Reporting Entity**

The Turnpike System is a Bureau within the Division of Operations of the State of New Hampshire Department of Transportation. The Turnpike System is reported as an enterprise fund of the State of New Hampshire (“the State”) and is included in the Annual Comprehensive Financial Report (ACFR) of the State. These financial statements are only of the Turnpike Fund and are not intended to present the net position, changes in net position, or, where applicable, cash flows of the State or the State of New Hampshire Department of Transportation. The Turnpike System constructs, maintains, and operates toll roads, including bridges over those roads and transaction facilities and issues revenue bonds, which are repaid from tolls and other revenues. State law New Hampshire Revised Statutes Annotated (RSA) 240, as amended, established a ten-year highway construction and reconstruction plan and authorized major expansion and improvement projects as part of a Capital Improvement Program. State law RSA 237-A:2 authorized the issuance of \$766.0 million of revenue bonds to fund these projects as more fully described in Note 8.

**(b) Measurement Focus and Basis of Accounting**

The accounting policies of the Turnpike System conform to GAAP as applicable to government enterprise funds and, as such, the activities of the Turnpike System are reported using the economic resources measurement focus and accrual basis of accounting.

**(c) Restricted Assets**

The proceeds of the Turnpike System Revenue Bonds, as well as certain resources set aside for their repayment (Revenue Bond Debt Service Reserve, Debt Service Reserve – Investment, Principal Debt Service, Interest Debt Service and Insurance Reserve - Investment) are classified as restricted assets on the Statement of Net Position because their use is limited by a bond resolution. Additionally, assets in the Facility Sustainment and Reinvestment Reserve Fund are restricted per contract with the 3<sup>rd</sup> party operator of the Hooksett Welcome Centers. See Note 7(c) - Ground Lease Contract – Facility Sustainment and Reinvestment Reserve for further information.

**(d) Accounts Receivable (Net of Allowances)**

Accounts Receivable primarily consist of outstanding E-ZPass reciprocity and violation tolls and fees as detailed in the table below. The balance as of June 30, 2023 is shown net of allowances. Accounts Receivable for violations and fees amounted to \$132.6 million with an uncollectible reserve of \$119.5 million.

**New Hampshire Turnpike System  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

(Dollars in thousands)

<b>Accounts Receivable</b>	<b>Amount</b>
E-ZPass Reciprocity	\$ 6,271
Toll Revenue in Transit	528
Violation Tolls and Fees Receivable (Net of Allowances)	13,102
Federal Receivable	42
Interest Receivable	278
Welcome Center Rent	1,083
Credit Card Equity Fees	254
Property Damage	155
Miscellaneous	882
<b>Total Accounts Receivable</b>	<b>\$ 22,595</b>

**(e) Cash Equivalents**

Cash equivalents represent short-term investments with maturity dates within three months of the date acquired and recorded at cost.

**(f) Capital Assets**

Capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date donated. Capital assets purchased or constructed by other funding sources are recorded at cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized but expensed. Capital assets also include certain identified Renewal & Replacement costs. Depreciation is computed using the straight-line method over the estimated useful lives of the capital assets:

<b>Asset</b>	<b>Thresholds</b>	<b>Depreciable Life</b>	<b>Annual Depreciation Rate</b>
Infrastructure	All bridges and roads	50	2.0%
Buildings	>= \$100,000	40	2.5%
Building Improvements & Land Improvements	>= \$100,000	20	5.0%
Toll Equipment	>= \$ 10,000	10	10.0%
Equipment	>= \$ 10,000	5	20.0%
Computer Software (Amortized)	>= \$500,000	5	20.0%

**(g) Adoption of New Accounting Pronouncements**

During the fiscal year ended June 30, 2023, the Turnpike System implemented the following new accounting standards:

**GASB No. 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements.** The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability

**New Hampshire Turnpike System**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The existing lease arrangement with Granite State Hospitality (GSH), previously reported under GASB 87, was re-evaluated in light of this pronouncement, specifically as it pertains to a Service Concession Agreement (SCA). The SCA criteria was reviewed and as the Turnpike System has no control over services offered and prices or rates that can be charged by the operator, we determined that the lease should continue to be recorded under the auspices of GASB 87.

**GASB No. 96: *Subscription-Based Information Technology Arrangements*.** This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Turnpike System elected to institute a \$50,000 per year minimum threshold standard. No Turnpike Systems' agreements met the SBITA requirements. The Standard did not have a material impact on the financial statements.

**(h) *Compensated Absences***

All full-time State employees in classified service earn annual and sick leave. Accrued compensatory time, earned for overtime worked, generally must be taken within one year. The State's compensated absences liability represents the total liability for the cumulative balance of employees' annual, bonus, compensatory, and sick leave based on years of service rendered along with the State's share of Social Security, Medicare and retirement contributions. The current portion of the liability is calculated based on the characteristics of the type of leave and on a LIFO (last in first out) basis, which assumes employees use their most recent earned leave first. The accrued liability for annual leave does not exceed the maximum cumulative balance allowed which ranges from 32 to 50 days based on years of service. The accrual for sick leave is made to the extent that it is probable that the benefits will result in termination payments rather than be taken as absences due to illness.

**(i) *Deferred Outflows of Resources and Deferred Inflows of Resources***

Deferred outflows of resources are defined as a consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

**(j) *Postemployment Liabilities***

The State participates in two defined benefit pension plans, the State of New Hampshire Retirement System (NHRS) and the New Hampshire Judicial Retirement Plan (NHJRP) and participates in two other postemployment benefit (OPEB) plans - a funded plan administered by NHRS hereafter referred to as the Trusted OPEB Plan and a nonfunded plan hereafter referred to as the Non-Trusted OPEB Plan. The Turnpike System's employees participate in the NHRS retirement plan and the Trusted and Non-Trusted OPEB plans (see Note 9-Employee Benefit Plans for activity related to these plans). The Turnpike's participation in the Trusted OPEB plan and its corresponding liability is immaterial to the financial statements.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

For purposes of measuring the total/net postemployment liabilities, deferred outflows of resources and deferred inflows of resources and related postemployment expenses related to each plan, information about the fiduciary net position and additions to/deductions from fiduciary net position has been determined on the same basis as it is reported by each plan, if applicable. For this purpose, benefit payments are recognized when due and payable in accordance with each plans' benefit terms, and plan investments are reported at fair value.

***(k) Revenues and Expenses***

Revenues and expenses are classified on the Statement of Revenues, Expenditures and Changes in Net Position as operating or non-operating. Operating revenues and expenses are a direct result of Turnpike operations and include toll and violation toll and fee collections, transponder sales, reimbursements due for eligible operating expenses, costs to operate and maintain the Turnpike System as well as administrative and depreciation expenses. Non-operating revenue includes interest earned on investments, interest subsidies, rental incomes, and sales on concession, vending machine, land, and equipment.

***(l) E-ZPass Program***

Upon enrolling in the E-ZPass program, participants establish pre-paid toll accounts. These pre-paid toll receipts are collected by a third-party vendor on behalf of the Turnpike System and recorded by the Turnpike System as unearned revenue until the customer completes a toll transaction. Once this occurs, revenue is recorded, and the customer's account is charged. Vehicle transponders, which serve to identify the vehicles passing through the toll plazas, are purchased by the Turnpike System and sold and shipped to customers by the vendor. The sale price a customer is charged for a transponder is the same approximate cost to the Turnpike System.

