



TURNPIKE SYSTEM



ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2022**



ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2022

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

Marie A. Mullen, Director of Finance
Danielle M. Chandonnet, Financial Reporting Administrator II
Benjamin J Piper, Administrator III
Samantha L. Fauteux, Turnpikes Business Administrator
Lauren O'Sullivan, Financial Analyst
Patricia A. Koester, Accountant IV

This document and related information can be accessed at <http://www.nh.gov/dot/media/publications.htm>

ORGANIZATIONAL LISTING
STATE OF NEW HAMPSHIRE

Governor

Christopher T. Sununu

Executive Council

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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

Victoria F. Sheehan

Assistant Commissioner & Chief Engineer

William J. Cass, P.E.

Deputy Commissioner

Andre J. Briere

Director of Operations

David M. Rodrigue, P.E.

Director of Finance

Marie A. Mullen

Financial Reporting Administrator

Danielle M. Chandonnet

Turnpike System Administrator

John W. Corcoran, P.E.

Turnpike System Assistant Administrator

Renée T. Dupuis

Project Manager

Sam B. Newsom

Business Administrator

Samantha L. Fauteux

Maintenance Superintendent

Dix E. Bailey

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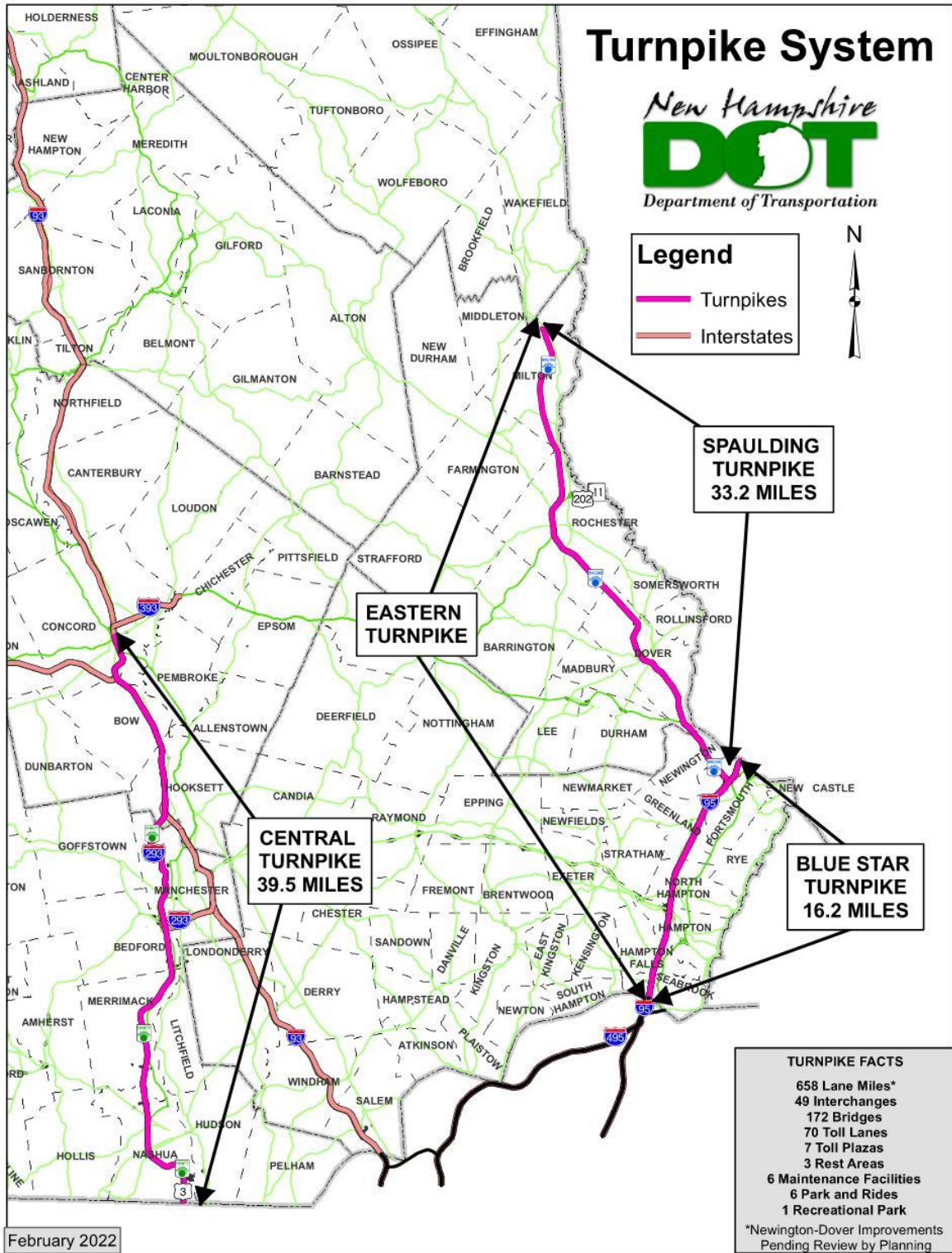
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INTRODUCTORY SECTION

(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

Andre Briere
Deputy Commissioner

December 20, 2022

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, 2022. 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,

Andre J. Briere
Deputy Commissioner

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FINANCIAL SECTION

This section includes the independent auditors' report, the financial statements for the fiscal year ended June 30, 2022, and the accompanying notes to the financial statements.



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the New Hampshire Turnpike System, as of and for the year ended June 30, 2022, 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 New Hampshire Turnpike System as of June 30, 2022, 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 Matters 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, 2022, 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.



**New Hampshire Turnpike System
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

Adoption of New Accounting Pronouncement

As discussed in Note 1(g) to the financial statements, the New Hampshire Turnpike System adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. 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 System'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.



**New Hampshire Turnpike System
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

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 issued our report dated December 20, 2022 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.

KPMG LLP

Boston, Massachusetts
December 20, 2022

**New Hampshire Turnpike System
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(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, 2022. This section should be read in conjunction with the Turnpike System financial statements, which follow this section.

Financial Highlights

- Toll Revenues increased \$8.1 million, or 7.1%, to \$121.8 million as traffic volume improved with the return of both commuter and leisure travel following the COVID-19 pandemic.
- Completed a \$100.2 million refunding of Series 2012 B and 2012 C Bonds. This refunding has a present value savings of \$6.2 million on future payments.
- Total Operating Expenses remained stable, with savings on labor from vacancies offset by increased cost of materials and fuel.
- The continued revenue impact of the COVID-19 pandemic has not affected the advertising schedule for the Turnpike Renewal and Replacement program, nor the ability of the System to adequately fund operations and pay debt service. Currently, capital projects scheduled in the ten-year capital improvement program for fiscal year 2023 are expected to move forward. If decreased post-COVID revenue continues in the future, there could be delays of two to four years in the commencement of certain future capital projects.

