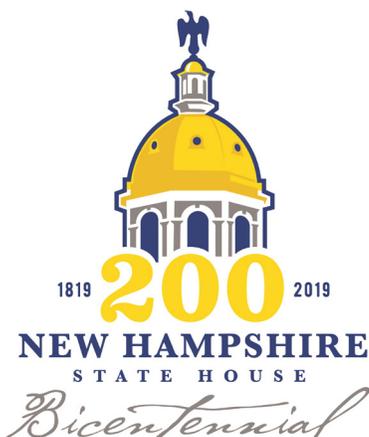


State of New Hampshire

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Photo courtesy of John Hession



For The Fiscal Year Ended June 30, 2019

Prepared by: Department of Administrative Services



NEW HAMPSHIRE STATE HOUSE

Bicentennial

Two Centuries – A Milestone Worthy of Celebration!

Long proclaimed the oldest State House in the nation in which legislature still occupies its original chambers, the New Hampshire State House celebrates its bicentennial in 2019. For the past 200 years, the historic State House has acted as a symbol of the unique democratic traditions of our state. The building is a state, national and international treasure where the democratically elected representatives of the people of our state have assembled to debate and enact laws to self-govern since it opened on June 2, 1819.

From its granite foundation to the golden eagle perched atop its dome, the State House embodies New Hampshire and reflects its history. Through the many constructive changes that have taken place over time, the building itself serves the same basic function as when it first opened in 1819 – to be the executive and legislative, as well as ceremonial and symbolic, center of state government. In the eyes of citizens and visitors alike, the State House represents the essence of the state and its government through centuries.



STATE OF NEW HAMPSHIRE

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended

June 30, 2019



Prepared by the Department of Administrative Services

Charles M. Arlinghaus, Commissioner

Division of Accounting Services

Dana M. Call, Comptroller

Sheri L. Rockburn, Deputy Comptroller

and the Bureau of Financial Reporting

Karen J. Burke, Administrator

Catherine L. Bogan

Marc A. Sandella

This document and related information can be accessed at <http://das.nh.gov/accounting-reports.asp>



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STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR



December 20, 2019

Dear Citizens of the State of New Hampshire and Honorable Members of the Executive Council and General Court,

It is my privilege to accept the Comprehensive Annual Financial Report on behalf of the State of New Hampshire for the fiscal year that ended on June 30, 2019.

More than just confirming the strong financial footing of the State, this report exemplifies the effects of the judicious budgeting and careful management we have undertaken throughout Fiscal Year 2019. Since becoming Governor in the middle of Fiscal Year 2017, I have been committed to being a prudent manager of taxpayer resources in order to ensure consistent services are provided to Granite Staters. Executive branch agencies are controlling costs, finding efficiencies, and focusing on finding innovative solutions to problems. The finances reflected in this report are a testament to that success.

As we close the books on Fiscal Year 2019, it is appropriate to reflect on the revolutionary success of our State's 2018-2019 biennial budget. The budget we crafted was unlike those of recent decades. Previous budgets used surplus funds from the preceding biennium to balance the books and to justify unsustainable government spending. This financial slight of hand was for too long a mainstay in Concord. Long-term operational obligations became unsuitable and in 2011 and almost \$900 million had to be cut from the State Budget in order to balance it. For Fiscal Year 2018-2019, we left this irresponsible practice behind, passing a budget that is truly balanced within itself. Rather than using unpredictable surplus revenue to justify long-term spending, one-time funds were used for one-time investments in our State, and we saw the benefits in Fiscal Years 2018 and 2019.

My proposed budget for the 2020 - 2021 fiscal biennium was built upon the same simple principle: Use one-time revenues for onetime expenses. This was a critical point for me during the budget negotiations with the legislature. We had the opportunity in the 2020 - 2021 state budget to fund capital investments, and capital grants to municipalities and school districts because of our successful management and budgeting strategy over the last few fiscal years. While the final budget is a compromise, it was struck without compromising our state's finances. It is a true win for the citizens and taxpayers of New Hampshire.



New Hampshire's economy remains strong and consistently recognized as having an exceptionally high level of enterprise freedom. Our population is growing and becoming younger, and our towns are magnets for highly educated young people seeking strong community. Our businesses are leaders in their fields from aerospace to bioengineering, and our workforce is leading the way in making New Hampshire healthier and more prosperous. We must guard our hard-fought achievements by staying the course and investing in our long-term success in a fiscally responsible way.

Sincerely,

A handwritten signature in blue ink that reads "Christopher T. Sununu".

Christopher T. Sununu
Governor



State of New Hampshire
Selected State Officials
For the Fiscal Year Ended June 30, 2019

Executive Branch

Governor Christopher T. Sununu

Executive Council

Michael J. Cryans, District 1

Andru Volinsky, District 2

Russell E. Prescott, District 3

Theodore L. Gatsas, District 4

Debora B. Pignatelli, District 5

Attorney General

Gordon J. MacDonald

Commissioner of Administrative Services

Charles M. Arlinghaus

State Treasurer

William F. Dwyer

Secretary of State

William M. Gardner

Comptroller

Dana M. Call

Judicial Branch

Chief Justice of the Supreme Court

Robert J. Lynn

Legislative Branch

President of the Senate

Donna Soucy

24 Senators

Speaker of the House of Representatives

Stephen Shurtleff

400 Representatives

STATE OF NEW HAMPSHIRE ORGANIZATION CHART



STATE AGENCIES AND COMPONENT UNITS (*)

GENERAL GOVERNMENT

Administrative Services
 Board of Tax & Land Appeals
 Boxing & Wrestling Commission
 Department of Information Technology
 Development Disabilities Council
 Executive Office
 Professional Licensure & Certification
 NH Retirement System*
 Revenue Administration
 Secretary of State
 State Treasury

ADMINISTRATION OF JUSTICE AND PUBLIC PROTECTION

Adjutant General
 Agriculture, Markets & Food
 Banking
 Board of Veterinary Medicine
 Corrections
 Employment Security
 Human Rights Commission
 Insurance
 Judicial Council
 NH Judicial Retirement Plan*
 Justice
 Labor
 Liquor Commission
 Public Employee Labor Relations Board
 Public Utilities Commission
 Safety

RESOURCE PROTECTION AND DEVELOPMENT

Business & Economic Affairs
 Business Finance Authority*
 Community Development Finance
 Authority*
 Environmental Services
 Fish and Game
 Pease Development Authority*
 Natural & Cultural Resources

TRANSPORTATION

Transportation
 Turnpike System

HEALTH AND SOCIAL SERVICES

Health and Human Services
 NH Office of Veterans' Services
 Veterans' Home

EDUCATION

Education
 Community College System of NH*
 Lottery Commission
 Police Standards & Training Council
 University System of
 New Hampshire*



State of New Hampshire
DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street – Room 120
Concord, New Hampshire 03301

CHARLES M. ARLINGHAUS
Commissioner
(603) 271-3201

December 20, 2019

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

In accordance with the Revised Statutes Annotated (RSA) 21-I:8,II (a), it is a pleasure to submit the Comprehensive Annual Financial Report (CAFR), covering the fiscal year ended June 30, 2019. This report has been prepared by the State of New Hampshire, Department of Administrative Services (DAS) and responsibility for both the accuracy of the data presented and completeness and fairness of the presentation, including all disclosures, rests with the State. The basic financial statements, considered by management to present fairly and consistently the State's financial position and results of operations, have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

The financial reporting entity includes all funds of the State as legally defined, as well as all of its component units. Component units are legally separate entities for which the State is financially accountable. Note 1 to the Basic Financial Statements provides a more complete description of the State's reporting entity. The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, health and social services, public safety, the development of parks and recreation facilities, conservation of natural resources, and economic development.

State Profile

New Hampshire, known as the Granite State, is located in the New England census region and is bordered by the states of Maine, Massachusetts and Vermont and the Province of Quebec, Canada. The State is 9,304 square miles in area and has 18 miles of general coastline on the Atlantic Ocean and 131 miles of tidal shoreline. The State's population was 1,330,608 in 2015 according to the U.S. Census Bureau estimates. New Hampshire holds the first in the nation Presidential Primary. Since 1920, the first ballot of the New Hampshire Presidential Primary has been cast in the Ballot Room of the Balsams Hotel in Dixville Notch.

The State Constitution provides for three branches of government which include the Executive Branch, the Legislative Branch and the Judicial Branch:

- The executive officers of the Executive Branch consist of the Governor, the State Treasurer, the Secretary of State and the five-member Executive Council (the "Council"). The Governor, who holds office for a two-year term, is responsible for the faithful execution of all laws enacted by the Legislature and the management of the executive departments of the State. The State Treasurer and the Secretary of State are elected by joint ballot of the House and Senate for two-year terms. The Council is elected by the people biennially, one Councilor for each of the five Councilor districts in the State. The Council's chief function is to provide advice and consent to the Governor in the executive function of government. The Governor and Council can negate each other in nominations of and appointments to executive positions in the judicial and executive branches. The executive branch is organized into a number of departments, each headed by a Commissioner.
- The legislative power of the State is vested in the General Court (the "Legislature") consisting of the 400-member House of Representatives and the 24-member Senate, both meeting annually. Members of the House are elected biennially from districts apportioned among cities and towns of the State on the basis of population. Senate members are elected biennially from single-member Senate districts. Money bills originate in the House, but the Senate may propose or concur in amendments. Every bill which passes both houses of the Legislature is presented to the Governor for approval or veto. If a bill is vetoed by the Governor, that veto may be overridden by a vote of two-thirds of the members of each house of the Legislature. If the Governor fails to act within five days (except Sundays) on a bill presented for approval, the bill automatically becomes law unless the Legislature is not then in session.
- The judicial branch of the government consists of an Administrative Office of the Courts and Trial Court Center, Supreme Court, Superior Court with 11 sites, and a Circuit Court with three divisions, probate, district, and family, with 34 sites. All justices and judges are appointed by the Governor and Council and may serve until seventy years of age.