***(m) Inventory***

Inventories for aggregates, supplies, and materials are valued using weighted average. Included in the inventory amount are the value of aggregates (salt, sand, asphalt, etc.), E-ZPass transponders, and toll equipment replacement parts. Aggregates such as salt are stored at various salt shed locations along the Turnpike System. Transponders are received and stored by the vendor at the E-ZPass Customer Service Center located in Concord, New Hampshire and at walk-in E-ZPass Service Centers located in Nashua and Portsmouth, New Hampshire. Toll equipment replacement parts are stored at Turnpike warehouses throughout the State.

***(n) Capital Contributions***

The Turnpike System receives Federal Highway Administration (FHWA) grants through the State's Highway Fund for capital improvements, exclusive of Renewal & Replacement expenses and payments made by private entities. These are classified as Capital Contributions.

***(o) Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

***(p) Unearned Revenue***

In the Turnpike System financial statements, unearned revenue is recognized when cash is received prior to being earned.

**New Hampshire Turnpike System  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**(q) Investments**

GASB Statement No. 72, *Fair Value Measurement and Application*, requires that investments are reported at fair value except for certain investments which are reported using the amortized cost method of valuation. The Turnpike System discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy is as follows:

Level 1 – Quoted or published prices (unadjusted) in active markets for identical assets and liabilities that are accessible at the measurement date.

Level 2 – Inputs other than quoted or published prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active because they most often are priced based on transactions involving similar but not identical securities or do not trade with sufficient frequency.

Level 3 – Unobservable inputs for the asset or liability.

In determining fair value, the Turnpike System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. If an investment is in an active market where quoted prices exist, the market price of an identical security is used to report fair value. Certain U.S. government securities utilize pricing that may involve estimation using similar securities or trade dates. As these investments are generally not traded in an active market, fair value measurements are determined using market data and matrix pricing.

As of June 30, 2023, the Turnpike System's investments totaled \$30.4 million.

**Note 2) Cash and Cash Equivalents and Investments**

**Deposits:** The following statutory requirements and State Treasury policies have been adopted to minimize risk associated with deposits:

- State law RSA 6:7 established the policy the State Treasurer must adhere to when depositing public monies.
- Operating funds are invested per investment policies that further define appropriate investment choices and constraints as they apply to those investment types.

**General Reserve Account:** On June 30, 2023, the balance of cash and cash equivalents in the General Reserve Account was approximately \$121.8 million. These funds are intended to be used for capital construction projects.

**Debt Securities:** The State Treasury invests in U.S. Treasury instruments and Money Market Mutual Funds. On June 30, 2023, the Turnpike System's holding of U.S. Treasury Bonds and Notes was \$15.5 million, and holdings of Money Market Mutual Funds was \$14.9 million. Concentration risk is the risk of loss attributed to the magnitude of an investment in a single issuer.

**Custodial Credit Risk:** The custodial risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered.

Custodial credit risk is managed in a variety of ways. Although State law does not require deposits to be collateralized, the State Treasurer does utilize such arrangements where prudent and/or cost effective. All banks, where the State has deposits and/or active accounts, are monitored as to their financial health through the services of Veribanc, Inc., a bank rating firm. In addition, ongoing reviews with officials of depository institutions are used to allow for frequent

**New Hampshire Turnpike System  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

monitoring of custodial credit risk. All deposits at FDIC-insured depository institutions (including noninterest bearing accounts) are insured by the FDIC up to the standard maximum amount of \$250,000 for each deposit insurance ownership category, examples which are collateralized are per RSA 383-B:3-301(e)(2); Ban 1450 Collateralization of Public Deposits. All commercial paper must be from issuers having an A1/P1 rating or better and an AA- or better long-term debt rating from one or more of the nationally recognized rating agencies. Certificates of deposits must be with state or federally chartered banking institutions with a branch in New Hampshire. The institution must have a minimum rating of green and one star as assigned by Veribanc Inc.

As of June 30, 2023, the Turnpike System's bank balances exposed to custodial credit risk for cash and cash equivalents are as follows:

(Dollars in thousands)

Type	Collateralized and Held in State's Name	Uncollateralized	Federal Deposit Insurance Corporation	Total
Demand Deposits & Cash	\$ 164,482	\$ 9,874	\$ 250	\$ 174,606
<b>Total</b>	<b>\$ 164,482</b>	<b>\$ 9,874</b>	<b>\$ 250</b>	<b>\$ 174,606</b>

Whereas all payments made to the State are to be in U.S. dollars, foreign currency risk is essentially nonexistent on State deposits.

In addition to \$174.6 million in bank balances shown above, the Turnpike System also reported \$77.5 thousand in change at the toll plazas for a total Cash & Cash Equivalents as of June 30, 2023 amount of \$174.7 million.

**Investments:** On June 30, 2023, the value of investments with maturity dates over 90 days of the date acquired amounted to a total of \$30.4 million.

Certificates of deposits must be with state or federally chartered banking institutions with a branch in New Hampshire. The institution must have a minimum rating of green and one star as assigned by Veribanc. Inc.

The State Treasury has adopted policies to ensure reasonable rates of return on investments while minimizing risk factors. Approved investments are defined in statute RSA 6:8. Additionally, investment guidelines exist for operating funds as well as trust and custodial funds. All investments will be denominated in U.S. dollars.

The Turnpike System categorizes its fair value measurements within the fair value hierarchy established in accordance with U.S. GAAP. See Note 1(q) - Investments for fair value hierarchy leveling.

The following table summarizes the Turnpike System's investments measured at fair value and net asset value, by type, as of June 30, 2023.

(Dollars in thousands)

Investments Classified in the Fair Market Value and Net Asset Value Hierarchy				
	Level 1	Level 2	NAV	Total
U.S. Government Obligations	\$ -	\$ 15,535	\$ -	\$ 15,535
Money Market Mutual Fund	\$ -	\$ -	\$ 14,864	\$ 14,864
<b>Total</b>	<b>\$ -</b>	<b>\$ 15,535</b>	<b>\$ 14,864</b>	<b>\$ 30,399</b>



**New Hampshire Turnpike System  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

Credit risk is the risk that the issuer or other counterparty will not fulfill its obligations. The State may invest in investment-grade securities which are defined as those with a grade B or higher. Obligations of the U.S. Government or obligations backed by the U.S. Government are not considered to have credit risk. Government-sponsored Enterprise securities, considered high-quality, income-generating investments offering relatively safe, predictable income and competitive returns over Treasuries, have the implied backing of the U.S. Government but are not explicitly guaranteed and are exposed to potential credit risk. Money market funds to be considered and utilized are those funds invested in the U.S. Treasury, Agency or other securities commonly referred to as being "within first tier categories" and/or which have the highest rating available from at least one nationally recognized rating agency.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the State's investments. Interest rate risk is primarily measured and monitored by defining or limiting the maturity of any investments or weighted average maturity (WAM) of a group of investments. The WAM is dollar-weighted in terms of years. The specific target or limits of such maturity and percentage allocations are tailored to meet the investment objectives and are defined in the investment guidelines associated with those funds. The WAM on June 30, 2023 for the Turnpike System's investments is 0.80 years.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investments that are in the possession of an outside party. The State's selection criteria are aimed at investing in only high-quality institutions where default is extremely unlikely. The Turnpike System's investments are held by its custodian in the name of the Turnpike System.