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's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

(I) Summary of Net Position

(Dollars in thousands)

Type		2022	2021	\$ Change	% Change
Assets:	Current Assets	\$ 221,194	\$ 211,687	\$ 9,507	4.5%
	Non-Current Assets	933,630	927,831	5,799	0.6%
	Total Assets	1,154,824	1,139,518	15,306	1.3%
Deferred Outflows of Resources:	Pension and Other Postemployment Benefits	8,735	8,937	(202)	-2.3%
	Loss on Refunding	2,148	315	1,833	581.9%
Liabilities:	Current Liabilities	52,053	66,107	(14,054)	-21.3%
	Non-Current Liabilities	275,983	313,531	(37,548)	-12.0%
	Total Liabilities	328,036	379,638	(51,602)	-13.6%
Deferred Inflows of Resources:	Pension, OPEB and Ground Lease	24,730	10,619	14,111	132.9%
Net Position:	Net Investment in Capital Assets	672,571	643,404	29,167	4.5%
	Restricted for Debt Repayments	35,458	54,496	(19,038)	-34.9%
	Restricted for Uninsured Risks	3,910	4,014	(104)	-2.6%
	Restricted for Facility Sustainment and Reinvestment Reserve	992	705	287	40.7%
	Restricted for Loan Receivable & Ground Lease	14,966	167	14,799	8861.7%
	Unrestricted	85,044	55,727	29,317	52.6%
	Total Net Position	\$ 812,941	\$ 758,513	\$ 54,428	7.2%

Total Assets remained stable at \$1.2 billion, with an increase of \$15.3 million, or 1.3%. Contributing indicators are as follows:

- Cash and Cash Equivalents increased \$29.5 million, or 24.5%, due to a \$21.3 million increase in the General Reserve from transfers into Cash from Investments (below) and an \$8.2 million increase in cash on hand from increased revenue.
- Cash and Cash Equivalents – Restricted decreased \$1.2 million, or 5.3%, a result of reduced Debt Service Account requirements due to bond retirements and a reissuance, offset by an increase in the Insurance Reserve.
- Investments – Restricted, decreased \$17.7 million, or 39.5%, due to \$14.1 million from Debt Service Reserve transferred to Cash and \$3.9 million Insurance Reserve currently in Cash – Restricted awaiting reinvestment.
- Due from Other Funds decreased by \$1.3 million, or 80.1%, due primarily to receipt of \$1.1 million outstanding from fiscal year 2021 for COVID-related reimbursements received in July 2021.

(II) Current Assets

(Dollars in thousands)

Type	FY22	FY21	Change \$	Change %
Cash and Cash Equivalents	\$ 149,672	\$ 120,190	\$ 29,482	24.5%
Cash and Cash Equivalents – Restricted	21,195	22,378	(1,183)	-5.3%
Investments - Restricted	27,086	44,758	(17,672)	-39.5%
Accounts Receivable (Net of Allowances)	20,567	19,922	645	3.2%
Loan Receivable - Restricted & Ground Lease	174	67	107	159.7%
Due from Other Funds	328	1,649	(1,321)	-80.1%
Inventories	2,120	2,641	(521)	-19.7%
Prepaid Assets	52	82	(30)	-36.6%
Total Current Assets	\$ 221,194	\$ 211,687	\$ 9,507	4.5%

**New Hampshire Turnpike System
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

- Loan Receivable Long-Term – Restricted & Ground Lease increased \$14.7 million, or 14692.0%, due to the implementation of GASB 87, to account for the present value of the remainder of the 35-year lease term, plus expected 5-year extension, for the guaranteed rent from the Ground Lease with Granite State Hospitality (GSH) for the operations of the Hooksett Rest Areas.
- Net Capital Assets decreased by \$8.9 million, or 1%, from the prior year. The Turnpike System capitalized \$18.6 million resulting from continued work on the following projects: the All-Electronic Tolling (AET) conversion at the Dover and Rochester toll plazas and the rehabilitation of the I-95 High Level Bridge. Accumulated depreciation expense offsets the increases in capital assets by \$27.5 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	FY22	FY21	Change \$	Change %
Loan Receivable Long-Term - Restricted & Ground Lease	\$ 14,792	\$ 100	\$ 14,692	14692.0%
Net Capital Assets	918,838	927,731	(8,893)	-1.0%
Total Non-current Assets	\$ 933,630	\$ 927,831	\$ 5,799	0.6%

Current Liabilities consist primarily of accrued operating expenses, unearned revenue, and the current portion of revenue bonds. Current Liabilities decreased by \$14.1 million, or 21.3%, primarily due to:

- an \$8.4 million decrease in Due to Other Funds offset by a \$1.7 million increase Accounts Payable due to increased efficiencies in processing.
- a \$6.9 million decrease in short-term Revenue Bonds Payable and a \$1.3 million decrease in Accrued Interest Payable due to the \$100.0 million refinancing of the 2012B and 2012C bonds.

(III) Current Liabilities

(Dollars in thousands)

Type	2022	2021	\$ Change	% Change
Accounts Payable	\$ 11,416	\$ 9,703	\$ 1,713	17.7%
Accrued Payroll	727	848	(121)	-14.3%
Due to Other Funds	766	9,150	(8,384)	-91.6%
Unearned Revenue	16,298	15,527	771	5.0%
Revenue Bonds Payable	19,435	26,285	(6,850)	-26.1%
Accrued Interest Payable	2,241	3,563	(1,322)	-37.1%
Claims and Compensated Absences Payable	858	762	96	-12.6%
Other Liabilities	312	269	43	16.0%
Total Current Liabilities	\$ 52,053	\$ 66,107	\$ (14,054)	-21.3%

Non-Current Liabilities decreased \$37.5 million, or 12.0%, from the prior fiscal year primarily due to the following:

- Decreases in Revenue Bonds Payable of \$28.8 million, or 10.9%, from the prior year. This change is due to a reduction and retirement/refinance of existing debt.
- Decrease in Pension of \$4.7 million, or 34.9%, from the prior year. The calculated liability based on actuarial considerations was reduced. See note 9 for additional details.
- Decrease in Other Postemployment Benefits of \$3.2 million, or 10.9%, over the prior year. The decrease is due to the lowering of the discount rate for Other Postemployment Benefits from 3.5% to 2.1%. See note 9 for additional details.