State and Local Taxation

The State finances its operations through a combination of specialized taxes, user charges and revenues received from the State liquor sales and distribution system. Two of the more significant taxes are business taxes (the business profits and business enterprise taxes) and a meals and rooms tax. The State does not levy any personal earned income tax or general sales tax but does impose a tax on interest and dividends. The State believes its tax structure has played an important role in the State's economic growth. New Hampshire has generally been the highest among all states in local real estate property tax collections per \$1,000 of personal income, because local property taxes were traditionally the principal source of funding for primary and secondary education.

New Hampshire's Economic Conditions & Outlook

New Hampshire's economy sets the pace for the rest of New England.

New Hampshire's positive net migration trend continues to be a developing success story, as the state competes for workforce and business attraction. Between 2016 and 2018, New Hampshire added residents at a rate that was 50 percent greater than the increase between 2014 and 2016. Importantly, the increase was greatest among those in their 20s, who had an average annual migration gain of 1,200 between 2013 and 2017, compared to an average loss of 1,500 annually from 2008 to 2012. Among those in their 30s, the net annual migration gain nearly doubled during the same period, while the net inflow of those 40 to 49 diminished slightly. A recent study put New Hampshire in the top 10 states nationally for net millennial migration rate and the city of Manchester in the top 20 cities. New Hampshire was the only state north of North Carolina and east of Texas on this list.

These demographic trends provide confidence for state employers that their most urgent need of long-term workforce availability is being met and that the long-term prospects for investment and growth are favorable.

New Hampshire continues its regional leadership in government austerity and low tax, pro-growth business ecosystem. The state's long-term commitment to no income or sales tax remains in place and business taxes dropped again in 2019 to 7.7 percent.

In 2018, New Hampshire businesses and manufacturers set export records for the second consecutive year, topping \$5.3 billion. The most recent 2019 results indicate the state will close the year near or slightly higher, potentially setting yet another record. The top five markets were Germany, Canada, Ireland, Mexico and China. The top five commodities were industrial machinery; electrical machinery; aircraft and spacecraft parts; optics and medical/surgical equipment, and pharmaceuticals.

National rankings reflect the advantages New Hampshire offers. In 2019, and for the second consecutive year, the U.S. Tax Foundation ranked the state 6th for the Best Business Tax Climate; U.S. News & World Report ranked it 1st as the Best State for Opportunity; the 2nd Best State, and the 5th Best State for Education. For quality of life, the Anne E. Casey Foundation ranked the state 1st for Child Well-being; USA Today proclaimed it the 2nd Best State to Live in, and WalletHub ranked it the 5th Best State to Raise a Family.

New Hampshire's travel and tourism industry is a flourishing industry and increasingly a strategic workforce recruitment tool. Using state room and meals tax revenue as a measure, the state saw an increase in SFY19 of over 5% total of almost \$350M.

Finally, New Hampshire's unemployment rate has remained under 3 percent since 2015, ranging between 2.4 percent and 2.6 percent in 2019. With a few local exceptions, these numbers are strikingly similar statewide. Labor force participation rates continue to increase, growing to a record high of 772,760.

Fiscal Year 2019 Operations

The fiscal year 2019 budget as adopted in 2017 (the "fiscal year 2019 budget") assumed the State would start the year with \$0.5 million in unassigned general fund surplus and a Revenue Stabilization Fund ("Rainy Day Fund") balance of \$100.0 million. However, favorable budgetary results for the fiscal year ended June 30, 2018, resulted in the carry forward of surplus funds into fiscal year 2019, thus starting the year with unassigned general and education fund surplus of \$95.8 million. In addition, as a result of separate legislation, transfers completed in fiscal year 2018 resulted in a beginning of year rainy day fund balance of \$110.0 million.

Traditional unrestricted revenue for the General and Education Trust Funds received during fiscal year 2019 totaled \$2,644.6 million which was above the fiscal year 2019 Plan of \$2,471.7 million by \$172.9 million, or 7.0%. The favorable results as compared to the fiscal year 2019 budget resulted, in part, from the following taxes which performed better than expected: Business Taxes by \$151.6 million (23.2%); Interest and Dividends Taxes by \$16.7 million (17.0%); Insurance Taxes by \$17.6 million (15.0%); Transfers from the Lottery Commission by \$17.6 million (20.0%); and Meals and Rooms Taxes by \$3.6 million (1.0%). Real Estate Transfer Taxes were below the fiscal year 2019 budget by approximately \$11.4 million (6.9%), as well as Tobacco Taxes below budget by \$12.1 million (5.6%) and Transfers from the Liquor Commission below budget by \$13.4 million (9.1%). The State's other remaining revenue sources combined were approximately \$2.7 million above the fiscal year 2019 budget.

Net General Fund and Education Fund appropriations were less than the fiscal year 2019 budget estimates by \$4.2 million (0.2%). Appropriations authorized after the passage of the fiscal year 2019 budget via new legislation or existing laws represented approximately \$91.1 million of additional appropriations. These additional appropriations utilized a portion of the General and Education Fund surplus revenues from fiscal year 2018 and included: for the Department of Health and Human Services, \$23.7 million for Medicaid Care Management and \$11.7 million for renovating the state hospital facility, \$10.4 million for Department of Transportation Red List Bridge projects, \$11.2 million for salary wage increases per collective bargaining agreements, \$14.6 million for kindergarten grants, as well as additional supplemental appropriations that occur on an annual basis. Offsetting the impact of additional appropriations and transfers to other funds (including rainy day fund and public school infrastructure fund) were favorable lapses of combined General Fund and Education Fund appropriations. The fiscal year 2019 original budget included \$52.0 million in anticipated lapses, while actual lapses came in at \$147.3 million for a favorable variance of \$95.3 million.

Net favorable closing adjustments made in accordance with GAAP to bring the budgetary accounting basis to the modified accrual accounting basis totaled \$7.2 million for fiscal year 2019. GAAP and other adjustments were not budgeted in fiscal year 2019. The current year net favorable adjustments reflect the reversal of the prior year budgetary basis adjustments, offset by increases in net accrued liabilities. In addition, the fiscal year 2019 budget estimates assumed a transfer from the General Fund surplus to the Education Trust Fund of \$9.6 million. Due to the surplus revenues received in both the General and Education Trust Funds, this transfer was not necessary in fiscal year 2019. Much of the surplus activity in fiscal year 2019 was anomalous, such as changes in federal tax laws impacting state business tax collections, as well as one-time budgetary savings resulting in lapsed appropriations.

General Fund & Education Trust Fund FY 2017, 2018 & 2019

(\$ in millions)

Revenue Category	FY 2017	FY 2018			FY 2019			FY 2019
	Total	General	Education	Total	General	Education	Total	Plan
Business Profits Tax	\$ 385.8	\$ 393.4	\$ 88.9	\$ 482.3	\$ 378.0	\$ 95.5	\$ 473.5	\$ 392.3
Business Enterprise Tax	252.0	87.8	211.0	298.8	96.8	235.3	332.1	261.7
Subtotal	637.8	481.2	299.9	781.1	474.8	330.8	805.6	654.0
Meals & Rentals Tax	314.8	322.5	9.2	331.7	340.1	10.0	350.1	346.5
Tobacco Tax	218.6	124.5	87.1	211.6	119.7	82.7	202.4	214.5
Liquor Sales and Distribution	141.1	136.4		136.4	133.5		133.5	146.9
Interest & Dividends Tax	94.3	105.8		105.8	114.7		114.7	98.0
Insurance Tax	121.9	115.0		115.0	135.1		135.1	117.5
Communications Tax	47.1	43.4		43.4	41.2		41.2	40.7
Real Estate Transfer Tax	141.7	99.4	49.7	149.1	102.0	50.9	152.9	164.3
Transfers from Lottery	76.1		87.3	87.3		105.6	105.6	88.0
Tobacco Settlement	42.6	5.9	40.0	45.9	4.6	40.0	44.6	35.0
Utility Property Tax	41.8		45.2	45.2		39.5	39.5	43.4
Property Tax Retained Locally	363.4		363.1	363.1		363.1	363.1	363.1
Other	157.4	157.5		157.5	151.9		151.9	150.7
Subtotal	2,398.6	1,591.6	981.5	2,573.1	1,617.6	1,022.6	2,640.2	2,462.6
Recoveries	8.9	4.1		4.1	4.4		4.4	9.1
Total	\$2,407.5	\$1,595.7	\$ 981.5	\$2,577.2	\$1,622.0	\$ 1,022.6	\$2,644.6	\$ 2,471.7

Department of Administrative Services
General Fund & Education Trust Fund FY 2017, 2018 & 2019
(\$ in millions)

	FY 2017	FY 2018			FY 2019		
	Total	General	Education	Total	General	Education	Total
Undesignated Fund Balance, July 1	\$ 88.5				\$ 74.4	\$ 21.4	\$ 95.8
Unrestricted Revenue	2,407.5	1,595.7	981.5	2,577.2	1,622.0	1,022.6	2,644.6
Total Additions	2,407.5	1,595.7	981.5	2,577.2	1,622.0	1,022.6	2,644.6
Deductions:							
Appropriations Net of Estimated Revenues	(2,398.8)	(1,533.1)	(961.6)	(2,494.7)	(1,573.2)	(950.4)	(2,523.6)
Additional Appropriations	(142.2)	(64.4)	(1.5)	(65.9)	(76.5)	(14.6)	(91.1)
Less Lapses	63.3	93.4	1.4	94.8	144.9	2.4	147.3
Total Net Appropriations	(2,477.7)	(1,504.1)	(961.7)	(2,465.8)	(1,504.8)	(962.6)	(2,467.4)
GAAP and Other Adjustments	22.0	(0.6)	1.6	1.0	9.7	(2.5)	7.2
Current Year Balance	(48.2)	91.0	21.4	112.4	126.9	57.5	184.4
Fund Balance Transfers (To)/From							
Rainy Day	(7.0)	(10.0)		(10.0)	(5.3)		(5.3)
Highway Fund	(13.9)						
Fish and Game Fund	(0.7)						
Public School Infrastructure Fund	(18.7)	(6.6)		(6.6)	(3.5)		(3.5)
Education Trust Fund							
Designated for Education Aid, June 30						62.5	62.5
Undesignated Fund Balance, June 30		74.4	21.4	95.8	192.5	16.4	208.9
Reserved for Rainy Day Account	100.0	110.0		110.0	115.3		115.3
Total Fund Balance	\$ 100.0	\$ 184.4	\$ 21.4	\$ 205.8	\$ 307.8	\$ 78.9	\$ 386.7