**Note 3) Restricted Assets**

The resolutions of the Turnpike System revenue bonds require the Turnpike System to maintain certain accounts (below). The Turnpike System deposits all revenues into a Turnpike System revenue account, which are then applied first to the payment of operating expenses and then to fund accounts required by the resolutions.

Restricted Assets at fair value amounted to \$45.7 million with \$15.3 million designated as Cash and Cash Equivalents – Restricted and \$30.4 million designated as Investments – Restricted. Restricted assets are separated into the following accounts as of June 30, 2023:

<b>Restricted Assets</b>	<b>Amount</b>
	(Dollars in thousands)
Revenue Bond Debt Service Reserve Account	\$ 15,535
Revenue Bond Principal Debt Service Account	11,943
Revenue Bond Interest Debt Service Account	2,921
<b>Total Investments – Restricted</b>	<b>30,399</b>
Revenue Bond Insurance Reserve Account	4,080
Revenue Bond Debt Service Reserve Account	10,124
Facility Sustainment and Reinvestment Reserve Account	1,129
<b>Total Cash &amp; Cash Equivalents – Restricted</b>	<b>15,333</b>
<b>Total Restricted Assets</b>	<b>\$ 45,732</b>

The Revenue Bond Debt Service Reserve Account is used to report resources set aside to make up potential future deficiencies in the Revenue Bond Interest Debt Service Account and Revenue Bond Principal Debt Service Account. On the Statement of Net Position, \$7.9 million of the Revenue Bond Debt Service Account is reported as part of Net Investment in Capital Assets instead of Restricted for Debt Payments. This amount represents the portion of the

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account related to unspent bond proceeds. The Revenue Bond Principal Debt Service Account and Revenue Bond Interest Debt Service Account are used to segregate resources accumulated for debt service payments on given maturity dates. See Note 8(c), Bonds - Debt Maturity. A Revenue Bond Special Redemption Account is used to report any monies not otherwise required by the bond resolution to be deposited or applied, including excess proceeds after the completion of a project. In addition to the above accounts, the Revenue Bond Insurance Reserve Account is established to report the amount that is available to insure against risks that would not otherwise be covered by policies of insurance. A Revenue Bond Rebate Account also would be used to report any excess of interest earned on non-purpose investments (as defined in section 148 of the Internal Revenue Code of 1986, as amended). Both the Revenue Bond Special Redemption Account and the Revenue Bond Rebate Account had zero balances as of June 30, 2023. The Facility Sustainment and Reinvestment Reserve Account is established to provide funding for facility maintenance, repair, and capital improvement projects of the Hooksett Welcome Centers (Welcome Centers) should the operator fail to meet physical facility performance standards. The account's funding, spending, and cap limits are subject to the terms and conditions of the Ground Lease Contract between the Turnpike System and the operator.

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**Note 4) Capital Assets**

Capital Asset activity for the fiscal year ended June 30, 2023 was as follows:

Type	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
(Dollars in thousands)					
Capital Assets not Being Depreciated:					
Land	\$ 102,082	\$ 10	\$ (851)	\$ -	\$ 101,241
Work in Progress – Computer Software <sup>1</sup>	78	1,216	-	-	1,294
Construction in Progress <sup>1</sup>	63,348	45,181	-	(1,694)	106,835
Total Capital Assets not being Depreciated:	165,508	46,407	(851)	(1,694)	209,370
Other Capital Assets:					
Equipment and Computer Software	59,968	1,978	(471)	299	61,774
Buildings and Building Improvements	18,089	4	-	1,366	19,459
Depreciable Land Improvements	2,003	-	-	-	2,003
Infrastructure	1,177,005	27	-	-	1,177,032
Subtotal Other Capital Assets	1,257,065	2,009	(471)	1,665	1,260,268
Total Capital Assets	1,422,573	48,416	(1,322)	(29)	1,469,638
Less Accumulated Depreciation and Amortization for:					
Equipment and Computer Software	(47,978)	(5,559)	471	-	(53,066)
Buildings and Building Improvements	(4,826)	(509)	-	-	(5,335)
Depreciable Land Improvements	(799)	(100)	-	-	(899)
Infrastructure	(450,132)	(22,706)	-	-	(472,838)
Total Accumulated Depreciation	(503,735)	(28,874)	471	-	(532,138)
<b>Net Capital Assets</b>	<b>\$ 918,838</b>	<b>\$ 19,542</b>	<b>\$ (851)</b>	<b>\$ (29)</b>	<b>\$ 937,500</b>

<sup>1</sup> In FY 2022, Work in Progress and Construction in Progress were combined and reported as Construction in Progress in the amount of \$63,426.

On June 30, 2023, the Turnpike System had contractual commitments for capital Turnpike System improvement projects of \$36.1 million.

The Turnpike System's capital assets also include intangible assets as per GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This standard characterizes an intangible asset as an asset that lacks physical substance, is non-financial in nature, and has an initial useful life extending beyond a single reporting period. Intangible assets for the Turnpike System include both land easements and computer software.

Easements with an indefinite useful life are classified as land assets. Temporary easements, which expire when a project is closed, are considered a project cost. If the project is capitalized, then the cost becomes a part of Infrastructure and is amortized over 50 years. If the project is expensed, the easement cost will be expensed in the same period.

Computer software acquisitions that the Department owns the license to or requires extensive customization from the licensee for Department use is considered an intangible asset. If the software is capitalized, the cost will be amortized over 5 years. If the software is expensed, the software cost will be expensed in the same period.

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Also included in the capitalization of assets, per GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements*, interest is capitalized as part of the historical cost of acquiring certain qualifying assets. However, beginning in fiscal year 2021, the New Hampshire Turnpike System adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89) which supersedes GASB Statement No. 62 (see Note 1(g)). Interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Prior interest cost capitalized remains in the total cost of assets.

**Note 5) Inter-fund Activity**

In FY 2023, expenses were incurred due to work performed by other state agencies on behalf of the Turnpike System. Enforcement expenses of \$9.2 million were incurred for services provided by the New Hampshire Department of Safety. Services provided by the Department of Information Technology and the Department of Transportation, Division of Operations' Bureaus including Bridge Maintenance, Traffic, Transportation Systems, Management & Operations (TSMO), and Mechanical Services resulted in \$2.5 million of expenses and account for most of the remaining inter-fund activity. New Hampshire Department of Business and Economic Affairs, Division of Travel and Tourism operations of the Seabrook and Hooksett Welcome Centers amounted to \$0.9 million.

**Note 6) Unearned Revenue**

Unearned Revenue primarily consists of prepaid toll monies received from customers on their transponder accounts. Revenue is recognized when a customer uses the E-ZPass toll system on the turnpike. In FY 2023, Unearned Revenue included approximately \$16.2 million in pre-paid tolls as well as \$0.7 million from municipalities and developers to support their share of construction improvements.

**Note 7) Leases**

The Turnpike System is a lessee for various noncancellable leases of buildings and equipment. The Turnpikes System, in accordance with the State thresholds, recognizes a lease liability and an intangible right-to-use lease asset when annual payments of \$50,000 or more are recognized at any time during the lease term. During FY 2023, no lessee lease met this threshold.