**New Hampshire Turnpike System
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

(IV) Non-Current Liabilities

(Dollars in thousands)

Type	2022	2021	\$ Change	% Change
Revenue Bonds Payable	\$ 235,157	\$ 263,925	\$ (28,768)	-10.9%
Pension	8,776	13,490	(4,714)	-34.9%
Other Postemployment Benefits	26,422	29,651	(3,229)	-10.9%
Claims and Compensated Absences Payable	1,588	2,382	(794)	-33.3%
Other Non-current Liabilities	4,040	4,083	(43)	-1.1%
Total Current Liabilities	\$ 275,983	\$ 313,531	\$ (37,548)	-12.0%

- The Turnpike System's primary revenues are generated from toll collections. Operating revenues increased by \$15.7 million, or 12.8%, to \$137.8 million. The combined toll operating revenue for fiscal year 2022 totaled \$121.8 million. Of this amount, the Blue Star Turnpike generated \$62.7 million, the Central Turnpike \$41.9 million, and the Spaulding Turnpike \$17.2 million. Toll revenues increased as travel restrictions caused by the COVID-19 pandemic were lifted (see Turnpike System Revenue and Traffic Trends below). The remaining increase of \$16.0 million was generated primarily through receipts from toll violations. The use of transponders has increased as the Turnpike System continues to expand the automated tolling systems. The reduced access to cash payments for non-transponder vehicles has increased toll and toll violations invoicing.
- Total Operating Expenses decreased by \$1.8 million or 2.1% to \$85.8 million primarily due to:
 - an \$8.0 million decrease in Payroll Benefits due to a reduction in the calculation of future retirement benefits.
 - a \$0.5 million decrease in Supplies Materials & Other as fiscal year 2021 cost included the demolition of an obsolete toll plaza.
 - a \$0.4 million decrease in Depreciation as less equipment was purchased to capitalize than in fiscal year 2021.
 - a \$5.1 million increase in Renewal and Replacement primarily due to increased material and labor costs as well as work performed on previously delayed projects including Eastern Turnpike Paving, Central Turnpike Resurfacing and North Hampton Bridge Painting.
 - a \$1.2 million increase in E-ZPass processing fees associated with the implementation of All-Electronic Tolls (AET) which resulted in additional tolls & violations billing for non-transponder vehicles.
 - a \$0.6 million increase in Equipment and Repairs related to increases in vehicle repairs and scheduled computer technology upgrades.
- Total Non-Operating Expenses increased by \$9.6 million, or 133.5%, to \$2.4 million primarily due:
 - a \$9.8 million decrease in Interest on Bonds resulting from the bond discount amortization of the 2012B & 2012C bonds refinanced into the 2022A Series.
 - a \$0.8 million decrease in Local Non-Operating Expenses due to the pending completion of the I-95 bridge rehabilitation project.
 - a \$0.9 million increase in Facility Rental and Concession Revenue due to \$0.4 million from higher retail activity driven by increased traffic volume and \$0.5 million due to the implementation of GASB 87, for the long-term amortization of the GSH Ground Lease.
 - a \$0.7 million increase in Miscellaneous Income from routine billing of private/local project partners.

**New Hampshire Turnpike System
Management's Discussion and Analysis
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(Unaudited)**

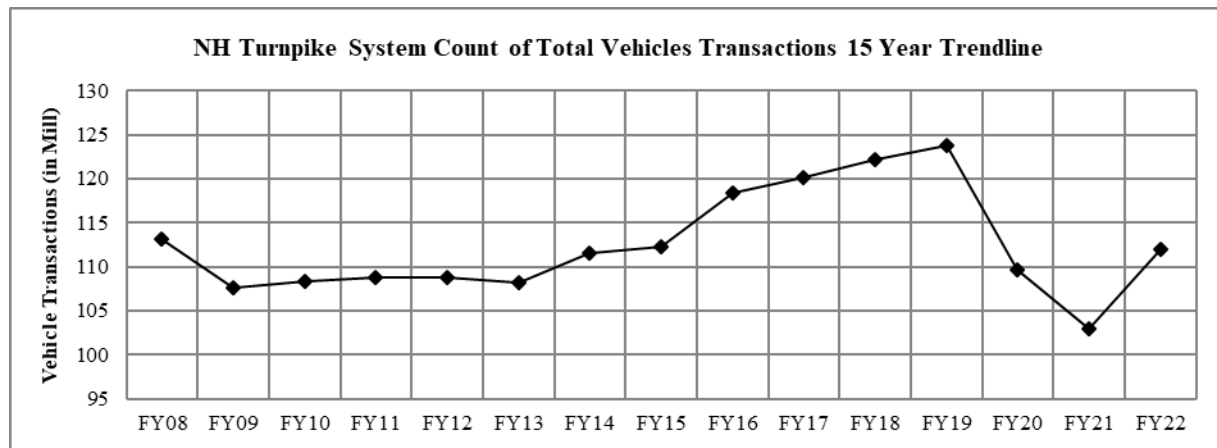
(V) Summary of Revenues, Expenses, and Changes in Net Position

(Dollars in thousands)

Type	2022	2021	\$ Change	% Change
Operating Revenues	\$ 137,788	\$ 122,136	\$ 15,652	12.8%
Operating Expenses	(85,778)	(87,608)	1,830	-2.1%
Operating Income	52,010	34,528	17,482	50.6 %
Non-Operating Revenues (Expenses)	2,405	(7,188)	9,593	-133.5%
Change in Net Position Before Capital Contributions	54,415	27,340	27,075	98.9%
Capital Contributions	13	27	(14)	-51.9%
Change in Net Position	54,428	27,367	27,061	98.9%
Net Position - July 1	758,513	731,146	27,367	3.7%
Net Position - June 30	\$ 812,941	\$ 758,513	\$ 54,428	7.2%

Turnpike System Revenue and Traffic Trends

During the twelve months ended June 30, 2022, the number of traffic transactions processed through the E-ZPass system accounted for 86.9% of total toll transactions, with the remaining 13.1% paid in cash. Overall, the Turnpike System experienced an increase in traffic transactions of 9.3 million, or 9.1%, from fiscal year 2021. The system-wide decrease in traffic began in March of 2020 as New Hampshire and states throughout the region implemented stay at home orders in response to the COVID-19 pandemic. Following the expiration of these orders, the System began to see gradual improvement in the 4th quarter of fiscal year 2021 and continued throughout fiscal year 2022. However, despite New Hampshire and neighboring states reopening, businesses that could function remotely have continued to do so and traffic levels have remained below pre-pandemic levels primarily due to reduced levels of commuter traffic. 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 May 2017. These assessments are typically updated every 5 years. The

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(Unaudited)**

assessment provided recommendations on program funding levels and provided insight on the condition of the Turnpike infrastructure. Turnpike facilities were deemed to be in "good" condition. The assessment also recommended funding for the Renewal & Replacement Program for fiscal years 2018 through 2023 of \$81.0 million. However, the Renewal & Replacement Program funding level increased to \$135.6 million since the issuance of the report to accommodate increased costs associated with the I-95 High Level Bridge rehabilitation and the Intelligent Transportation System (ITS) network for the I-95 High Level Bridge. Major expenditures are planned for addressing near-term rehabilitation improvements including the ITS network for the I-95 High Level Bridge, paving, statewide striping, and guardrail/drainage repair and replacements.