Comparison to LBA Surplus Statement from '20-21 Budget (Proposed Actual for FY 2019)	FY 2019		
	General	Education	Total
Undesignated Fund Balance, June 30 - Above	\$ 192.5	\$ 16.4	\$ 208.9
Change in net actual results compared to estimates	1.8	(2.6)	(0.8)
OPLC lapse recorded in fiscal 2020	3.4		3.4
Undesignated Fund Balance, FY19 Proposed	\$ 197.7	\$ 13.8	\$ 211.5

State Budget Actions

In adopting the budget for the fiscal year '20-21 biennium, the legislature made certain fiscal decisions in September 2019, which were intended to affect final budgetary balances as of the fiscal year ended June 30, 2019. As shown in the table above, the Department of Administrative Services has prepared a reconciliation of actual surplus balances as of the close of the fiscal year, as compared to the expected balances projected by legislative fiscal leadership. Chapter 346 (House Bill 4), Laws of 2019, was approved on September 26, 2019, subsequent to the state's fiscal year-end. This legislation is commonly viewed as a companion bill to the State's biennial operating budget for the fiscal years 2020-2021. However unlike prior budget companion bills, this bill legislated actions effective retroactively to fiscal year 2019 that have financial impacts to the state's General and Education Fund balances. These items have not been accounted for in the balances in the Financial Statements presented in the accompanying Comprehensive Annual Financial Report (CAFR), for the fiscal year ended June 30, 2019. In addition to the items noted in the table above, the General Fund surplus balance will increase \$5 million in fiscal year 2020, when the state records the transaction implementing the repeal of Chapter 41:1 and 3, thereby lapsing the additional appropriations granted to, but not expended by the Department of Health and Human Services for mental health services during fiscal year 2019.

Highway Fund

The Highway Fund ended fiscal year 2019 with an operating surplus of approximately \$40.6 million as compared to the fiscal year 2018 balance of \$44.2 million. The fiscal year 2019 beginning surplus was \$72.7 million, \$12.6 million higher than the beginning balance assumed in the adopted budget for the 2018-2019 biennium. The actual Highway Fund fiscal 2019 revenues of \$226.6 million were \$13.0 million higher than those budgeted for fiscal year 2019, and \$2.9 million higher than actual revenues received in the fiscal year 2018. Also contributing to the positive variance in surplus were actual lapses being \$12.5 million greater than assumed in the budget. Fiscal year 2019 appropriations of \$252.9 million were \$14.2 million higher than those assumed in the fiscal 2019 budget due to additional appropriations for winter maintenance, which partially offset the positive variance in surplus, resulting in an \$21.4 million increase in surplus as of June 30, 2019, as compared to the original budget.

As the majority of fund balance within the Highway Fund is categorized as restricted, the surplus amount is embedded within restricted fund balance. Additional information on the Highway Fund can be found on page 143.

Fish & Game Fund

The Fish and Game Fund ended fiscal year 2019 with an operating surplus of approximately \$2.8 million as compared to the fiscal year 2018 balance of \$2.7 million. In the fiscal year 2018-2019 biennium, it was assumed the fiscal year 2018 balance would end with a balance of \$0.7 million, however, based on fiscal year 2018 positive results, the beginning surplus balance was \$2.7 million. The actual Fish and Game Fund revenues and other credits for fiscal 2019 of \$13.9 million were \$0.9 million higher than those budgeted for fiscal year 2019, and slightly higher than actual revenues received in the fiscal year 2018 of \$13.8 million. Also contributing to the positive variance in surplus were lapses being \$0.7 million greater than assumed in the budget, while fiscal year 2019 net appropriations of \$14.9 million were slightly higher than those assumed in the budget. The Fish and Game surplus balance is embedded primarily within assigned fund balance within the Fish and Game fund. Additional information regarding the Fish and Game fund can be found on page 144.

Unrestricted Net Position

At the Government-Wide Level, the State's Governmental Activities unrestricted net position is less than the unrestricted liabilities which results in a deficit of Unrestricted Net Position. Since fiscal year 2009 (on a restated basis), the State's net position has changed from an unrestricted positive balance to an unrestricted deficit balance. The deficit balance as of June 30, 2019 was (\$2,790.6) million, a positive variance of \$430.7 million over the deficit balance as of June 30, 2018 of (\$3,221.3) million. As discussed in previous years, the significant deficit balance is primarily a result of the fiscal year 2018 implementation of GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which required Other Post Employment Benefit (OPEB) payables to be reported on the Statement of Net Position. The deficit unrestricted net position is primarily the result of the following: 1) \$1,801.3 million of OPEB payables outstanding as of June 30, 2019 (see Note 11) 2) \$887.8 million of Net Pension Liabilities outstanding as of June 30, 2019 (see Note 11) 3) Long-Term debt issued by the State for component unit capital purposes, \$111.7 million outstanding principal balance as of June 30, 2019 (\$97.7 million USNH and \$14 million CCSNH), that did not result in a Governmental Activities' capital asset (assets are recorded on the balance sheets of USNH and CCSNH), and 4) school building aid long term debt which was bonded between 2009-2011 with a remaining principal balance of approximately \$61 million that did not result in a State capital asset.

Other Financial Matters

2019 Capital Budget / Capital Projects Fund

During fiscal year 2019, the State completed or made substantial progress on several significant projects including:

- Renovation work at the Plymouth & Rochester Career and Technical Education centers for the Department of Education for a total of approximately \$17 million.
- Construction of two new courthouses in Hampton and Milford, for a combined total of approximately \$10 million.
- Construction work towards State House and other state facilities' steam heat conversion of approximately \$7 million.
- Construction of an addition at the State Archives for approximately \$4 million.
- Construction work on the Liquor Commission's new Portsmouth Traffic Circle Retail Store.
- Pease Development Authority's expansion of the Piscataqua River turning basin to allow larger vessels to navigate through Portsmouth Harbor.

In addition, the capital budget for state fiscal years 2018-2019 authorizes nearly \$262 million in capital appropriation, leveraging approximately \$201 million in bonding authority, with \$125 million in general funds and the balance from other sources.

Approved projects in addition to those noted above include:

- \$9.6 million at the Community College System for critical maintenance, lab and IT upgrades
- Construction of an addition at the New Hampshire Veterans' Home to the Life Enhancement Dementia Unit.
- \$4.9 million towards reconstruction of the Ossipee Lake Dam
- \$2.5 million for NH Housing Finance Authority Affordable housing fund
- \$1.4 million for Cyber Security Program enhancements
- \$30 million for the Department of Revenue Administration for a new Revenue Information Management system

Revenue Stabilization Fund

The balance of the State's Revenue Stabilization Fund ('Rainy Day Fund') had been \$9.3 million since 2009. FY 2015 marked the first increase in the Rainy Day fund balance to \$22.3 million. This amount was less than ideal relative to comparisons to other states and various general guidelines to ensure the State can absorb unpredicted financial challenges. Additionally, Chapter 214, Laws of 2014 became effective in FY 2015 and directed that whenever the Department of Justice receives judgment or settlement money in excess of \$1 million, the first 10 percent of those funds shall be transferred to the Rainy Day Fund. For FY 2016, the State received environmental litigation settlement payments totaling \$307.2 million, resulting in a \$30.7 million increase to the Rainy Day Fund. In addition, with revenues coming in higher than plan, there was a transfer of \$40 million to the Rainy Day Fund, bringing the balance to \$93.0 million as of June 30, 2016. The statutory capacity of the Rainy Day Fund has been set at 10% of general fund unrestricted revenue for the most recently audited fiscal year, with any general fund surplus above the cap to be transferred to the Rainy Day Fund.

This statutory limit was revised by Chapter 156, Laws of 2017 and required that to the extent the audited, combined unrestricted general and education trust fund revenues for the fiscal year ending June 30, 2017 exceeded the official estimates, less any amounts deposited pursuant to RSA 7:6-e I, which totaled \$0.9 million for fiscal year 2017, the excess was to be transferred to the Rainy Day Fund, bringing the balance to \$100 million. Any excess, after the transfer of sufficient funds to bring the Rainy Day Fund to \$100 million, was to be transferred to the Public School Infrastructure Fund established pursuant to RSA 198:15-y. The State ended fiscal year 2017 with an operating surplus of \$24.8 million, therefore, \$6.1 million was transferred to the Rainy Day Fund and \$18.7 million to the Public School Infrastructure Fund, which is a component of restricted fund balance. During the 2018 legislative session, Chapter 162 required that \$10 million of FY 2018 unrestricted General fund excess revenues over plan be transferred into the Rainy Day fund, bringing the balance as of June 30, 2018 to \$110 million. In addition, Chapter 349, Laws of 2018, authorized an additional \$10 million of FY 2018 unrestricted General fund excess revenues over plan be transferred into the Public School Infrastructure Fund bringing the total available for school safety projects to \$28.7 million. During fiscal year 2019, legislation authorized an additional \$3.5 million of FY 2019 unrestricted General fund excess revenues over plan be transferred into the Public School Infrastructure Fund. Lastly, Chapter 345, Laws of 2019 required that \$5 million of FY 2019 unrestricted General fund excess revenues over plan be transferred into the Rainy Day fund, bringing the balance as of June 30, 2019 to \$115.3 million, which includes \$0.3 million in settlement funds. The enactment of Chapter 345, Laws of 2019 resulted in a cap on the amount of unrestricted General fund excess revenues over plan to be transferred into the Rainy Day fund, leaving a balance of \$192.5 million remaining in undesignated General fund surplus as of June 30, 2019, to be carried over to the next biennium.

Additional information on the General Fund undesignated balance can be found in the preceding tables and on page 141.