The Turnpike System is a lessor for a ground lease contract with Granite Sate Hospitality, LLC (GSH). GSH was formed in 2013 to develop, operate, and maintain both north and southbound rest areas on I-93 in the Town of Hooksett. The rest areas are full-service welcome centers with concession and fuel sales, visitor centers, and State Liquor and Wine Outlet Stores. The ground lease contract was evaluated under GASB 60 Service Concession Agreements, GASB 87 Leases, and GASB 94 Public-Private Partnership pronouncements. The agreement is reported under GASB 87 as it has been determined that the requirements under GASB 60 Service Concession Agreement are only partially met. Specifically, the Turnpike System does not set pricing and has limited control over the business.

For calculation and reporting purposes, the ground lease term was determined to include the remaining non-cancellable period of the lease plus the additional lease extension of 5 years approved by Governor & Council on May 31, 2023. The discount rate of 3.0% used to determine present value of the lease aligns with the percentage rate increase in the ground lease contract. In accordance with GASB 87, the Turnpike System recognized a lease receivable and deferred inflow of resources for this lease to be amortized over the term of the lease using the straight-line basis.

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**(a) Ground Lease Contract – Current**

In the Ground Lease contract, the Turnpike System receives minimum guaranteed rent, with tiered rent payments based on the sale of gasoline and tiered percentage rent based on gross concession sales. In FY 2023, the guaranteed minimum rent payment was \$0.6 million. In addition to the minimum rent, the Turnpike System receives additional rental income if fuel or concession sales exceed contractual thresholds. For FY 2023, the Turnpike System recorded \$1.6 million in total rental receipts. Per GASB 87, an annual portion of the Deferred Inflows of Resources is amortized over the remaining term of the lease. For FY 2023, \$0.3 million was amortized.

(Dollars in thousands)	
Hooksett Welcome Center Rent	Amount
Guaranteed Minimum Rent	\$ 550
Fuel Sales	297
Concession Sales	786
<b>Subtotal</b>	<b>\$ 1,633</b>
Annual Lease Amortization	264
<b>Total Hooksett Welcome</b>	<b>\$ 1,897</b>

**(b) Ground Lease Contract – Long Term (guaranteed rent)**

In the Ground Lease contract, the Turnpike System will receive future minimum guaranteed rent of \$23.5 million over the remainder of the 35-year term, plus the 5-year extension. On June 30, 2023, the projected future guaranteed minimum lease revenue and interest is approximately \$23.5 million as shown below:

(Dollars in thousands)			
Fiscal Year	Principal	Interest	Total
2024	\$ 108	\$ 442	\$ 550
2025	112	438	550
2026	115	435	550
2027	119	431	550
2028	122	428	550
2029-2033	669	2,081	2,750
2034-2038	2,663	1,837	4,500
2039-2043	3,093	1,407	4,500
2044-2048	3,593	907	4,500
2049-2053	4,174	326	4,500
<b>Total</b>	<b>\$ 14,768</b>	<b>\$ 8,732</b>	<b>\$ 23,500</b>

**(c) Ground Lease Contract – Facility Sustainment and Reinvestment Reserve**

In addition, the Turnpike System also maintains a Facility Sustainment and Reinvestment Reserve Account funded by the operator which provides funding for facility maintenance, repair, and capital improvement projects should the Developer/Operator fail to meet established, contractual performance standards. This account is currently capped at \$1.1 million and is subject to periodic adjustments every 5 years based on the consumer price index in accordance with the terms of the ground lease contract. On June 30, 2023, the Facility Sustainment and Reinvestment Reserve Account had a balance of approximately \$1.1 million. On December 16, 2020, GSH received a loan for \$0.2 million against the Facility and Reinvestment Reserve to expand the southbound General Store. The loan had a repayment plan of \$5,556 per month over 36 months beginning January 2021. The loan was repaid in full by October 2022.

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**Note 8) Non-current Liabilities**

**(a) Bonds Authorized and Unissued**

Bonds authorized and un-issued amounted to \$50.2 million of revenue bonds at June 30, 2023. The Legislature has established a 10-year highway construction and reconstruction plan for the Turnpike System to be funded from Turnpike revenues. This legislation also authorized the Governor and Executive Council to issue up to \$766.0 million of bonds to support this plan. As of June 30, 2023, the State had issued \$715.8 million of revenue bonds for this plan.

**Turnpike System Bond Ratings**

Bond ratings assigned to the Turnpike System are as follows:

- Fitch Ratings ~ A+ (stable)
- Moody's Investors Service ~ Aa3 (stable)
- Standards & Poor's ~ AA- (stable)

**(b) Changes in Non-current Liabilities**

The following is a summary of the changes in liabilities for bonds, pension, other postemployment benefits, compensated absences, uninsured claims, and pollution remediation during FY 2023:

(Dollars in thousands)

Type	Beginning Balance	Increases	Decreases	Ending Balance	Current	Long-Term
Revenue Bonds	\$ 254,592	\$ 14,965	\$ 36,082	\$ 233,475	\$ 14,965	\$ 218,510
Pension Liability	8,776	2,409	-	11,185	-	11,185
Net OPEB Liability	26,422	-	5,567	20,855	-	20,855
Claims and Compensated Absences Payable	2,446	1,303	81	3,668	791	2,877
Other: Pollution Remediation and Other	4,352	831	210	4,973	741	4,232
Total	<b>\$ 296,588</b>	<b>\$ 19,508</b>	<b>\$ 41,940</b>	<b>\$ 274,156</b>	<b>\$ 16,497</b>	<b>\$ 257,659</b>

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**(c) Bonds - Debt Maturity**

Bonds of the Turnpike System consist of revenue bonds (including ARRA Bonds). Interest rates on Turnpike System revenue bonds range from 4.00% to 6.01%. The annual maturities on a cash basis are as follows:

(Dollars in thousands)

Payable June 30,	Revenue Principal	Revenue Interest	Revenue Interest Rebate	Net Interest
2024	\$ 14,965	\$ 10,852	\$ (1,610)	\$ 9,242
2025	17,575	10,002	(1,458)	8,544
2026	8,570	9,356	(1,368)	7,988
2027	11,415	8,888	(1,368)	7,520
2028	10,970	8,329	(1,368)	6,961
2029 thru 2033	51,625	33,282	(6,626)	26,656
2034 thru 2038	58,195	18,623	(3,681)	14,942
2039 thru 2043	43,775	3,816	(350)	3,466
<b>Subtotal</b>	<b>217,090</b>	<b>103,148</b>	<b>(17,829)</b>	<b>85,319</b>
Unamortized Premium	16,385	-	-	-
<b>Total</b>	<b>\$ 233,475</b>	<b>\$ 103,148</b>	<b>\$ (17,829)</b>	<b>\$ 85,319</b>

The Coronavirus Aid, Relief, and Economic Security (CARES ACT) did not include sequestration relief on reimbursements for direct-pay bonds (BABs) and it extended the sequestration through Federal fiscal year 2030. The reduction in funding because of sequestration is 5.7% beginning October 1, 2020. The revenue interest rebate has been reduced by 5.7% through 2030.

**(d) Revenue Bond Resolutions**

All revenue bonds are secured by a pledge of substantially all Turnpike System revenues and monies deposited into accounts created by the bond resolutions, subject only to the payment of operating expenses.