For fiscal years 2022 and 2021 the Turnpike System operating expenses for Renewal & Replacement were \$14.0 million and \$9.0 million, respectively. Renewal & Replacement capitalized expenses for fiscal years 2022 and 2021 were \$8.6 million and \$11.3 million, respectively. For fiscal year 2023, the budget for Renewal & Replacement is \$18.2 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, 2022, including commitments is \$9.5 million.

Subsequent Events

The 2023-2032 Ten Year Transportation Improvement Plan was signed into law on July 22, 2022.

Change in Key Personnel

Effective November 25, 2022, *Victoria Sheehan* resigned as the Department of Transportation's Commissioner to become executive director of the Transportation Research Board of the National Academies of Sciences, Engineering, and Medicine.

December 7, 2022, *William Cass* was appointed as the Department of Transportation's Commissioner. Mr. Cass was the Assistant Commissioner since April 17, 2015. The Assistant Commissioner serves as Chief Engineer for the Department of Transportation. Prior to that, he served as the Director of Project Development, Department of Transportation for eight years. Mr. Cass previously served as the Assistant Director of Project Development for three years. He was Project Director, formerly Project Manager, for the I-93 reconstruction and widening project from Salem to Manchester and has been involved with the project throughout its development. He has 36 years of experience in various design and management capacities for the Department of Transportation. He has a Bachelor of Science degree in Civil Engineering from the University of New Hampshire (1985).

On December 7, 2022, *David Rodrigue* was nominated to become the Assistant Commissioner and Chief Engineer for the Department. Mr. Rodrigue is currently the Director of Operations and oversees the Bureaus of Turnpikes, Highway Maintenance, Bridge Maintenance, Traffic, Transportation Systems Management and Operations, and Mechanical Services. Prior to becoming the Director of Operations in February of 2016, Mr. Rodrigue served the Department as the Assistant Director of Operations, he worked in 3 of the 5 Highway Maintenance Districts, was the Department's first Traffic Management Center/ITS Program Manager, was the Traffic Operations Engineer and worked 9 years in the Bureau of Construction.

Effective August 4, 2021, *Andre Briere* was appointed as the Department of Transportation Deputy Commissioner through the Governor and Executive Council. Mr. Briere brings extensive aviation, transportation, logistics, emergency management, and safety management experience to his role as Deputy Commissioner. These skills were honed over decades of increasingly responsible US military commands and C-suite roles in industry. He is a US Air Force Command Pilot, Lean Six Sigma Black Belt, and FEMA-certified National Executive Emergency Manager.

**New Hampshire Turnpike System
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

Effective September 16, 2022, *Marie Mullen* resigned as the Department of Transportation's Director of Finance to assume a similar role at the New Hampshire Retirement System.

December 7, 2022, *Danielle Chandonnet* was appointed the Department of Transportation's Director of Finance. Ms. Chandonnet was promoted to Administrator of the Bureau of Finance & Contracts in 2019 and has been with the Department of Transportation since 2015 and has more than twenty years of experience in finance and accounting leadership. Ms. Chandonnet graduated from the University of Massachusetts at Lowell with a Bachelor of Science degree in Mathematics, Southern New Hampshire University with a Master of Science degree in Business Education, and Johns Hopkins University with an Advanced Graduate Certificate in Business Leadership.

Effective August 26, 2022, *Benjamin Piper* resigned as the Administrator III to assume a role outside of state government.

Effective September 1, 2022, *Renee Dupuis* resigned as the Turnpike System Assistant Administrator to assume a role with Kapsch TrafficCom (vendor).

Effective December 16, 2022, *Matthew Blixt* was promoted to the Turnpike System Assistant Administrator role. Mr. Blixt was previously responsible for the management of toll collection systems and operations, overseeing over 300 full and part-time personnel. Mr. Blixt has worked for the Department of Transportation, Bureau of Turnpikes since 2008. He is a New Hampshire Certified Public Manager, received a Bachelor of Science degree from Plymouth State University in 2006 and is currently in process of obtaining his Master's in Business Administration.

Effective November 19, 2021, *Sam Newsom* became Project Manager of the Bureau of Turnpikes. Mr. Newsom is responsible for overseeing all project development for the Bureau, as well as the engineering staff. After receiving his Bachelor of Science in Civil Engineering Technology from Wentworth Institute of Technology, Mr. Newsom started in March of 2010 as a Civil Engineer (CE) and progressed through the ranks to the Project Manager position. During this time, he completed his Master of Science in Transportation Infrastructure from Wentworth Institute of Technology. He is also a registered Professional Engineer in NH and Maine and has his Grade 1A Water Operator License in NH.

Effective November 5, 2021, *Samantha Fauteux* was promoted to Business Administrator of the Bureau of Turnpikes. Mrs. Fauteux is responsible for overseeing the Turnpike Finance and Audit section of the Bureau. Prior to becoming the Business Administrator, Mrs. Fauteux held positions as an Accountant and Internal Auditor for the Bureau of Turnpikes. Mrs. Fauteux received her Bachelor of Science in Accounting and Finance from Southern New Hampshire University in 2017.

Effective July 28, 2022, *Lauren O'Sullivan* resigned as the Turnpike System Financial Analyst and accepted a Senior Financial Analyst position with the Department of Revenue.

Effective On July 29, 2022, *Tandy Hartford* assumed the Turnpike System Financial Analyst position. Prior to this role, Ms. Hartford held positions as a Business Systems Analyst and Fixed Asset Accountant for the Bureau of Finance and Contracts. She received her Bachelor of Science in Accounting from Southern New Hampshire University and earned an Associate of Science in Computer Information Systems from New Hampshire Technical Institute. Ms. Hartford has finance and accounting experience in a wide variety of roles in the private sector, both closely held and public companies, as well as in business analysis (contractor) with the Army Corp of Engineers.

Budget and Appropriation Process

The Legislature meets in session annually and adopts its budget every other year on a biennial basis. Prior to the

**New Hampshire Turnpike System
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

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.

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 2021, 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 2021 – 2030 is \$519.6 million.