Business Taxes and Interest & Dividends Taxes

During the last few years, several changes have been made to the tax laws. The companion bill to the State's budget for FYs 2016-2017, SB 9 reduced Business Profits Tax and Business Enterprise Tax rates from 8.5% to 8.2% and from 0.75% to 0.72%, respectively, for tax years ending on or after December 31, 2016. Additionally, as the combined unrestricted general and education trust fund revenues exceeded the threshold established for the 2016-2017 biennium, the rates will be further reduced for tax years ending on or after December 31, 2018 from 8.2% to 7.9% and from 0.72% to 0.675% for Business Profits Tax and Business Enterprise Tax, respectively. Furthermore, the State's budget for FYs 2018-2019 included additional rate reductions for tax years ending on or after December 31, 2019. The Business Profits Tax was reduced from 7.9% to 7.7%, and the Business Enterprise Tax was reduced from 0.675% to 0.60%. In addition, the State's budget for FYs 2020-2021 included an additional adjustment of rates. For all taxable periods ending on or after December 31, 2021, the Business Profits Tax and the Business Enterprise Tax rates depend on the combined amount of general and education trust fund revenue collected for the fiscal year ending June 30, 2020, excluding \$68.1 million appropriated to the education trust fund (the "combined revenue"). If the combined revenue is 6% or more below the official revenue estimates, the Business Profits Tax will increase from 7.7% to 7.9% and Business Enterprise Tax rates will increase from 0.60% to 0.675%. If the combined revenue is 6% or more above the official revenue estimates, the Business Profits Tax will be reduced from 7.7% to 7.5% and the Business Enterprise Tax rate will be reduced from 0.60% to 0.50%. Otherwise, the Business Profits Tax and Business Enterprise Tax rates will continue at their respective 2019 rates of 7.7% and 0.60%.

Drinking Water and Groundwater Trust

During fiscal year 2016, the State received approximately \$276 million in proceeds from Exxon Corp. which were placed in a trust fund to be used to operate the State's MTBE remediation bureau within the State's Department of Environmental Services, in accordance with RSA 485-F. Funds will be used for qualifying projects as determined by the New Hampshire Drinking Water and Groundwater Advisory Commission. The Commission and its subcommittees meet regularly to approve projects to be funded by grants and loans through this program.

Highway Fund Financing

Beginning in May 2016, the State entered into the Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement for \$200 million to advance the construction of the remaining I-93 expansion projects. The loan proceeds are being used on four Federal Highway Administration (FHWA) approved projects included in the I-93 widening project, all of which were active in state fiscal year 2019. These projects are accounted for

and reported in the Highway Fund. Total proceeds attributed to fiscal year 2019 expenditures were \$38.3 million, for a total program to date of \$141.1 million, representing a long-term note payable.

Medicaid Program

Background. Established in 1965, Medicaid is a joint federal-state program providing health care to eligible needy persons. Each state operates its Medicaid program within broad federal guidelines, in accordance with a customized State Plan approved by the federal Centers for Medicare & Medicaid Services (“CMS”) reflecting that state’s priorities in designing program eligibility and benefits. The federal government mandates certain benefits and eligibility categories, while states have a choice of which additional optional eligibility categories and benefits to offer, although the Patient Protection and Affordable Care Act (“PPACA”) has reduced states’ ability to reduce eligibility categories. The maintenance-of-effort (“MOE”) requirements in ACA were effective until the state exchanges were operational (2014), but the MOE for children was through fiscal year 2019. The federal government and the state share responsibility for financing Medicaid. The federal government matches state Medicaid spending at rates that vary depending on state per capita income.

Overview of New Hampshire Medicaid. The New Hampshire Medicaid program (“New Hampshire Medicaid”) administered through the Department of Health and Human Services (DHHS) is a complex network that provides health care and psychosocial support insurance coverage to participants who meet eligibility requirements. New Hampshire Medicaid covers all or part of the health care costs of low-income children, pregnant women, parents with children, senior citizens, and people with disabilities for medical and hospital services, nursing facility care, in-home support services and more. There are approximately 176,000 adults and children enrolled in the New Hampshire Medicaid program as compared to 181,000 in the prior year. This includes 49,000 (compared to 52,000 in the prior year) within the Medicaid expansion “New Adult Group”, which principally insures childless adults up to 138% of the federal poverty level. The State expanded its Medicaid program as provided for under the PPACA in July 2014. New Hampshire Medicaid expended a total of \$2.1 billion in fiscal year 2017; \$2.13 billion in fiscal year 2018; \$2.14 billion in fiscal year 2019 and expects to expend \$2.14 billion in fiscal year 2020. The State’s base federal matching rate is 50%. There are exceptions, which afford higher federal medical assistance percentages (FMAP) rates, such as the Breast and Cervical Cancer Program (65% match) and the NH Granite Advantage Health Care Program (currently at 93% match through calendar year 2019; and then 90% beginning in calendar year 2020).

Children’s Health Insurance Program (CHIP). On January 22, 2018, Congress passed a six-year extension of CHIP funding as part of a broader continuing resolution to fund the federal government. The Act provides enhanced federal funding for CHIP for six years starting at the enhanced rate of 88% for federal fiscal years (FFY) 2018 and 2019, is 76.5% for FFY 2020, and will be 65% in FFY 2021 and beyond. The reauthorization of CHIP offset State general fund requirements by \$20.1 million in state fiscal year 2018 and \$29.3 million in state fiscal year 2019. This includes enhanced match for qualifying CHIP state costs for related expenses for standard Medicaid children up to age 18 that fall within two groups. In 2020 and 2021 the match is known and was included in the biennial budget.

Policy Changes and Enrollment Trends. Certain recent policy changes have impacted Medicaid enrollment. The number of individuals enrolled in Medicaid at the beginning of fiscal year 2014 was approximately 140,000. The number of individuals enrolled at the end of fiscal year 2019 was 175,653 representing an increase of 25.4%. However, between fiscal years 2018 and 2019 the enrollment decreased by 3.8%. The 2014 to 2019 increase can be primarily attributed to two elements of the PPACA. Historically, an increase of approximately 7% in enrollment was attributable to the federal changes in eligibility criteria as part of the Modified Adjusted Gross Income (“MAGI”) methodology, which changed the financial eligibility criteria for Medicaid medical services. More recent declines in enrollment appear to be related largely to a reduction in federal outreach efforts and a shorter open enrollment period for the annual open ACA enrollment where those applications for ineligibility due to income would cascade to Medicaid eligibility. Economic conditions appear to be another factor as overall uninsured levels in the State of New Hampshire have not increased as in other parts of the country. Census data for 2018 showed a decline of 0.5% nationally whereas New Hampshire remained unchanged.

In August 2014, the State expanded Medicaid eligibility by implementing the New Hampshire Health Protection Program (“NHHPP”), which expanded coverage to an additional 52,507 individuals by the end of fiscal year 2018 and 49,155 at 2019 state fiscal year end. Medical costs for this expanded population were initially funded from July 2014 through December 2015 with 100% federal financial participation (“FFP”), as provided for under PPACA.

During the 2016 Legislative session, HB 1696 reauthorized the program to operate through December 31, 2018 and funded the non-federal share of the program with a combination of revenue sources, namely, revenue from the State’s insurance premium tax, contributions from the State’s high risk insurance pool and voluntary donations from hospitals. On July 25, 2017, CMS informed the State that its use of voluntary provider donations did not meet all of the federal criteria for a bona fide provider donation but allowed the State additional time through the following legislative session to amend its funding for the non-federal share of the program.

Senate Bill 313, was enacted on June 28, 2018. This bill repealed the NHHPP and established the NH Granite Advantage Health Care Program (“Granite Advantage Program”), a five-year demonstration program beginning January 1, 2019, which will serve the entire expansion population, in the State’s managed care program. The State received notice on November 30, 2018 that CMS had issued all necessary approvals for the program.

The Granite Advantage Program provides the same services as the NHHPP, but instead of utilizing qualified health plans on the Federal Marketplace for coverage for the New Adult Expansion Group, the Granite Advantage Program transitioned this population into the State’s existing managed care program, which is expected to reduce costs by an estimated \$200 million total funds in the first full calendar year of operation. New Hampshire Granite Advantage Health Care Trust Fund provides coverage for the newly eligible Medicaid population as provided for under RSA 126-AA:2.

All moneys in the fund are nonlapsing and are continually appropriated to the Commissioner for the purposes of the fund. The fund is authorized to pay and/or reimburse the cost of medical services and cost-effective related services, including without limitation, capitation payments to MCOs. No State general funds shall be used to fund the program. The non-federal share of the costs of the program, including administrative expenses, are funded from a combination of revenues: liquor revenues; the insurance premium tax; contributions from the State's insurance high risk pool assessment and other funds as allowed by RSA 126-AA:3.

New Hampshire's Disproportionate Share Hospital ("DSH") Program. The DSH Program was significantly redesigned in fiscal year 2011, due to new federal DSH regulations and requirements of Chapter 144:212, Laws of 2009. Hospitals received payments based on the amount of uncompensated care provided to patients with no form of insurance coverage, regardless of the amount of MET the individual hospital paid to the State. Previously, hospital DSH payments equaled the amount paid in MET. At the time, no changes were made to the State's definition of net patient services revenue or to the MET rate of 5.5% of that revenue.

In fiscal years 2018 and 2019, DSH payments were paid annually by May 31st and were processed in the following priority order:

- (1) Critical Access Hospital (CAH) will be reimbursed at an amount equal to 75% of UCC
- (2) Non-Critical Access Hospital will be reimbursed at an amount up to 92.2% (fiscal year 2018) or 90.2% (fiscal year 2019) of MET revenues
- (3) Remaining funds shall support Medicaid Provider payments

For fiscal year 2019, DSH payments totaled \$225.9 million, or \$60.4 million above the budgeted DSH payments. MET revenue totaled \$250.2 million, which is \$3.2 million higher than originally budgeted, so the reduction to MET available for Medicaid Provider payments was \$23.6 million.

The legislation also included the following two provisions:

- i. Provision 1) Given any future change to the federal definition of uncompensated care resulting in a decrease in the UCC calculation, then the percentage of allowable UCC for CAH hospitals will be adjusted to 75% of UCC calculated without regard to payments from Medicare or third party payers. If increasing the percentage of allowable DSH causes any hospital to exceed the hospital-specific DSH limit, the difference will be paid to the critical access hospitals in Medicaid supplemental payments, MCO directed payments, increased rates, or any other allowable Medicaid payment.
- ii. Provision 2) Any future reduction in the federal DSH allotment to the State resulting in a DSH payment below the percentage of MET established for the year in question will be paid to hospitals in Medicaid supplemental payments, MCO directed payments, increased rates, or any other allowable Medicaid payment.