The bond resolutions require the Turnpike System to establish and collect tolls which are adequate at all times, when combined with other available sources of revenues, to provide for the proper operation and maintenance of the Turnpike System and for the timely payment of the principal and interest on all bonds, notes, or other evidence of indebtedness. The resolutions further require the Turnpike System to collect sufficient tolls so that in each fiscal year net revenues as defined by the resolutions will be at least equal to the greater of: (a) 120% of current year debt service on the revenue bonds, or (b) 100% of current year debt service on the revenue bonds and on all general obligation or other bonds, notes or other indebtedness, and the additional amount, if any, required to be paid from the revenue bond general reserve account to satisfy the Renewal & Replacement (R&R) requirement for the fiscal year.

The resolutions further require the Turnpike System to request payment from the Revenue Bond Construction Account and an Authorized Officer shall sign a written order and file the request with the State Treasurer.

The Turnpike System is required to review the adequacy of its tolls after each fiscal year. If this review indicates that the tolls and charges are, or will be, insufficient to meet the requirements described above, then the Independent Engineer of the Turnpike System will make a study and recommend a schedule of tolls and charges which will provide revenues sufficient to comply with the requirements described above. For fiscal year 2023, the toll rate

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schedule was deemed to be sufficient to meet all required payments in connection with the Turnpike System, and as such, no Independent Engineer's study was necessary.

The resolutions establish an R&R requirement with respect to each fiscal year. R&R costs consist of rehabilitation, renewals, replacements, and extraordinary repairs necessary for the sound operation of the Turnpike System or to prevent loss of revenues, but not costs associated with new construction, additions, or extensions.

The Turnpike System has complied with all its material financial bond covenants as set forth in the resolutions.

(Dollars in thousands)

Type	Expensed	Capitalized	Total
Renewal & Replacement	\$ 14,377	\$ 6,044	\$ 20,421

**Note 9) Employee Benefit Plans**

**(a) New Hampshire Retirement System**

**Plan Description:** The New Hampshire Retirement System (NHRS) is the administrator of a cost-sharing, multiple-employer Public Employee Retirement System established in 1967 by State law RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. NHRS is a contributory defined-benefit plan providing service, disability, death, and vested retirement benefits to members and beneficiaries. NHRS covers substantially all full-time State employees, public school teachers and administrators, permanent firefighters, and police officers within the State of New Hampshire. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. NHRS is divided into two membership groups. Group I consists of State and local employees and teachers. Group II consists of firefighters and police officers. All assets are in a single trust and are available to pay retirement benefits to its members and beneficiaries.

Group I members at age 60 (age 65 for members beginning service on or after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final compensation (AFC). The yearly pension amount is 1/60 (1.67%) of average final compensation multiplied by years of creditable service (1/66 of AFC times creditable service for members beginning service on or after July 1, 2011). AFC is defined as the average of the three highest salary years for members vested prior to January 1, 2012 and five years for members not vested on January 1, 2012. At age 65, the yearly pension amount is recalculated at 1/66 (1.5%) of AFC multiplied by years of creditable service.

Members in service with 10 or more years creditable service who are between age 50 and 60 or members in service with at least 20 or more years of service, whose combination of age and service is 70 or more, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

Group II members who are age 60, or members who are at least age 45 with a minimum of 20 years of creditable service (age 50 with a minimum of 25 years of creditable service or age 60 for members beginning service on or after July 1, 2011) can receive a retirement allowance at a rate of 2.5% of AFC for each year of service not to exceed 40 years (2% of AFC times creditable service up to 42.5 years for members beginning service on or after July 1, 2011). A member who began service on or after July 1, 2011 shall not receive a service retirement allowance until attaining age 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service. However, the allowance will be reduced by ¼ of one percent for each month prior to age 52.5 that the member receives the allowance.



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Members of both groups may qualify for vested deferred allowances, disability allowances, and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation, service, or both.

Pursuant to State laws RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, the New Hampshire Retirement System also provides a postretirement medical premium subsidy for Group I employees and teachers and Group II police officers and firefighters.

NHRS publicly issues financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their web site at <http://www.nhrs.org>.

**Funding Policy:** NHRS is financed by contributions from the members, the State and local employers, and investment earnings. By statute, Group I members contributed 7.0% of gross earnings. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The Turnpike System contributed 15.1% of gross payroll for Group I members.

**Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:** As of June 30, 2023, the Turnpike System reported a liability of \$11.2 million for its proportionate share of the net pension liability of NHRS. This net pension liability is measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll the total pension liability forward to June 30, 2022. The State's proportion of the net pension liability was based on the State's share of contributions to NHRS relative to the contributions of all participating employers, actuarially determined. The Turnpike System's net pension liability and pension expense, along with related deferred outflows of resources and deferred inflows of resources was calculated using an allocated proportion among the State's governmental and business-type activities (0.19%), based on the Turnpikes' share of the State's contributions to NHRS relative to the State's total contributions to NHRS. For the year ended June 30, 2023, the Turnpike System recognized pension expense of \$0.4 million.

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As of June 30, 2023, the Turnpike System reported deferred outflows and inflows of resources relating to pensions from the following sources:

(Dollars in thousands)

<b>Deferred Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan	\$ 424	\$ -
Differences between expected and actual experience	210	(43)
Change in actuarial assumptions	595	-
Changes in employer proportion	83	(91)
Change in employer proportion (entity)	-	(713)
Contributions subsequent to the measurement date	1,107	-
<b>Total</b>	<b>\$ 2,419</b>	<b>\$ (847)</b>

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

(Dollars in thousands)

<b>Fiscal Year Ended June 30,</b>	<b>Amortization of Deferred Amounts</b>
2024	\$137
2025	127
2026	(355)
2027	556
2028	-
<b>Total</b>	<b>\$465</b>

**Actuarial Assumptions:** NHRS total pension liability, measured as of June 30, 2022, was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Inflation	2.00%
Salary increases	5.40% average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality tables with credibility adjustments for each group and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 - June 30, 2019.

**Long-Term Rates of Return:** The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

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Asset Class	Target Allocation (%)	30 Year Geometric Return (%)
Broad US Equity	30.0	7.60
Global US Equity	20.0	7.90
<b>Total Public Equity</b>	<b>50.0</b>	
Real Estate Equity	10.0	6.60
Private Equity	10.0	8.85
<b>Total Private Market Equity</b>	<b>20.0</b>	
Private Debt	5.0	7.25
<b>Total Private Debt</b>	<b>5.0</b>	
Core US Fixed Income	25.0	3.60
<b>Total Fixed Income</b>	<b>25.0</b>	
<b>Total</b>	<b>100.0</b>	

**Discount Rate:** The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are determined based on the expected payroll of current members only. Employer contributions are determined based on the Plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The following table illustrates the sensitivity of the Turnpike System's proportionate share of NHRS's net pension liability to changes in the discount rate. In particular, the table presents the Turnpike System's proportionate share of NHRS's net pension liability measured at June 30, 2022 assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the single discount rate:

(Dollars in thousands)			
Fiscal Year Ended	1% Decrease to 5.75%	Current Single Rate Assumption 6.75%	1% Increase to 7.75%
June 30, 2023	\$ 15,007	\$ 11,185	\$ 8,007

**(b) Other Postemployment Benefits (OPEB)**

**Plan Description:** RSA 21-I:30 specifies that the State provide certain health care benefits for retirees and their spouses through a single employer (primary government with component units) defined postemployment benefit plan, previously defined as the Non-Trusted OPEB Plan. These benefits include group hospitalization, hospital medical care, surgical care and other medical care. Substantially all of the State's employees who were hired on or before June 30, 2003, and have 10 years of service, may become eligible for these benefits if they reach normal retirement age while working for the State and receive their pensions on a periodic basis rather than a lump sum.