The Turnpike System's bond credit ratings as of June 30, 2022, 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 fiscal year 2022 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, 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, 2022
(Dollars in thousands)

ASSETS and DEFERRED OUTFLOWS of RESOURCES

Current Assets:	
Cash and Cash Equivalents	\$ 149,672
Cash and Cash Equivalents – Restricted	21,195
Investments – Restricted	27,086
Accounts Receivable (Net of Allowances)	20,567
Loan Receivable – Restricted & Ground Lease	174
Due from Other Funds	328
Inventories	2,120
Prepaid Assets	52
Total Current Assets	221,194
Non-Current Assets:	
Loan Receivable Long-Term – Restricted & Ground Lease	14,792
Capital Assets:	
Land	102,082
Land Improvements	2,003
Buildings	18,089
Equipment and Computer Software	59,968
Construction in Progress	63,426
Infrastructure	1,177,005
Less: Accumulated Depreciation	(503,735)
Net Capital Assets	918,838
Total Non-Current Assets	933,630
Total Assets	1,154,824
Deferred Outflows of Resources:	
Pension and Other Postemployment Benefits (OPEB)	8,735
Loss on Refunding	2,148
Total Assets and Deferred Outflows of Resources	1,165,707

LIABILITIES and DEFERRED INFLOWS of RESOURCES

Current Liabilities:	
Accounts Payable	11,416
Accrued Payroll	727
Due to Other Funds	766
Unearned Revenue	16,298
Revenue Bonds Payable	19,435
Accrued Interest Payable	2,241
Claims and Compensated Absences Payable	858
Other Liabilities	312
Total Current Liabilities	52,053
Non-current Liabilities:	
Revenue Bonds Payable	235,157
Pension	8,776
Other Postemployment Benefits	26,422
Claims and Compensated Absences Payable	1,588
Other Non-current Liabilities	4,040
Total Non-current Liabilities	275,983
Total Liabilities	328,036
Deferred Inflows of Resources:	
Pension, OPEB and Ground Lease	24,730
Total Liabilities and Deferred Inflows of Resources	352,766

NET POSITION

Net Investment in Capital Assets	672,571
Restricted for Debt Repayments	35,458
Restricted for Uninsured Risks	3,910
Restricted for Facility Sustainment and Reinvestment Reserve	992
Restricted for Loan & Ground Lease Receivable	14,966
Unrestricted	85,044
Total Net Position	\$ 812,941

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, 2022
(Dollars in thousands)

OPERATING REVENUES

Toll Revenue – Cash	\$	15,974
Toll Revenue – E-ZPass		105,826
Other Toll Operating Revenue		15,142
Transponder Revenue		846
Total Operating Revenues		137,788

OPERATING EXPENSES

Personnel Services		8,381
Payroll Benefits		(2,907)
Enforcement		7,829
Renewal & Replacement		14,045
Supplies, Materials and Other		2,549
Equipment and Repairs		5,162
Indirect Costs		2,547
Welcome Centers		966
Heat, Light and Power		1,081
Bank and Credit Card Fees		3,518
Rentals		1,046
E-ZPass Processing Fees		11,954
Transponder Expense		781
Depreciation and Amortization		28,826
Total Operating Expenses		85,778
Operating Income		52,010

NON-OPERATING REVENUES (EXPENSES)

Investment Income		377
Facilities Rental and Concession Revenue		1,886
Facility Sustainment and Reinvestment Reserve		211
Build America Bonds Subsidy		1,886
Miscellaneous Income		1,472
Gain on Sale of Other Capital Assets		187
Interest on Bonds		(1,746)
Miscellaneous Expense		(635)
Local Non-Operating Expense		(1,188)
Total Non-operating Revenues (Expenses)		2,405
Change in Net Position Before Capital Contributions		54,415
Capital Contributions		13
Change in Net Position		54,428
<i>Net Position - July 1</i>		758,513
<i>Net Position - June 30</i>	\$	812,941

See accompanying notes to financial statements.

NEW HAMPSHIRE TURNPIKE SYSTEM
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2022
(Dollars in thousands)

Cash Flows from Operating Activities	
Receipts from Customers	\$ 138,141
Payments to Employees	(14,326)
Payments to Suppliers	(55,626)
Net Cash Provided by Operating Activities	<u>68,189</u>
Cash Flows from Non-Capital Financing Activities	
Receipts from Municipalities	1,602
Welcome Center Rental Income	1,421
Facility Sustainment Reserve Fund Receipt	144
Facility Sustainment Reserve Fund Loan Receipt	67
Private Local Receipts	13
Net Cash Provided by Non-Capital Financing Activities	<u>3,247</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(19,116)
Interest Paid on Revenue Bonds	(13,119)
Principal Paid	(26,285)
Gross Proceeds from Refunding	98,326
Paid to Refunding Agent	(101,186)
Costs of Issuances	(267)
Underwriters' Discount	(288)
Build America Bonds Subsidy Receipt	938
Net Cash Used by Capital and Related Financing Activities	<u>(60,997)</u>
Cash Flows from Investing Activities	
Purchase of Investments	(40,852)
Proceeds from Sales and Maturities of Investments	58,335
Investment Income	377
Net Cash Provided by Investing Activities	<u>17,860</u>
Net Increase in Cash and Cash Equivalents	28,299
Total Cash and Cash Equivalents - July 1	<u>142,568</u>
Total Cash and Cash Equivalents - June 30	<u>\$ 170,867</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 52,010
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	28,826
Miscellaneous Income	
Change in Operating Assets and Liabilities:	
Receivables	645
Inventories	521
Net Pension Liability (Net of Deferred Amounts)	(8,332)
Net Other Postemployment Benefits Liability (Net of Deferred Amounts)	478
Accounts Payable and Other Accruals	(6,730)
Deferred Revenue	771
Net Cash Provided by Operating Activities	<u>\$ 68,189</u>
Turnpike Non-Cash Capital and Related Financing Activities	
Capital Contributions	-
Non-Cash Capital Acquisition	-

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, 2022

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. Assets in the Facility Sustainment and Reinvestment Reserve Fund are restricted per contract with the 3rd party operator of the Hooksett Welcome Centers. See Note 7(b) for a description and terms of the Facility Sustainment and Reinvestment Reserve loan for \$0.2 million received by Granite State Hospitality to expand the Southbound General Store.

(d) Accounts Receivable (Net of Allowances)

Receivables primarily consist of outstanding E-ZPass Reciprocity and Violation Toll and Fees as detailed in the table below. The accounts receivable balance as of June 30, 2022, is net of Allowances for Uncollectible of \$84.7 million.

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

(Dollars in thousands)

Accounts Receivable	Amount
E-ZPass Reciprocity	\$ 6,319
Toll Revenue in Transit	527
Violation Tolls and Fees Receivable (Net of Allowances)	10,653
Interest Receivable	1,265
Welcome Center Rent	871
Credit Card Equity Fees	249
Property Damage	115
State of Maine	206
Miscellaneous	36
Total Accounts Receivable	\$ 20,567

(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:

Asset	Thresholds	Depreciable Life	Annual Depreciation Rate
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, 2022, the Turnpike System implemented the following new accounting standards issued by the GASB:

GASB No. 87: Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving the accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principal that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Net position was not impacted by the implementation of this standard.