Retirement Funding

The New Hampshire Retirement System is the administrator of the cost-sharing multiple-employer Public Employee Retirement System (NHRS) established in 1967 by RSA 100-A:2 (see Note 11). The New Hampshire Judicial Retirement Plan (NHJRP) is a single employer plan established in 2005 by RSA 100-C:2. For the year ending June 30, 2015, the State implemented GASBS No. 68, *Accounting and Financial Reporting for Pensions*, (GASBS 68), which significantly changed how governments measure and report the long-term obligations and annual costs associated with the pension benefits they provide through pension plans administered through trust or equivalent arrangements. Under these standards, the State reports a net pension liability associated with pension benefits provided through the NHRS and the NHJRP. Based on GASBS 68, as of June 30, 2019 the State reported a total liability of \$931.0 million for its proportionate share of the net pension liability of the NHRS liability and the net pension liability of NHJRP. This liability-based approach replaces the funding progress-based approach in place before fiscal year 2015.

Funding Status:

The Pension Plan is funded by contributions from the members, the State and local employers and investment earnings. The State has enacted various legislative changes in recent years in order to address certain issues pertaining to the Pension Plan, including, among other matters, the level of benefits to be received by retirees and the contributions required to be made by employers and employees.

OPEB

In addition to pensions, many state and local governmental employers provide other postemployment benefits ("OPEB") as part of the total benefit component of compensation offered to attract and retain the services of qualified employees. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, health insurance) when provided separately from a pension plan. From an accrual accounting perspective, the cost of OPEB, like the cost of pension benefits, generally should be associated with the periods in which the exchange occurs (matching principle), rather than with the periods (often many years later) when benefits are paid or provided. However, in current practice, most OPEB plans are financed on a pay-as-you-go basis.

During the fiscal year ended June 30, 2018, the State implemented GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, (GASBS 75), which significantly changed how governments measure and report the long-term obligations related to OPEB. The State has two components of OPEB which include the State Retiree Health Benefit Plan and the NHRS Medical Subsidy Plan. The State Retiree Health Benefit Plan is a single-employer (primary government with component units) plan with no assets accumulated in a trust that meets the criteria of paragraph 4 of GASBS 75, and the State is reporting a Total OPEB Liability on its balance sheet of \$1.8 billion for this plan. The NHRS Medical Subsidy Plan is a cost sharing multiple-employer plan with assets accumulated in a trust that meets the criteria of paragraph 4 of GASBS 75, and the State is reporting a Net OPEB Liability on its balance sheet of \$92.4 million for this plan, representing the proportionate share of the NHRS Net OPEB Liability for the State's primary government and component units.

In the FY 18/19 budget, the legislature increased the revenue paid by retirees to the Retiree Health Benefit Plan. The legislature created a new revenue source by requiring, for the first time ever, Medicare retirees born on or after January 1, 1949 to pay 10% of the monthly premium for Medicare Retiree Health Benefits. This revenue source will continue to grow as more retirees age into Medicare eligibility. In addition, the legislature further increased the premium contribution percentage paid by Non-Medicare retirees. Building on the Non-Medicare premium contribution increase from 12.5% to 17.5% that was effective on January 1, 2016, the legislature raised the premium contribution for Non-Medicare retirees from 17.5% to 20% effective October 1, 2017. As reflected in the December 31, 2016 valuation, the Non-Medicare and Medicare retiree premium contribution increases offset the projected increase in UAAL by approximately \$132 million.

The State has continued to review and analyze cost containment options for the Retiree Health Benefit Plan. As such, effective January 1, 2019 the State replaced the current self-funded Medicare supplemental coverage with a fully-insured Medicare Advantage Plan (Medicare Part C plan), which is expected to result in both budgetary savings and a reduction to the OPEB liability. During December 2019, the State will issue its next biennial OPEB valuation for the State Retiree Health Benefit Plan as of December 31, 2018.

Budgetary Process

The State budget is prepared on a biennial basis. Prior to the start of each biennium, all departments of the state are required by law to transmit to the commissioner of the Department of Administrative Services requests for capital and operating expenses and estimates for revenue for the ensuing biennium. Following public hearings and consultation with various department heads, the Governor prepares a recommended budget. The budget is forwarded to the Legislature by February 15th of the odd year for consideration. The Legislature performs its review of the proposed budget and can make further adjustments. The budget passed by the Legislature is forwarded to the Governor to be enacted into law or to be vetoed. This usually occurs in June of that same odd numbered year.

The legal level of budgetary control is generally at the expenditure class level within each accounting unit within each department level. All departments are authorized to transfer appropriations between and among accounts within the department, unless restricted by law, with prior approval from the Legislative Fiscal Committee, the Governor and the Executive Council as required.

Internal Controls

Major fiscal responsibilities within the State are segregated among the following officials:

- **Department of Administrative Services (DAS)** - The Commissioner of Administrative Services, the assistant commissioner/budget officer and the comptroller are responsible for enforcing financial policy guidelines, assisting with the development of the executive budget, collecting financial data from individual agencies, developing and reviewing appropriation control procedures, and compiling agency financial information.
- **Legislative Budget Assistant (LBA)** - The LBA, appointed by the Fiscal Committee, is responsible for ensuring that an annual audit is conducted of the state's basic financial statements prepared by the Department of Administrative Services. The LBA also provides staff assistance to the finance committees of the state Legislature. The LBA Audit Division performs various financial, compliance, and performance audits of state agencies.
- **State Treasurer** - The State Treasurer, elected by the Legislature, is responsible for executing policy for the management of the state treasury and depositing and investing state funds as well as the issuing of general obligation and revenue bonds.
- **State Agencies** - Agency commissioners and directors are responsible for administering their agencies, in accordance with legislative and executive directives, to effectively service the citizens of the State.

Throughout FY 2019, financial transactions for the various state agencies were recorded in the New Hampshire accounting ERP System, NH FIRST. The state's centralized accounting system and other accounting procedures are designed to provide various controls to provide reasonable, though not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use and the proper recording of financial transactions. In connection with the adoption and continued use of the State's ERP system, substantial training has been provided by DAS, which serves to strengthen users' procedures and instruct them in the system of internal controls employed in its use. In some instances, agencies continue to use other applications to track financial data; however, transactions are recorded in NH FIRST and reconciled on a periodic basis.

Audits

Pursuant to RSA 21-I:8,II, (a), the Legislative Budget Assistant may designate a certified public accountant not employed in state service to conduct an annual audit, in accordance with Generally Accepted Auditing Standards, of the State's basic financial statements. KPMG, LLP, the designated certified public accountant, has performed an independent audit of the State's basic financial statements for the fiscal year ended June 30, 2019.

In order to comply with the Single Audit Act of 1984, the Legislative Budget Assistant also contracts for a single audit of the state as a whole, which will include a report on compliance with requirements of federal funds received by the state. This report (including a Schedule of Expenditures of Federal Awards received by the State and comments on internal accounting controls and compliance with laws, rules and regulations) will be published separately and is anticipated to be completed in March 2020.

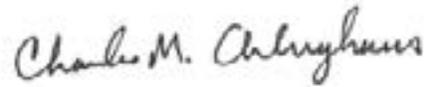
Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of New Hampshire for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This is the eleventh consecutive year that the State has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to substantially meet the Certificate of Achievement Program's requirements.

Acknowledgments

In submitting this report, I acknowledge the cooperation, assistance and dedication of all state agencies and their employees.

Respectfully submitted,

A handwritten signature in cursive script that reads "Charles M. Arlinghaus".

Charles M. Arlinghaus, Commissioner



Government Finance Officers Association

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State of New Hampshire

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

Financial Section





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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Hampshire (the State), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Liquor Commission and the Lottery Commission, which represent 7.0% and 82.0%, respectively, of the assets and revenues of the business-type activities. Additionally, we did not audit the financial statements of the Business Finance Authority of the State of New Hampshire, Community Development Finance Authority, Pease Development Authority and the Community College System of New Hampshire, which represent 13.4% and 15.3%, respectively, of the assets and revenues of the aggregate discretely presented component units. Further, we did not audit the financial statements of the New Hampshire Retirement System, the New Hampshire Judicial Retirement Plan and the New Hampshire Public Deposit Investment Pool, which represent 98.6% and 77.4%, respectively, of the assets and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the New Hampshire Public Deposit Investment Pool and the Business Finance Authority of the State of New Hampshire were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An



audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Hampshire, as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information, as listed in the table of contents (collectively referred to as RSI), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, other supplementary information within the financial section, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information within the financial section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the other supplementary information within the financial section is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019 on our consideration of the State'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 State'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 State's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts
December 20, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

The following is a discussion and analysis of the financial activities of the State of New Hampshire (the State) for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information included in our letter of transmittal, which can be found at the front of this report, and with the State's financial statements which follow this section.

Government-Wide Highlights

Net Position: The total assets and deferred outflows of resources of the State exceeded total liabilities and deferred inflows of resources as of June 30, 2019 by \$1.9 billion. This amount is presented as "Total Net Position" on the Statement of Net Position for the Primary Government (condensed information can be seen later in the MD&A section of this report). Of this amount, (\$2.9) billion is reported as a deficit in unrestricted net position, representing a deficiency of unrestricted, non-capital assets, to liabilities other than capital debt.

Changes in Net Position: The State's total net position increased by \$586.3 million, or 45.4%, in fiscal year 2019 from \$1,291.9 million to \$1,878.2 million, as shown in the Comparative Changes in Net Position table within this report. Also reflected in this table, the State's net position of governmental activities increased by \$500.4 million (229.2%), from \$(218.3) million to \$282.1 million in fiscal year 2019. Net position of the business-type activities showed an increase of \$85.9 million (5.7%) related to fiscal year 2019 activity, from \$1,510.2 million to \$1,596.1 million. Total change in expenses for the period were \$91.9 million, or 1.3% lower than fiscal year 2018 and total change in revenues were approximately \$218.7 million or 3.0% higher than fiscal year 2018.