During fiscal year 2004, legislation was passed that requires State Group I employees hired on or after July 1, 2003, to have 20 years of state service in order to qualify for health benefits. During fiscal year 2011, legislation was passed that requires Group II employees to have 20 years of State service to qualify for retiree health benefits. Additionally,

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during fiscal year 2012, legislation was passed requiring Group I employees hired after July 1, 2011, to have 25 years of state service and increased the normal retirement age for Group I and Group II employees hired after July 1, 2011.

These and similar benefits for active employees and retirees are authorized by RSA 21-I:30 and provided through the Employee and Retiree Benefit Risk Management Fund, (the Fund), a single-employer group health fund, which is the state's self-insurance internal service fund implemented in October 2003 for active state employees and retirees. The Fund covers the cost of medical and prescription drug claims by charging actuarially developed working rates to State agencies for participating employees, retirees, and eligible spouses.

An additional major source of funding for retiree benefits is from the medical subsidy payment described earlier, which totaled approximately \$0.11 million and \$0.13 million, respectively, for fiscal years ended June 30, 2023, and 2022. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Turnpike System's contributions to the fund on behalf of Turnpike Retirees for fiscal years ended June 30, 2023 and 2022 were \$0.5 million and \$0.5 million respectively.

**Total OPEB Liability:** The Turnpike System's proportionate share of the State's total Non-Trusted OPEB Plan liability is \$20.9 million, measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021. The Turnpike System's proportionate share of the State's total Non-Trusted OPEB Plan liability is the ratio attributable to each fund/component unit based on each participant's calculated liability. As of the measurement date, the Turnpike System's proportion was 1.29% which was no change from its proportion measured as of the previous measurement date.

**Actuarial Assumptions and Other Inputs:** The total Non-Trusted OPEB Plan liability as of June 30, 2022 was measured by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.75%
Salary increases:	Group I employees: 14.75% decreasing over 12 years to an ultimate level of 3.25%.
Discount rate:	3.54% as of June 30, 2022.
Healthcare cost trend rates:	
Medical:	Non-Medicare: 0.0% for one year, 17.1% for one year, then 5.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Medicare: N/A through contract period, then 4.5% per year.
Prescription Drug:	Non-Medicare: 15.0% for one year, 25.7% for one year, then 7.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Medicare: 9.5% for one year, -2.6% for one year, then 8.5% decreasing by 0.5% each year to an ultimate level of 4.5% per year.
Administrative Expense:	1% for one year, 2% for one year, then 3% per year thereafter
Contributions:	Retirees are expected to increase with a blended medical, prescription drug and administrative expense trend.

The discount rate was based on the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index (3.54% as of June 30, 2022). This determination is in accordance with GASB Statement No 75.

Pre-Retirement mortality rates were based on the PubG-2010 Headcount-Weighted Employee General Mortality Tables for Group I projected generationally for males and females with Scale MP-2019. Healthy Annuitant mortality

**New Hampshire Turnpike System  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

rates were based on the PubG-2010 Headcount-Weighted Employee Healthy Retiree General Mortality Tables for Group I projected generationally for males and females with Scale MP-2019. Disabled Annuitant mortality rates were based on that PubNS-2010 Headcount-Weighted Non-Safety Disabled Retiree Mortality Tables for Group I.

The assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study by New Hampshire Retirement System for the period July 1, 2015 through June 30, 2019.

Changes in assumptions reflect trend assumption revisions to reflect current experience and future expectations.

*Sensitivity of the Turnpike System Non-Trusted OPEB Plan liability to changes in the discount rate:*

The following presents sensitivity of the Turnpike System's proportionate share of the total Non-Trusted OPEB Plan liability to changes in the discount rate. In particular, the table presents the Turnpike System's proportionate share of the Total OPEB liability measured at June 30, 2022 if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

(Dollars in thousands)

Fiscal Year Ended	1% Decrease to 2.54%	Current Discount Rate 3.54%	1% Increase to 4.54%
June 30, 2023	\$ 24,412	\$ 20,855	\$ 18,015

*Sensitivity of the Turnpike System OPEB liability to changes in the healthcare cost trend rates:*

The following presents sensitivity of the Turnpike System's proportionate share of the total Non-Trusted OPEB Plan liability to changes in the healthcare cost trend rates. In particular, the table presents the Turnpike System's proportionate share of total Non-Trusted OPEB Plan liability measured at June 30, 2022, if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare trend cost rates:

(Dollars in thousands)

Fiscal Year Ended	1% Decrease	Current Trend Rate	1% Increase
June 30, 2023	\$ 17,384	\$ 20,855	\$ 25,337

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:** For the year ended June 30, 2023, the Turnpike System recognized an OPEB expense of \$(1.6) million. As of June 30, 2023, the Turnpike System reported deferred outflows and inflows of resources on its financial statements related to the Non-Trusted OPEB Plan from the following sources:

(Dollars in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ -	\$ (509)
Changes in assumptions	3,810	(6,320)
Changes in employer proportion	299	(1,290)
Contributions subsequent to the measurement	457	-
<b>Total</b>	<b>\$ 4,566</b>	<b>\$ (8,119)</b>

Amounts reported as deferred outflows of resources related to the Non-Trusted OPEB Plan resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the total Non-Trusted OPEB Plan liability in the year ended June 30, 2024. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to the Non-Trusted OPEB Plan will be recognized in OPEB expense as follows:

**New Hampshire Turnpike System  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

(Dollars in thousands)

Year ended June 30,	Amount
2023	\$ (1,690)
2024	34
2025	(997)
2026	(1,357)
<b>Total</b>	<b>\$ (4,010)</b>

**Note 10) Risk Management and Insurance**

**(a) Principle of Self-Insurance**

The Turnpike System is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a general operating rule, the State self-insures against all damages, losses, and expenses except to the extent that the provisions of law direct the purchase of commercial insurance. Should risk assessment indicate that commercial insurance is economical and beneficial for the State or general public the State may elect to purchase insurance. Settled claims, under the insurance program, have not exceeded insurance coverage in any of the last three fiscal years.

**(b) Employee and Retiree Health Benefits**

During fiscal year 2004, the State established an Employee Benefit Risk Management Fund (the Fund), an internal service fund, to account for its uninsured risks of loss related to employee and retiree health benefits. Currently, the State retains all the risk associated with these benefits and utilizes an actuarially established IBNR (incurred but not reported) claims reserve. In addition, state law prescribes the retention of a reserve comprising 3% of annual claims and administrative costs, for unexpected costs. For fiscal year 2023, this reserve equaled \$17.6 million for the Fund. Rates are established annually, by actuaries, based on an analysis of past claims, state and other medical trends and annual projected plan claims and administrative expenses. The process used in estimating claim liabilities may not result in an exact payout amount due to variables such as medical inflation, or changes in law, enrollment, or plan design. Annual paid health benefits for fiscal year 2023 amounted to \$3.7 million for active and retired employees.

**(c) Workers' Compensation**

Since February 2003, the State has been self-insured for its workers' compensation exposures, retaining all of the risk associated with workers' compensation claims. The State utilizes an actuarial study that provides an annual estimate of the outstanding liabilities for the prior fiscal years' claims. The study also contains assumptions about loss development patterns, trends and other claim projections based upon the state's historical loss experience.