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

GASB No. 92: *Omnibus 2020*. The objectives of this Statement are to enhance the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Implementation of this standard did not have a material effect on the Turnpike System's financial statements and prior period restatements are not applicable.

GASB No. 93: *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This standard was implemented during fiscal year 2022 and had no material effect on the Turnpike System's financial statements.

GASB No. 97: *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in certain circumstances; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefits (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This standard was implemented during fiscal year 2022 and had no material effect on the Turnpike System's 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 (Benefit)*

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 also 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 Turnpikes 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 materials and supplies are valued using weighted average. Included in the inventory amount are E-ZPass transponders and toll equipment replacement parts. 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 recorded prior to being earned.

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

(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, 2022, the Turnpike System's investments total \$27.1 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, 2022, the balance of cash and cash equivalents in the General Reserve Account was approximately \$109.1 million. These funds are intended to be used for capital construction projects.

Debt Securities: The State Treasury invests in U.S. Treasury instruments. On June 30, 2022, the Turnpike System's holding of U.S. Treasury Bonds and Notes was \$27.1 million. Concentration risk is the risk of loss attributed to the magnitude of an investment in a single issuer. On June 30, 2022, the Turnpike System's investments and concentrations were primarily in U.S. Treasury Bonds and Notes.

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, 2022

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, 2022, 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	\$ 154,538	\$ 16,292	\$ 1	\$ 170,831
Total	\$ 154,538	\$ 16,292	\$ 1	\$ 170,831

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 \$170.8 million in bank balances shown above, the Turnpike System also reported \$36.4 thousand in change at the toll plazas for a total Cash & Cash Equivalents as of June 30, 2022 amount of \$170.9 million.

Investments: On June 30, 2022, the value of investments with maturity dates over 90 days of the date acquired amounted to a total of \$27.1 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, by type, as of June 30, 2022.

(Dollars in thousands)

	Investments Classified in the Fair Market Value Hierarchy		
	Level 1	Level 2	Total
U.S. Government Obligations	\$ —	\$ 27,086	\$ 27,086
Total	\$ —	\$ 27,086	\$ 27,086

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

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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.

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, 2022 for the Turnpike System’s investments is 0.617 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 \$48.3 million with \$21.2 million designated as Cash and Cash Equivalents – Restricted and \$27.1 million designated as Investments – Restricted. Restricted assets are separated into the following accounts as of June 30, 2022:

(Dollars in thousands)

Restricted Assets	Amount
Revenue Bond Debt Service Reserve Account	\$ 27,086
Total Investments – Restricted	27,086
Revenue Bond Insurance Reserve Account	3,910
Revenue Bond Debt Service Reserve Account	1
Revenue Bond Principal Debt Service Account	14,051
Revenue Bond Interest Debt Service Account	2,241
Facility Sustainment and Reinvestment Reserve Account	992
Total Cash & Cash Equivalents – Restricted	21,195
Total Restricted Assets	\$ 48,281

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 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

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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, 2022. 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. For the fiscal year ended June 30, 2021, Granite State Hospitality received a loan for \$0.2 million to expand the Southbound General Store. Terms of the loan can be found in Note 7(b) Ground Lease Contract.

Note 4) Capital Assets

Capital Asset activity for the fiscal year ended June 30, 2022, was as follows:

(Dollars in thousands)

Type	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets not Being Depreciated:					
Land	\$ 102,069	\$ 49	\$ 36	\$ —	\$ 102,082
Construction in Progress	46,697	18,129	—	(1,400)	63,426
Total Capital Assets not being Depreciated:	148,766	18,178	36	(1,400)	165,508
Other Capital Assets:					
Equipment and Computer Software	58,954	917	1,281	1,378	59,968
Buildings and Building Improvements	—	2	—	—	18,089
Depreciable Land Improvements	2,003	—	—	—	2,003
Infrastructure	1,176,111	872	—	22	1,177,005
Subtotal Other Capital Assets	1,255,155	1,791	1,281	1,400	1,257,065
Total Capital Assets	1,403,921	19,969	1,317	—	1,422,573
Less Accumulated Depreciation and Amortization for:					
Equipment and Computer Software	(43,821)	(5,438)	1,281	—	(47,978)
Buildings and Building Improvements	(4,368)	(458)	—	—	(4,826)
Depreciable Land Improvements	(699)	(100)	—	—	(799)
Infrastructure	(427,302)	(22,830)	—	—	(450,132)
Total Accumulated Depreciation	(476,190)	(28,826)	1,281	—	(503,735)
Net Capital Assets	\$ 927,731	\$ (8,857)	\$ (36)	\$ —	\$ 918,838

On June 30, 2022, the Turnpike System had contractual commitments for capital Turnpike System improvement projects of \$25.7 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

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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.

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 fiscal year 2022, expenses were incurred due to work performed by other state agencies on behalf of the Turnpike System. Enforcement expenses of \$7.8 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 \$2.2 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 \$1.0 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 fiscal year 2022, Unearned Revenue included approximately \$15.8 million in pre-paid tolls as well as \$0.5 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 individual payments of \$50,000 or more are recognized at any time during the lease term. During fiscal year 2022, no lessee lease met this threshold.

The Turnpike System is a lessor for a ground lease contract with Granite Sate Hospitality, LLC (GSH). The Ground Lease Contract is a Public-Private-Partnership (P3) between the State (Department of Transportation, Liquor Commission, and Department of Business and Economic Affairs) and GSH that 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.

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, as the extension is reasonably certain to be exercised. The discount rate of 3% 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

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receivable and deferred inflow of resources for this lease to be amortized over the term of the lease using the straight-line basis.

(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 fiscal year 2022, 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 fiscal year 2022, the Turnpike System recorded \$1.4 million in total rental receipts. Per GASB 87, an annual portion of the Deferred Inflows of Resources will be amortized over the remaining term of the lease.

(Dollars in thousands)

Hooksett Welcome Center Rent	Amount
Guaranteed Minimum Rent	\$ 550
Fuel Sales	311
Concession Sales	560
Subtotal Hooksett Welcome	\$ 1,421
Annual Lease Amortization	465
Total Hooksett Welcome	\$ 1,886

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

In the Ground Lease contract, the Turnpike System will receive future minimum guaranteed rent of \$24.1 million over the remainder of the 35-year term, plus expected 5-year extension. On June 30, 2022, the projected future guaranteed minimum lease revenue and interest is approximately \$24.1 million as shown below:

(Dollars in thousands)

Fiscal Year	Principal	Interest	Total
2023	\$107	\$443	\$550
2024	110	440	550
2025	114	436	550
2026	117	433	550
2027	121	429	550
2028-2032	659	2,091	2,750
2033-2037	2,229	1,921	4,150
2038-2042	2,977	1,522	4,499
2043-2047	3,452	1,048	4,500
2048-2052	4,002	499	4,501
2053	874	26	900
Total	\$14,762	\$9,288	\$24,050

(c) Ground Lease Contract – Loan

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

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with the terms of the ground lease contract. On June 30, 2022, the Facility Sustainment and Reinvestment Reserve Account had a balance of approximately \$1.0 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 has a repayment plan of \$5,556 per month over 36 months beginning January 2021. As of June 30, 2022, GSH had repaid one-half of the loan outstanding.