Non-Current Liabilities: The State's total non-current liabilities decreased by \$392.8 million or 8.4% during the current fiscal year, and is largely due to the decrease of \$81.9 million in the State's aggregate net pension liability as of June 30, 2019 for a total of \$931.0 million as compared to \$1,012.9 million as of June 30, 2018 and a decrease of \$296.9 million in the State's aggregate OPEB liability as of June 30, 2019 for a total of \$1,901.0 million as compared to \$2,197.9 million as of June 30, 2018. Reported non-current debt, including bonds and notes, decreased a net of \$40.9 million or 3.1%, as a result of payments on outstanding debt. In addition, the State issued \$63.4 million in new bonds during fiscal year 2019. The State issued an additional \$38.3 million of notes payable during fiscal year 2019, related to the Federal Transportation Infrastructure Finance and Innovation Act (TIFIA), as described in Footnote 5 of the Notes to the Basic Financial Statements.

Fund Highlights:

Governmental funds - Fund Balances: As of the close of fiscal year 2019, the State's governmental funds reported a combined balance of all funds of \$1,161.4 million, an increase of \$112.4 million over the prior year. Within the governmental funds, fund balances for the general fund, highway fund, education fund, and the combined non-major governmental funds increased(decreased) by \$87.5 million, \$2.7 million, \$59.0 million and \$(36.8) million, respectively. The increase in the general fund was driven by surplus revenues, primarily business taxes, as was additional appropriations authorized but not yet expended by June 30, 2019. Additional legislation in fiscal year 2019 appropriated \$11.7 million for mental health services and \$19.2 million for other various supplemental appropriations. The surplus revenues received during fiscal year 2019 contributed to an undesignated general fund balance of \$192.5 million as compared to \$74.4 million in the previous year. As of June 30, 2019, the \$115.3 million of the unassigned fund balance represents the Revenue Stabilization balance, as compared to \$110.0 million in fiscal year 2018. Lastly, the education trust fund, which typically operates in a budgetary deficit, ended with a fund balance of \$84.5 million as of June 30, 2019, as compared to \$25.4 million in fiscal year 2018, due to the overall increase in unrestricted revenues deposited into the general and education trust funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements include three components:

1. Government-Wide financial statements,
2. Fund financial statements, and
3. Notes to the basic financial statements.

This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad view of the State's finances. These statements (Statement of Net Position and Statement of Activities) provide both short-term and long-term information about the State's overall financial position. They are prepared using the economic resources measurement focus and accrual basis of accounting, which recognizes all revenues and expenses connected with the fiscal year even if cash has not been received or paid.

The **Statement of Net Position**, beginning on page 30, presents all of the State's non-fiduciary assets and liabilities as well as any deferred outflows of resources or deferred inflows of resources. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as "net position" instead of fund balance as shown on the Fund Statements. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The **Statement of Activities**, beginning on page [32](#), presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and licenses and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

Both of the Government-Wide Financial Statements have separate sections for three different types of State activities. These three types of activities are:

Governmental Activities: The activities in this section represent most of the State's basic services and are generally supported by taxes, grants and intergovernmental revenues. The governmental activities of the State include general government, administration of justice and public protection, resource protection and development, transportation, health and social services, and education.

Business-Type Activities: These activities are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the State include the operations of the:

- Liquor Commission,
- Lottery Commission (includes Racing & Charitable Gaming),
- Turnpike System,
- State Revolving Fund (SRF), and
- New Hampshire Unemployment Compensation Trust Fund

Discretely Presented Component Units: Component Units are entities that are legally separate from the State, but for which the State is financially accountable. The State's discretely presented component units are presented in the aggregate in these Government-Wide Statements and include the:

- University System of New Hampshire (USNH),
- Business Finance Authority of the State of New Hampshire
- Community Development Finance Authority,
- Pease Development Authority, and
- The Community College System of New Hampshire

Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the state's component units are presented in the notes to the basic financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements, focus on the individual parts of the State government, and report the State's operations in more detail than the government-wide statements. The State's funds are divided into three categories – governmental, proprietary and fiduciary. For governmental and proprietary funds, only those funds that are considered Major Funds are reported in individual columns in the Fund Financial Statements with the Non-Major Funds reported in the aggregate. Fiduciary funds are reported by fiduciary type (pension, private-purpose, investment trust, and agency).

Governmental Funds: Most of the basic services provided by the State are financed through governmental funds. Unlike the Government-Wide Financial Statements, the Governmental Fund Financial Statements report using the current financial resources measurement focus and modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. The Governmental Fund Financial Statements can be found on pages [35](#) and [37](#).

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented here with similar information presented in the Government-Wide Financial Statements. Reconciliations are provided between the Governmental Fund Financial Statements and the Government-Wide Financial Statements, which can be found on pages [36](#) and [38](#).

The State's major governmental funds include the General Fund, Highway Fund, and Education Fund.

Individual fund data for each of the State's non-major governmental funds (Fish and Game Fund, Capital Projects Fund and Permanent Funds) are provided in the combining statements found on pages [113](#) and [114](#).

Proprietary Funds: The State's proprietary funds charge a user fee for the goods and services they provide to both the general public and other agencies within the State. These activities are reported in five enterprise funds and one internal service fund. The enterprise funds, which are all considered major funds, report activities that provide goods and services to the general public and include the operations of the Liquor Commission, Lottery Commission, Turnpike System, SRF Fund and the New Hampshire Unemployment Trust Fund. The Internal Service Fund reports health-related fringe benefit services for the State's programs and activities.

Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the economic resources measurement focus and accrual basis of accounting. Therefore there is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements. The Internal Service Fund is reported within governmental activities on the Government-Wide Financial Statements. The basic proprietary funds financial statements can be found on pages [40](#) through [43](#).

Fiduciary Funds and Similar Component Units: These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of these funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds in that they use the economic resources measurement focus and accrual basis of accounting.

The State's fiduciary funds on pages 45-46 include the:

- **Pension Trust Funds** which account for the activity of the New Hampshire Retirement System and the New Hampshire Judicial Retirement Plan, which are component units of the State,
- **Private-Purpose Trust Funds** which account for the activity of trust arrangements under which principal and income benefit individuals, private organizations, or other governments,
- **Investment Trust Fund** which accounts for the activity of the external investment pool known as the New Hampshire Public Deposit Investment Pool (NHPDIP), and
- **Agency Funds** which account for the resources held in a pure custodial capacity.

Individual fund detail can be found in the combining financial statements in the Other Supplementary Information Section.

Major Component Unit

The State has only one major discretely presented component unit - the University System of New Hampshire and four non-major discretely presented component units. This separation is determined by the relative size of the individual entities' assets, liabilities, revenues and expenses in relation to the combined total of all component units. The combining financial statements for the component units can be found on pages 48 and 49.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements begin on page 51.

Required Supplementary Information

In addition to this Management's Discussion and Analysis, the basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for each of the State's major governmental funds, and includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements. In addition, information about the New Hampshire Retirement System and the New Hampshire Judicial Retirement Plan, as required under GASBS 68 and information about the Trusted and Non-Trusted Other Post Employment Benefit Plans (OPEB), as required under GASB 75.

Other Supplementary Information

Other supplementary information includes combining financial statements and schedules for governmental, internal service and fiduciary funds and non-major component units.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

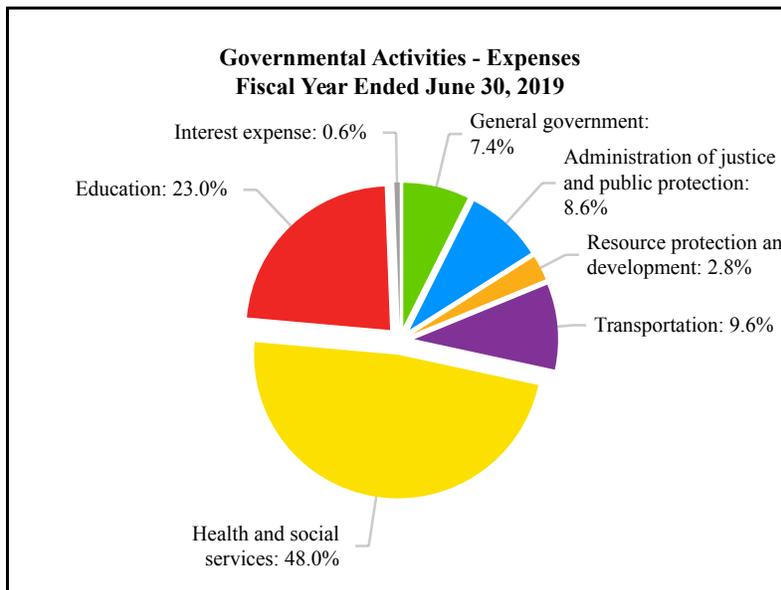
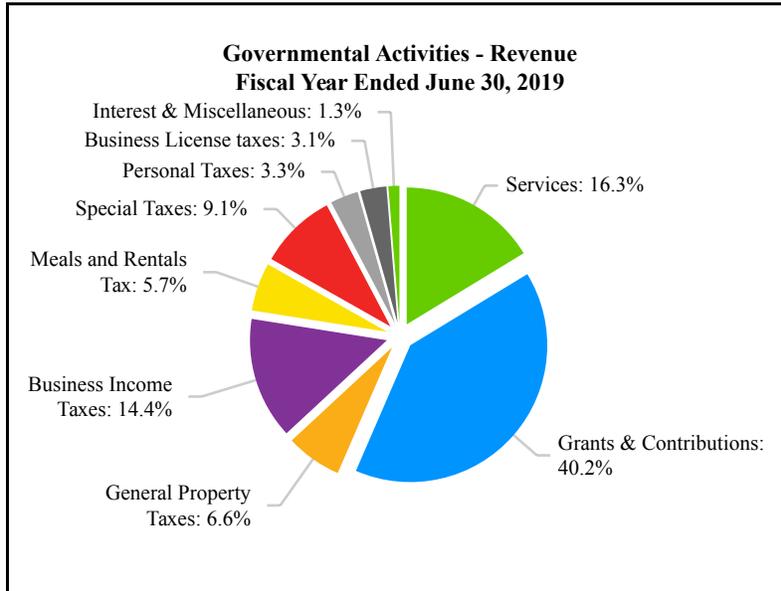
Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The State's combined net position (governmental and business-type activities) totaled \$1.9 billion as of June 30, 2019 which was \$586.3 million, or 45.4%, higher than the net position as of June 30, 2018.