The following table presents the changes in Turnpike System workers' compensation claim liabilities in the State Employee Benefit Risk Management Fund during the fiscal years ended June 30, 2021 through June 30, 2023:

(Dollars in thousands)

Total	6/30/2022 Balance	Increases	Decreases	6/30/2023 Balance	Current	Long-Term
	\$ 1,344	\$ 1,610	\$ 377	\$ 2,577	\$ 659	\$ 1,918

The workers' compensation claim expense is recorded in the Statement of Revenues, Expenses and Changes in Net Position under Payroll Benefits and the liability is recorded in the Statement of Net Position under Claims and Compensated Absences Payable.

**New Hampshire Turnpike System  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 11) Commitments**

**(a) E-ZPass Back Office System Contract**

On October 7, 2015, the Turnpike System entered into a contract with Cubic Transportation Systems, Inc. in the amount of \$51.9 million for design, testing, installation and maintenance services for the operation of the NH E-ZPass back office (customer billings, collections and service) operations system for the Turnpike System through June 30, 2021 with an option to renew, at the sole discretion of the State, for up to (3) additional (3) year optional operation periods up to, but not beyond June 30, 2030. This contract's first extension to June 30, 2024 was executed on June 2, 2021 and amended on May 4, 2022 to bring the current total of the contract to \$103.5 million.

**(b) Capital Improvement Program**

The ten-year transportation improvement plan, adopted by the Legislature in 1986 and amended through 2032, includes specific components relating to the Turnpike System. This program is intended to improve the safety of the Turnpike System and increase its capacity. It is updated every two fiscal years to address changing priorities and the most recent ten-year plan for the fiscal years 2023 – 2032 was signed into law July 22, 2022 (Chapter 335, Laws of 2022).

**(c) Maintenance**

The Turnpike System is maintained and repaired by the Bureau of Turnpikes' own forces or those of contracted vendors. With the exception of other insignificant proceeds, all maintenance and repair costs have been funded from Turnpike operating revenues since the beginning of the Turnpike System in 1950.

**(d) Litigation**

The Turnpike System is involved in certain other lawsuits, claims and grievances arising in the normal course of business, including claims for personal injury, property damage and disputes over eminent domain proceedings. In the opinion of the State Attorney General's Office, payment of claims by the Turnpike System for amounts not covered by insurance in the aggregate, are not expected to have a material adverse effect on the Turnpike's financial position.

**Note 12) Future Revenues that are Pledged or Sold**

GASB Statement No. 48, *Disclosures Related to Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* is a standard that makes a basic distinction between sales of receivables and future revenues on one hand and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing). In accordance with revenue bond covenants, revenues received are pledged to secure the payment of the principal or redemption price of and interest on the bonds and the performance of the undertakings of the State in the General Bond Resolution, subject only to the application of revenues for the payment of operating expenses in accordance with the terms of the Resolution (see Note 8(d) - Revenue Bond Resolutions for further detail). The bonds are equally and ratably secured by the pledge, and the undertakings of the State in the Resolution are for the equal and proportional benefit of the Bondholders, except as otherwise expressly provided in the Resolution.

**New Hampshire Turnpike System**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**Note 13) Pollution Remediation Obligations**

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations (PRO)*, requires governments to reasonably determine potential polluted sites and provides guidance regarding when to recognize PRO as a liability. The Turnpike System currently has obligations to remediate four sites - Hampton Toll Plaza, Hudson site (formerly Benson's Animal Park), Newington Country Store, and the Taylor River Bridge in Hampton-Hampton Falls. No new sites were identified in fiscal year 2023. Pollution liabilities reported on June 30, 2023 totaled \$4.2 million. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts.



**New Hampshire Turnpike System  
Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)**

**REQUIRED SUPPLEMENTARY INFORMATION SECTION**  
**(Unaudited)**

This section includes information on the Turnpike's proportionate share of net pension liability and proportionate share of total postemployment benefits.

**New Hampshire Turnpike System  
Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)**

**State of New Hampshire Turnpike System  
Information on the Turnpike's Proportionate Share of Net Pension Liability  
For the Fiscal Year Ended June 30, 2023**

**Schedule of the Turnpike's Proportionate Share of the Net Pension Liability**

(Dollars in thousands)

	June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Turnpike's Proportion of the Net Pension Liability	0.19%	0.20%	0.21%	0.22%	0.22%	0.28%	0.26%	0.25%	0.25%
Turnpike's Proportionate Share of the Net Pension Liability	\$11,185	\$8,776	\$13,490	\$10,559	\$10,719	\$13,875	\$13,757	\$10,100	\$9,369
Turnpike's Covered-Employee Payroll	6,917	6,967	7,218	7,253	7,268	8,357	7,472	6,974	6,792
Turnpike's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	161.70%	125.97%	186.89%	145.58%	147.48%	166.03%	184.11%	144.82%	137.94%
NHRS Fiduciary Net Position as Percentage of the Total Pension Liability	65.12%	72.22%	58.72%	65.59%	64.73%	62.66%	58.30%	65.47%	66.32%

Note: The amounts presented were determined as of and for the measurement periods ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014

**Schedule of Turnpike Contributions**

(Dollars in thousands)

	June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Required Turnpike Contribution	\$1,107	\$1,137	\$916	\$942	\$960	\$950	\$1,030	\$930	\$830	\$810
Actual Turnpike Contributions	1,107	1,137	916	942	960	950	1,030	930	830	810
Excess/(Deficiency) of Turnpike Contributions	-	-	-	-	-	-	-	-	-	-
Turnpike's Covered-Employee Payroll	7,347	7,071	7,345	7,450	7,507	8,555	7,807	6,963	7,154	6,792
Turnpike Contribution as a Percentage of its Covered-Employee Payroll	15.07%	16.08%	12.47%	12.64%	12.79%	11.10%	13.19%	13.36%	11.60%	11.93%

*Schedules are intended to show 10 years. Additional years will be added as they become available.*

See accompanying Independent Auditors' Report

**New Hampshire Turnpike System  
Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)**

**State of New Hampshire Turnpike System  
Information on the Turnpike's Proportionate Share of Total Other Postemployment Benefits  
For the Fiscal Year Ended June 30, 2023**

**Schedule of the Turnpike's Proportionate Share of the Total Non-Trusted OPEB Plan Liability**

(Dollars in thousands)

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>June 30, 2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Turnpike's Proportion of the Total Non-Trusted OPEB Plan Liability	1.29%	1.29%	1.33%	1.27%	1.45%	1.44%	1.42%
Turnpike's Proportionate Share of the Total Non-Trusted OPEB Plan Liability	\$20,855	\$26,422	\$29,651	\$22,734	\$27,661	\$32,186	\$40,694
Turnpike's Covered-Employee Payroll	6,917	6,967	7,218	7,253	7,268	8,357	7,472
Turnpike's Proportionate Share of the Total Non-Trusted OPEB Plan Liability as a Percentage of its Covered-Employee Payroll	301.50%	379.25%	410.79%	313.44%	380.59%	385.14%	544.62%

Note: The amounts presented were determined as of and for the measurement periods ended June 30, 2022, 2021, 2020, 2019, 2018, 2017, and 2016.

*The schedule is intended to show 10 years. Additional years will be added as they become available.*

**Notes to the Required Supplementary Information:**

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay-related benefits.