Note 8) Non-current Liabilities

(a) Bonds Authorized and Un-issued

Bonds authorized and un-issued amounted to \$50.2 million of revenue bonds at June 30, 2022. 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, 2022, 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 fiscal year 2022:

(Dollars in thousands)

Type	Beginning Balance	Increases	Decreases	Ending Balance	Current	Long-Term
Revenue Bonds	\$290,210	\$100,241	\$135,859	\$254,592	\$19,435	\$235,157
Pension Liability	13,490	35	4,749	8,776	---	8,776
Net OPEB Liability	29,651	3,790	7,019	26,422	---	26,422
Claims and Compensated Absences Payable	3,144	45	743	2,446	858	1,588
Other: Pollution Remediation and Other	4,352	233	233	4,352	312	4,040
Total	\$340,847	\$104,344	\$148,603	\$296,588	\$20,605	\$275,983

(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:

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(Dollars in thousands)

Payable June 30,	Revenue Principal	Revenue Interest	Revenue Interest Rebate	Net Interest
2023	\$ 19,435	\$ 10,658	\$ (1,775)	\$ 8,884
2024	14,965	10,852	(1,610)	9,242
2025	17,575	10,002	(1,457)	8,544
2026	8,570	9,356	(1,368)	7,988
2027	11,415	8,888	(1,368)	7,520
2028 thru 2032	53,090	36,036	(6,828)	29,209
2033 thru 2037	55,070	21,785	(4,420)	17,365
2038 thru 2042	50,505	6,111	(778)	5,333
2043	5,900	118	—	118
Subtotal	236,525	113,806	(19,604)	94,203
Un-amortized Premium	18,067	—	—	—
Total	\$ 254,592	\$ 113,806	\$ (19,604)	\$ 94,203

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 as a result of sequestration is 5.7% beginning October 1, 2020. 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 2022, the toll rate 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.

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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.

(Dollars in thousands)

Type	Expensed	Capitalized	Total
Renewal & Replacement	\$14,045	\$ 8,556	\$ 22,601

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

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.

All Turnpike System employees are members of Group I.

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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 issues publicly, 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 16.1% of gross payroll for Group I members.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2022, the Turnpike System reported a liability of \$8.776 million for its proportionate share of the net pension liability of NHRS. This net pension liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll the total pension liability forward to June 30, 2021. 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 (1.0731%), 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, 2022, the Turnpike System recognized pension expense of \$33.8K.

As of June 30, 2022, the Turnpike System reported deferred outflows and inflows of resources relating to pensions from the following sources:

(Dollars in thousands)

Deferred Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (2,455)
Differences between expected and actual experience	246	(92)
Change in actuarial assumptions	917	-
Changes in employer proportion	69	(242)
Change in employer proportion (entity)	-	(1,105)
Contributions subsequent to the measurement date	1,137	-
Total	\$ 2,369	\$ (3,894)

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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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(Dollars in thousands)

Fiscal Year Ended June 30,	Amortization of Deferred Amounts
2023	(892)
2024	(419)
2025	(413)
2026	(920)
2027	-
	\$(2,662)

Actuarial Assumptions: NHRS total pension liability, measured as of June 30, 2021, was determined by a roll forward of the actuarial valuation as of June 30, 2020, using the following actuarial assumptions:

Inflation	2.00%
Salary increases	5.60% 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, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 - 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 long-term rates of return for each asset class:

Asset Class	Target Allocation	Weighted Average Long- Term Expected Geometric Rate of Return
Large Cap Equities	22.50 %	6.46%
Small/Mid Cap Equities	7.50	1.14
Total Domestic Equity	30.00	
International Equities (unhedged)	14.00	5.53
Emerging International Equities	6.00	2.37
Total International Equity	20.00	
Core US Fixed Income	25.00	3.60
Total Fixed Income	25.00	
Private Equity	10.00	8.85
Private Debt	5.00	7.25
Total Alternative Investments	15.00	
Real Estate	10.00	6.60
Total Real Estate Investments	10.00	
Total	100.00%	

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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, 2021 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, 2022	\$ 12,551	\$ 8,776	\$ 5,627

(b) Other Postemployment Benefits (OPEB)

Plan Description: RSA 21-I:30 specifies that the State provide certain health care benefits for retired employees 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, 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 \$130,269 and \$153,566, respectively, for fiscal years ended June 30, 2022 and 2021. 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, 2022 and 2021 were \$484,961.61 and \$614,320 respectively.

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Total OPEB Liability: The Turnpike System's proportionate share of the State's total Non Trusted OPEB Plan liability is \$26.4 million, measured as of June 30, 2021, and was determined by an actuarial valuation as of December 31, 2020. 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 a decrease of 4 basis points 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, 2021 was measured by an actuarial valuation as of December 31, 2020, 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:	2.16% as of June 30, 2021
Healthcare cost trend rates:	
Medical:	Non-Medicare: 0.0% for one year, then 5.5% decreasing by 0.25% each year to an ultimate level of 4.5% per year Medicare: N/A through contract period, then 4.50% per year.
Prescription Drug:	Non-Medicare: 15.0% for one year, then 7.50% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Medicare: 9.5% for one year, decreasing by 0.5% each year to an ultimate level of 4.5% per year.
Contributions:	Retiree 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 (2.16% as of June 30, 2021). 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 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 December 31, 2020, 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, 2021 if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

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

(Dollars in thousands)

Fiscal Year Ended	1% Decrease to 1.16%	Current Discount Rate 2.16%	1% Increase to 3.16%
June 30, 2022	\$ 31,595	\$ 26,422	\$ 22,366

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, 2021, 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, 2022	\$ 21,719	\$ 26,422	\$ 32,618

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2022, the Turnpike System recognized an OPEB expense of \$(6.5) million. As of June 30, 2022, 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 experience	\$ —	\$ (632)
Changes in assumptions	5,383	(3,618)
Changes in employer proportion	566	(2,184)
Contributions subsequent to the measurement date	417	—
Total	\$ 6,366	\$ (6,434)

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, 2023. 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:

(Dollars in thousands)

Year ended June 30,	Amount
2022	\$ (1,901)
2023	(333)
2024	1,390
2025	359
Total	\$ (485)

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

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

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 2022, this reserve equaled \$16.8 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 2022 amounted to \$2.1 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, 2020 through June 30, 2022:

(Dollars in thousands)

	6/30/2020 Balance	Increases	Decreases	6/30/2021 Balance	Increases	Decreases	6/30/2022 Balance	Current	Long- Term
Total	\$ 2,337	\$ 315	\$ 728	\$ 1,924	\$ 46	\$ 626	\$ 1,344	\$ 728	\$ 616

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.