Comparative Net Position as of June 30, 2019 and 2018 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 1,608,537	\$ 1,478,944	\$ 853,558	\$ 820,751	\$ 2,462,095	\$ 2,299,695
Capital assets	3,246,838	3,152,031	977,364	969,005	4,224,202	4,121,036
Other assets	505,927	389,297	489,401	498,841	995,328	888,138
Total assets	5,361,302	5,020,272	2,320,323	2,288,597	7,681,625	7,308,869
Total deferred outflows of resources	238,726	267,098	13,606	16,517	252,332	283,615
Noncurrent liabilities	3,784,149	4,128,565	521,961	570,361	4,306,110	4,698,926
Current liabilities	788,239	733,301	169,136	185,966	957,375	919,267
Total liabilities	4,572,388	4,861,866	691,097	756,327	5,263,485	5,618,193
Total deferred inflows of resources	745,491	643,823	46,768	38,607	792,259	682,430
Net position:						
Net investment in capital assets	2,390,742	2,315,210	592,072	554,745	2,982,814	2,869,955
Restricted	681,987	687,731	1,064,700	1,054,707	1,746,687	1,742,438
Unrestricted	(2,790,580)	(3,221,260)	(60,708)	(99,272)	(2,851,288)	(3,320,532)
Total net position	\$ 282,149	\$ (218,319)	\$ 1,596,064	\$ 1,510,180	\$ 1,878,213	\$ 1,291,861

Comparative Changes in Net Position						
For Fiscal Years Ended June 30, 2019 and 2018						
(In Thousands)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,001,920	\$ 969,216	\$ 1,345,432	\$ 1,284,408	\$ 2,347,352	\$ 2,253,624
Operating grants & contributions	2,273,606	2,267,221	17,436	28,456	2,291,042	2,295,677
Capital grants & contributions	201,298	190,813	89	104	201,387	190,917
General revenues:						
General property taxes	403,299	409,085			403,299	409,085
Business income taxes	886,821	774,512			886,821	774,512
Meals and rentals tax	350,190	329,983			350,190	329,983
Special taxes	562,248	567,200			562,248	567,200
Personal taxes	202,182	211,319			202,182	211,319
Business license taxes	187,806	184,886			187,806	184,886
Interest	27,440	21,023			27,440	21,023
Miscellaneous	50,494	53,376			50,494	53,376
Total revenues	<u>6,147,304</u>	<u>5,978,634</u>	<u>1,362,957</u>	<u>1,312,968</u>	<u>7,510,261</u>	<u>7,291,602</u>
Expenses						
General government	435,655	487,323			435,655	487,323
Administration of justice and public	507,949	529,684			507,949	529,684
Resource protection and development	168,125	178,862			168,125	178,862
Transportation	568,404	569,332			568,404	569,332
Health and social services	2,839,853	2,883,850			2,839,853	2,883,850
Education	1,366,996	1,356,013			1,366,996	1,356,013
Interest expense	33,865	33,754			33,865	33,754
Turnpike System			93,040	97,530	93,040	97,530
Liquor Commission			564,013	554,195	564,013	554,195
Lottery Commission			284,504	250,510	284,504	250,510
SRF			16,377	17,244	16,377	17,244
Unemployment Compensation Trust			45,128	57,529	45,128	57,529
Total expenses	<u>5,920,847</u>	<u>6,038,818</u>	<u>1,003,062</u>	<u>977,008</u>	<u>6,923,909</u>	<u>7,015,826</u>
Increase/ (decrease) in net position before	226,457	(60,184)	359,895	335,960	586,352	275,776
Special item - environmental litigation						
Transfers & other items	274,011	257,086	(274,011)	(257,086)		
Increase/ (decrease) in net position	500,468	196,902	85,884	78,874	586,352	275,776
Net position - July 1, restated	(218,319)	1,011,141	1,510,180	1,579,831	1,291,861	2,590,972
Cumulative effect of implementation of GASBS 75		(1,426,362)		(148,525)		(1,574,887)
Net position - June 30	<u>\$ 282,149</u>	<u>\$ (218,319)</u>	<u>\$ 1,596,064</u>	<u>\$ 1,510,180</u>	<u>\$ 1,878,213</u>	<u>\$ 1,291,861</u>



Net Investment in Capital Assets: The largest portion of the State's net position reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads and bridges); less any related outstanding debt used to acquire those assets. The State's net investment in capital assets increased \$112.9 million from prior year. This increase was primarily the result of a net increase in capital assets of \$103.2 million during the year. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

Restricted Net Position: Another portion of the State's net position, \$1,746.7 million, represents resources that are subject to external restrictions on how they may be used. State-imposed designations of resources, unless resulting from enabling legislation, are not presented as restricted net position. Restricted net position increased \$4.2 million from prior year.

Unrestricted Net Position: The deficit in the State's unrestricted net position is \$2,851.3 million which is a decrease of \$469.2 million from the deficit of \$3,320.5 million from the previous year. The two largest components of the deficit are the net pension liability of \$931.0 million and the other postemployment benefit liability of \$1,901.0 million. Net with the increase in assets recognized during the year, non-current liabilities decreased, which positively impacted the deficit unrestricted net position. In addition, the deficit was positively impacted by increased government-wide revenues, as revenues exceeded expenses by \$586.3 million in 2019, as compared to \$275.8 million in 2018.

Changes in Net Position

The State's total net position increased by \$586.3 million, or 45.4%, from current fiscal year activities. Total revenues were \$7,510.2 million, an increase of \$218.6 million (3.0%) as compared to the prior year, and total reported expenses were \$ 6,923.9 million, a decrease of \$91.9 million (1.3%) as compared to the prior year. Both the increase in revenues and the decrease in expenditures contribute to a higher increase in net position as compared to the increase in fiscal year 2018.

More than half of the State's revenue (64.4%) is from program revenue, consisting of charges for services, and federal and local grants. Revenues not specifically targeted for a specific program are known as general revenues, which are primarily from taxes. In total, program revenues exceeded the prior fiscal year by \$99.6 million and general revenues increased \$119.0 million over prior year. Program revenues were higher in fiscal year 2019 mainly as a result of additional federal grant funding in the areas of General Government, Administration of Justice and Public Protection, Health and Social Services, and Education. Lottery revenue increases from multi-state games and keno also attributed to the increase in program revenues. General revenues were higher in fiscal year 2019 directly attributable to business taxes coming in significantly higher than anticipated.

The State's expenses cover a range of services. The largest expenses were for Health and Social Services and Education, which accounted for 48.0% and 23.0% of total expenses, respectively. Increases in the State's Health and Social Services expenses are discussed below.

	Governmental		Business-Type		Total	
	\$Change	% Change	\$Change	% Change	\$Change	% Change
Revenues						
Program revenues:						
Charges for services	32.7	3.4 %	61.0	4.7 %	93.7	4.2 %
Operating grants & contributions	6.4	0.3 %	(11.0)	(38.7)%	(4.6)	(0.2)%
Capital grants & contributions	10.5	5.5 %			10.5	5.5 %
General revenues:						
General Property Taxes	(5.8)	(1.4)%			(5.8)	(1.4)%
Business Income taxes	112.3	14.5 %			112.3	14.5 %
Meals and Rental Taxes	20.2	6.1 %			20.2	6.1 %
Special taxes	(5.0)	(0.9)%			(5.0)	(0.9)%
Personal taxes	(9.1)	(4.3)%			(9.1)	(4.3)%
Business License taxes	2.9	1.6 %			2.9	1.6 %
Interest	6.4	30.5 %			6.4	30.4 %
Miscellaneous	(2.9)	(5.4)%			(2.9)	(5.4)%
Total revenues	168.6	2.8 %	50.0	3.8 %	218.6	3.0 %
Expenses						
General government	(51.7)	(10.6)%			(51.7)	(10.6)%
Administration of justice and public protection	(21.7)	(4.1)%			(21.7)	(4.1)%
Resource protection and development	(10.7)	(6.0)%			(10.7)	(6.0)%
Transportation	(0.9)	(0.2)%			(0.9)	(0.2)%
Health and social services	(44.0)	(1.5)%			(44.0)	(1.5)%
Education	11.0	0.8 %			11.0	0.8 %
Interest Expense	0.1	0.3 %			0.1	0.3 %
Turnpike System			(4.5)	(4.6)%	(4.5)	(4.6)%
Liquor Commission			9.8	1.8 %	9.8	1.8 %
Lottery Commission			34.0	13.6 %	34.0	13.6 %
SRF Fund			(0.9)	(5.0)%	(0.9)	(5.2)%
Unemployment Compensation			(12.4)	(21.6)%	(12.4)	(21.6)%
Total expenses	(117.9)	(2.0)%	26.0	2.7 %	(91.9)	(1.3)%

Governmental Activities

Governmental activities increased the State's net position by \$226.5 million, before transfers and other items. Revenues increased by \$168.7 million or 2.8% from the prior year to total \$6.1 billion. Total program revenue, consisting of charges for goods and services, and federal and local grants, increased \$49.6 million or 1.4%, while taxes and other revenues increased \$119.0 million, or 4.7%. Reported expenses decreased \$117.9 million or 2.0%. The rise in program revenues was driven largely by an increase in federal grants, with the largest increase relating to federal funding for Medicaid programs, transportation infrastructure and National Guard projects. The increase in general revenues was driven by the significant increase in business tax collections in fiscal year 2019 as compared to 2018, which was a combined result of improved economic conditions within the State, the impact of a statutory reduction of business tax rates and the impact of anomalies in tax payments as a result of the 2017 federal tax reform. The decrease in expenses is primarily due to the reduction in OPEB liability and its corresponding reduction in OPEB expense.

A comparison of the cost of services by function for the State's governmental activities with the related program revenues is shown in the chart above. The largest expenses for the State, Health and Social Services and Education, also represent those activities that have the largest gap between expense and program revenues. Since many of these significant program costs are not fully recovered from program revenues, these programs are supplemented from general revenues.