Changes in assumptions reflect trend assumption revisions to reflect current experience and future expectations. The table below shows the historical discount rate.

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Discount Rate	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%	2.85%

See accompanying Independent Auditors' Report

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New Hampshire Turnpike System  
Other Supplementary Information  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)

**OTHER SUPPLEMENTARY INFORMATION SECTION**

This section includes the budget to actual comparison and accompanying note.

**New Hampshire Turnpike System  
Other Supplementary Information  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)**

<b>State of New Hampshire Turnpike System Budget to Actual (Non-GAAP Budgetary Basis) Revenue Schedule For the Fiscal Year Ended June 30, 2023 (Dollars in thousands)</b>				
	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Favorable (Unfavorable) with Final Budget</b>
<b><u>Revenues</u></b>				
<b><i>Restricted</i></b>				
Bonds Interest Subsidy	\$ 1,771	\$ 1,771	\$ 938	\$ (833)
Spaulding /Central/Blue Star (Private Local Funds)	622	622	3,236	2,614
Sponsorship Fees (009 Agency Income)	130	130	149	19
Transponder Sales	500	772	715	(57)
Total Restricted Revenue	\$ 3,023	\$ 3,295	\$ 5,038	\$ 1,743
<b><i>Unrestricted</i></b>				
Spaulding Cash Receipts	\$ 3,786	\$ 3,786	\$ 679	\$ (3,107)
Blue Star Cash Receipts	11,200	11,200	6,528	(4,672)
Central Cash Receipts	10,664	10,664	6,018	(4,646)
E-ZPass Central Receipts	35,351	35,351	34,309	(1,042)
E-ZPass Blue Star Receipts	54,469	54,469	55,736	1,267
E-ZPass Spaulding Receipts	14,240	14,240	15,163	923
Misc ET C Revenue	10	10	—	(10)
VES Administration Fees	1,548	1,548	14,572	13,024
Administration Fees- Toll Collections	10	10	—	(10)
Violation Revenue Central	200	200	2,128	1,928
Violation Revenue Blue Star	300	300	2,561	2,261
Violation Revenue Spaulding	100	100	1,194	1,094
Cash Management Interest	300	300	508	208
General Reserve Interest	20	20	2,881	2,861
Insurance Reserve Interest	10	10	—	(10)
Sale Of Service	10	10	—	(10)
Facility Sustainment Reserve	100	100	112	12
Rental Income	1	1	40	39
Hooksett Rental Income	550	550	550	—
Fuel Sales	100	100	22	(78)
Concession Sales	300	300	1,062	762
ROW Property Sales	1	1	959	958
Property Damage	30	30	136	106
Prior Yr Refund of Expense	—	—	71	71
Miscellaneous	40	40	296	256
Transponder Lease-to-own	10	10	78	68
Statement Fee Revenue	10	10	99	89
Total Unrestricted Revenue	\$ 133,360	\$ 133,360	\$ 145,702	\$ 12,342
<b>Total Revenue</b>	<b>\$ 136,383</b>	<b>\$ 136,655</b>	<b>\$ 150,740</b>	<b>\$ 14,085</b>

The Note to Other Supplementary Information is an integral part of this schedule. See accompanying Independent Auditors' Report.

**New Hampshire Turnpike System  
Other Supplementary Information  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)**

<b>State of New Hampshire Turnpike System Budget to Actual (Non-GAAP Budgetary Basis) Expense Schedule For the Fiscal Year Ended June 30, 2023 (Dollars in thousands)</b>				
	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Favorable (Unfavorable) with Final Budget</b>
<b><u>Expenditures</u></b>				
Administration and Support	\$ 11,430	\$ 11,498	\$ 10,828	\$ 670
Renewal and Replacement	18,241	18,241	18,494	(253)
Central Operations	4,436	4,488	2,359	2,129
Central Maintenance	5,664	5,891	6,260	(369)
East NH Turnpike Blue Star Operations	3,010	3,042	2,051	991
East NH Turnpike Blue Star Maintenance	3,444	3,557	3,485	72
East NH Turnpike Spaulding Operations	1,513	1,539	508	1,031
East NH Turnpike Spaulding Maintenance	3,677	3,849	3,106	743
Toll Collection	26,620	26,620	22,089	4,531
Turnpike Debt Service	33,437	33,437	30,093	3,344
Transponder Inventory Fund	500	772	766	6
Retirees Health Insurance	623	623	515	108
Workers Compensation	631	752	752	—
Unemployment Compensation	10	10	1	9
<b>Total Expenses before Capital Expenses</b>	<b>113,236</b>	<b>114,319</b>	<b>101,307</b>	<b>13,012</b>
<b>Capital Expenses</b>				
RSA 237:2 I Blue Star Memorial	—	—	173	(173)
RSA 273:2 I Blue Star Memorial	—	2,500	—	2,500
RSA 273:2 VII Central NH Turnpike	37,774	37,774	14,837	22,937
RSA 237:2 VII Central NH Turnpike	—	38,926	—	38,926
Toll Collection Equipment	1,022	1,022	10,540	(9,518)
Toll Collection Equipment	—	9,278	—	9,278
Spaulding Turnpike/US 4/NH 16	9,282	9,282	6,568	2,714
Spaulding Turnpike/US 4/NH 16	—	5,182	—	5,182
<b>Total Capital Expenses</b>	<b>48,078</b>	<b>103,964</b>	<b>32,118</b>	<b>71,846</b>
<b>Total Expenses</b>	<b>161,314</b>	<b>218,283</b>	<b>133,425</b>	<b>84,858</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (24,931)</b>	<b>\$ (81,628)</b>	<b>\$ 17,315</b>	<b>\$ 98,943</b>

The Note to Other Supplementary Information is an integral part of this schedule. See accompanying Independent Auditors' Report

**New Hampshire Turnpike System  
Other Supplementary Information  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)**

**Note to Other Supplementary Information**

**Note 1) Budget Control**

The Laws of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature for adoption. This budget, which includes a separate budget for each year of the two years, consists of three parts: Part I is the Governor's program for meeting all expenditure needs and estimating revenues; Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government; and Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

The Turnpike System biennial operating budget is prepared principally on a modified cash basis and adopted for enterprise funds, except for Capital Project appropriations. The Capital Projects budget represents individual projects that extend over several fiscal years. Since the Capital Projects Fund comprises appropriations for multi-year projects, it is not included in the Budget to Actual Non-GAAP Budgetary Basis Schedules.

In addition to the enacted biennial operating budget, the Governor may submit to the Legislature supplemental budget requests necessary to meet expenditures during the current biennium. Appropriation transfers can be made within a department without the approval of the Legislature; therefore, the legal level of budgetary control is at the departmental level.

Both the Executive and Legislative Branches of government maintain additional fiscal control procedures. The Executive Branch, represented by the Commissioner of the Department of Administrative Services, is directed to continually monitor the State's financial operations, needs, and resources, and to maintain an integrated financial accounting system. The Legislative Branch, represented by the Fiscal Committee, the Joint Legislative Capital Budget Overview Committee, and the Office of the Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

Unexpended balances of appropriations at year end will lapse to undesignated Turnpike Fund balance and be available for future appropriations unless they have been encumbered or legally defined as non-lapsing, which means the balances are reported as reservation of fund balance. The balance of unexpended encumbrances is brought forward into the next fiscal year. The Capital Projects Fund unencumbered appropriations lapse in two years unless extended or designated as non-lapsing by law.