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 for a total of \$102.5 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).

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

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 2022. Pollution liabilities reported on June 30, 2022 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, 2022
(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, 2022
(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, 2022

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

(Dollars in thousands)

	June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Turnpike's Proportion of the Net Pension Liability	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	\$8,776	\$13,490	\$10,559	\$10,719	\$13,875	\$13,757	\$10,100	\$9,369
Turnpike's Covered-Employee Payroll	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	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	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 is intended to show 10 years. Additional years will be added as they become available.

Schedule of Turnpike Contributions

(Dollars in thousands)

	June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Required Turnpike Contribution	\$1,137	\$916	\$942	\$960	\$950	\$1,030	\$930	\$830	\$810
Actual Turnpike Contributions	1,137	916	942	960	950	1,030	930	830	810
Excess/(Deficiency) of Turnpike Contributions	-	-	-	-	-	-	-	-	-
Turnpike's Covered-Employee Payroll	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	16.08%	12.47%	12.64%	12.79%	11.10%	13.19%	13.36%	11.60%	11.93%

Schedule is 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, 2022
(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, 2022

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

(Dollars in thousands)

	June 30,					
	2022	2021	2020	2019	2018	2017
Turnpike's Proportion of the Total Non-Trusted OPEB Plan Liability	1.291673 %	1.332084 %	1.266196 %	1.448213 %	1.443700 %	1.415079 %
Turnpike's Proportionate Share of the Total Non-Trusted OPEB Plan Liability	\$ 26,422	\$ 29,651	\$ 22,734	\$ 27,661	\$ 32,186	\$ 40,694
Turnpike's Covered-Employee Payroll	\$ 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	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.

	2021	2020	2019	2018	2017	2016
Discount Rate	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, 2022

(Unaudited)

OTHER SUPPLEMENTARY INFORMATION SECTION

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

State of New Hampshire Turnpike System Budget to Actual (Non-GAAP Budgetary Basis) Revenue Schedule For the Fiscal Year Ended June 30, 2022 (Dollars in thousands)				
	Budgeted		Actual	Variance
	Original	Final	Budgetary Basis	Favorable (Unfavorable) with Final Budget
Revenues				
<i>Restricted</i>				
Bonds Interest Subsidy	\$ 1,886	\$ 1,886	\$ 1,890	\$ 4
Spaulding /Central/Blue Star (Private Local Funds)	2,350	2,364	1,269	(1,095)
Sponsorship Fees	130	130	98	(32)
Transponder Sales	500	1,000	769	(231)
Total Restricted Revenue	4,866	5,380	4,026	(1,354)
<i>Unrestricted</i>				
Spaulding Cash Receipts	3,621	3,621	2,173	(1,448)
Blue Star Cash Receipts	10,711	10,711	7,329	(3,382)
Central Cash Receipts	10,198	10,198	6,472	(3,726)
E-ZPass Central Receipts	33,836	33,836	33,528	(308)
E-ZPass Blue Star Receipts	52,134	52,134	54,143	2,009
E-ZPass Spaulding Receipts	13,630	13,630	14,301	671
Misc ET C Revenue	10	10	—	(10)
VES Administration Fees	1,208	1,208	13,402	12,194
Administration Fees- Toll Collections	10	10	(88)	(98)
Violation Revenue Central	200	200	1,873	1,673
Violation Revenue Blue Star	300	300	2,008	1,708
Violation Revenue Spaulding	100	100	709	609
Cash Management Interest	300	300	18	(282)
General Reserve Interest	200	200	167	(33)
Insurance Reserve Interest	10	10	3	(7)
Sale Of Service	10	10	—	(10)
Facility Sustainment Reserve	100	100	283	183
Rental Income	1	1	104	103
Hooksett Rental Income	550	550	550	—
Fuel Sales	100	100	36	(64)
Concession Sales	300	300	835	535
ROW Property Sales	1	1	70	69
Property Damage	30	30	74	44
Miscellaneous	40	40	528	488
Transponder Lease-to-own	10	10	77	67
Statement Fee Revenue	10	10	91	81
Total Unrestricted Revenue	127,620	127,620	138,686	11,066
Total Revenue	\$ 132,486	\$ 133,000	\$ 142,712	\$ 9,712

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, 2022

(Unaudited)

State of New Hampshire Turnpike System Budget to Actual (Non-GAAP Budgetary Basis) Expense Schedule For the Fiscal Year Ended June 30, 2022 (Dollars in thousands)				
	Budgeted		Actual	Variance
	Original	Final	Budgetary Basis	Favorable (Unfavorable) with Final Budget
<u>Expenditures</u>				
Administration and Support	\$ 11,444	\$ 11,473	\$ 10,353	\$ 1,120
Renewal and Replacement	18,904	18,904	24,614	(5,710)
Central Operations	4,285	4,307	2,543	1,764
Central Maintenance	5,531	5,547	4,265	1,282
East NH Turnpike Blue Star Operations	2,922	2,936	1,867	1,069
East NH Turnpike Blue Star Maintenance	3,115	3,433	1,694	1,739
East NH Turnpike Spaulding Operations	1,997	2,008	1,287	721
East NH Turnpike Spaulding Maintenance	3,257	3,271	2,357	914
Toll Collection	22,570	22,570	18,217	4,353
Turnpike Debt Service	39,404	39,404	39,404	—
Transponder Inventory Fund	500	1,000	976	24
Retirees Health Insurance	558	558	485	73
Workers Compensation	625	625	579	46
Unemployment Compensation	10	10	—	10
Total Expenses before Capital Expenses	115,122	116,046	108,641	7,405
Capital Expenses				
RSA 237:2 VII Central NH Turnpike	31,298	31,298	3,651	27,647
Toll Collection Equipment	1,073	1,073	5,402	(4,329)
L92C217-Spaulding Exit 10	2,044	2,044	—	2,044
Spaulding Tpk Second Barrel	—	14	—	14
Spaulding Turnpike/US 4/NH 16	12,411	12,411	1,483	10,928
Total Capital Expenses	46,826	46,840	10,536	36,304
Total Expenses	161,948	162,886	119,177	43,709
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (29,462)	\$ (29,886)	\$ 23,535	\$ (53,421)

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, 2022

(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, with the exception of 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.