Business-Type Activities

Charges for goods and services for the State's combined business type activities were more than adequate to cover the operating expenses and resulted in an increase in net position of \$360.0 million prior to transfers. Business-Type activities include the operations from the Liquor Commission, Lottery Commission, SRF Fund, Unemployment Compensation Fund, and Turnpike Fund. Operations of the Liquor Commission generated net income before transfers of \$162.0 million, an increase of \$6.0 million (3.9%) from the prior year. Transfers from the Liquor Commission to the General Fund unrestricted revenue totaled \$146.3 million for fiscal year 2019, as compared to \$149.2 million in fiscal year 2018, and were used to fund the general operations of the State. Also in fiscal year 2019, \$8.4 million in liquor profits were transferred to the State's Alcohol Abuse Prevention and Treatment fund. The Lottery Commission net income before transfers of \$106.5 million was an increase of \$19.1 million (21.9%) as compared to the prior year. The increase in net income at the Lottery Commission was attributable to higher sales, largely due to big game jackpots, as well as Keno revenue. Additionally, the Turnpike System generated net income before transfers of \$59.8 million, up from \$42.0 million in the prior year, as a result of a general decrease in operating expenses. The operations of the Unemployment Compensation fund yielded an increase in net position of \$1.8 million, which is down from an increase of \$10.5 million in the prior year, due to a decrease in operating income. The operations of the State Revolving Fund yielded an increase in net position of \$16.2 million, down from \$26.3 million in the prior year, due to a reduction in federal grant revenue.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Total Governmental Fund Balances increased \$112.4 million in fiscal year 2019. A deficiency of revenues under expenditures of \$268.8 million was funded by \$379.4 million of net transfers from Enterprise Funds and Other Financing Sources, resulting in a net increase in Governmental Fund Balance.

General Fund

The general fund is the primary operating fund of the State. The total fund equity at June 30, 2019 is \$951.9 million, which was an increase of \$87.5 million over the prior year balance of \$864.4 million. Revenues in the general fund were \$4,427.4 million, \$30.7 million (0.7%) higher than the prior year, with the increase largely in special taxes, as a result of high business tax collections, and interest, premiums and discounts received during fiscal year 2019. Expenditures increased by \$58.5 million (1.3%) to \$4,521.3 million, which was primarily the result of the increase in Health and Social Services expenditures. Both revenue and expenditures were higher during fiscal year 2019 due to continued increases in health and social services' federally-funded programs. As a result of increased revenues in the general and education trust funds, the education trust fund did not have a deficit and did not require a transfer from the general fund, thus contributing to the increase in fund balance in fiscal year 2019 for both funds.

The June 30, 2019 general fund unassigned fund balance was comprised of an undesignated balance of \$192.5 million and the Rainy Day fund amount of \$115.3 million, an overall increase of \$123.4 million from the prior year (the Rainy Day fund balance as of June 30, 2018 was \$110.0 million). Unrestricted revenues in fiscal year 2019 were higher than the planned amount by \$172.9 million and were offset by additional 2019 appropriations approved as part of a legislative effort to use some surplus funds to fund on time needs, resulting in a net increase of \$118.1 million in undesignated surplus. In addition, legislation authorized an additional \$5.0 million of surplus revenues to be transferred to the Rainy Day fund, as well as a transfer of \$0.3 million from the consumer protection escrow fund, bringing the balance to \$115.3 million of June 30, 2019.

Education Fund

As noted, the education trust fund did not have a deficit balance as of June 30, 2019, but ended with surplus revenues which, per statute, remain in the fund and are classified as assigned fund balance.

Highway Fund

The highway fund ended the year with a restricted fund balance of \$124.4 million and assigned fund balance of \$13.9 million. As the highway fund revenues include revenues primarily restricted by the State Constitution or the Federal Government, the fund balance as of June 30, 2019 is predominantly classified as restricted, however, a transfer of funds from general fund unrestricted fund balance occurred at the end of fiscal year 2017 resulting in a portion designated as assigned fund balance. In total, fund balance increased \$2.7 million during fiscal year 2019 due to increased revenues and higher lapsed expenditures as compared to the budgeted amounts, offset by additional appropriations for winter maintenance needs.

Proprietary Funds

The State's proprietary fund statements provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the accrual basis of accounting. Therefore there is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements.

BUDGETARY HIGHLIGHTS

During the fiscal year, the original budget was amended by various supplemental appropriations and appropriation revisions. Budget to Actual Schedules for the major governmental funds are in the Required Supplementary Information section beginning on page 99.

General Fund:

The net increase from the original budget of \$4,908.0 million to the final budget of \$5,765.4 million is \$857.3 million and represents additional appropriations issued after adoption of the operating budget, primarily in the following categories of government: Health & Social Services (\$668.5 million), Justice & Public Protection (\$69.8 million) and Resource Protection and Development (\$70.1 million). The budget increase is due largely to appropriations for federal programs not part of the adopted operating budget.

Actual total revenue was less than the final budget by approximately \$635.8 million which was primarily the result of lower federal grant revenues. The federal grant revenue unfavorable variance of \$597.0 million was due primarily to the timing of program expenditures. Total actual expenditures were approximately \$1,191.7 million lower than the final budget, primarily within the Department of Health & Human Services, the Department of Justice, the Department of Education, the Department of Transportation and the Department of Environmental Services. This variance was largely due to the timing of program expenditures and certain supplemental appropriations which were approved late in the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounted to \$7.9 billion, with accumulated depreciation amounts of \$3.6 billion, leaving a net book value of \$4.2 billion, consistent with the prior year. The investment in capital assets includes equipment, real property, infrastructure, computer software, and construction in progress. Infrastructure assets are items that are normally immovable, of value only to the State, and include only roads and bridges. The net book value of the State's infrastructure for its roads and bridges approximates \$2.5 billion, consistent with the prior year.

The 2018-2019 capital budget authorized nearly \$262 million in capital appropriations, leveraging approximately \$201 million in general fund bonding authority, with the balance from other sources. Some of the State's larger projects resulting in capitalized assets during fiscal year 2019 include:

- Various computer software system installations and upgrades at the Departments of Health and Human Services, Revenue and Safety totaling approximately \$54.6 million
- Buildings and building improvements of approximately \$11.7 million relating to National Guard armory locations and \$25.9 million relating to the construction of courthouses in Milford, Hampton, Franklin and the Merrimack County Superior Court
- Construction work towards State House and other state facilities' steam heat conversion of approximately \$4.0 million
- Construction of an addition at the State Archives for approximately \$3.8 million
- Departments of Safety and Transportation equipment expenditures totaling \$12.8 million towards communications, transportation and other operational improvements.
- Department of Transportation continued expenditures towards highways, bridges and other state infrastructure improvements.

Additional information on the state's capital assets can be found in Footnote 4 of the Notes to the Basic Financial Statements.

Debt Administration

The State may issue general obligation bonds and notes, revenue bonds, and notes in anticipation of such bonds authorized by the Legislature and Governor and Council. The State may also directly guarantee certain authority or political subdivision obligations. At the end of the current fiscal year, the State had total debt outstanding of \$1,336.4 million, which includes \$13.6 million of general obligation bonds related to a component unit. Of the total amount, \$881.9 million are general obligation bonds, direct placement bonds, and notes payable, which are backed by the full faith and credit of the State, and \$105.1 million are Federal Highway Grant Anticipation Bonds (GARVEE). The remainder of the State's debt is Turnpike revenue bonds, which are secured by the specified revenue sources within the Turnpike System.

The State issued \$63.4 million General Obligation Capital Improvement Bonds 2018 Series A on December 18, 2018, of which \$52.8 million was for governmental activities and \$10.6 million was for Liquor projects, through a competitive sale and resulted in an overall true-interest-cost (TIC) to the state of 3.01% with coupons ranging from 3.25% to 5.00% and with final maturity on 12/1/2038. The proceeds of this issue will be used to fund all or part of various capital projects of the State.

In May 2016, the State entered into the Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement to advance the construction of the remaining I-93 expansion projects. The loan proceeds are being used on four Federal Highway Administration (FHWA) approved projects included in the I-93 widening project, of which were active in the state fiscal year 2019. Total proceeds attributed to fiscal year 2019 expenditures were \$38.3 million, representing an addition to the long-term note payable.

The State does not have any debt limitations, except for contingent debt guarantees, which are detailed in the notes to the financial statements. Additional information on the State's long-term debt obligations can be found in Footnote 5 of the Notes to the Basic Financial Statements.

Fitch Ratings has assigned the State's bond rating of AA+, Moody's Investors Service of Aa1, and Standard & Poor's of AA.

ECONOMIC CONDITIONS AND OUTLOOK

Along with the nation and the region, the State's economy is continuing to emerge from the recent recession buoyed by some strong positive economic indicators, but also with potential challenges ahead. Due to a favorable tax climate for individuals coupled with a high quality of life and standard of living, New Hampshire is considered a very attractive state to live in. As a result, New Hampshire has fared better coming out of this recession than many other states in the region and the nation. The State's preliminary October 2019 unemployment rate of 2.6% (seasonally adjusted) continues to be below the national average of 3.6%.

Fiscal Year 2020 Revenue Performance for the five months ended November 30, 2019:

Unrestricted revenue for the General and Education Funds received year to date through the month of November totaled \$739.3 million, which was above plan by \$9.2 million (1.3%) and below prior year by \$20.8 million (2.7%).

Some of the strong performing revenue categories behind the positive variance, which are typically indicative of the overall economic climate, were:

- Business Taxes totaled \$202.9 million through November, which was \$3.2 million (1.6%) above plan but \$30.5 million (13.1%) below prior year.
- Tobacco Tax receipts through November of \$88.3 million were \$1.5 million (1.7%) above plan but \$1.8 million (2.0%) below prior year.
- Real Estate Transfer Taxes through November were \$3.0 million (3.7%) above plan and \$5.9 million (7.6%) above prior year.
- Collections for the Interest and Dividends Tax through November of \$25.7 million were \$1.2 million (4.9%) above plan and \$4.5 million (21.2%) above prior year.

The positive variances above were partially offset by:

- Meals and Rentals Tax receipts through November were \$2.4 million (1.3%) below plan but \$7.1 million (4.2%) above prior year.
- Transfers from the Liquor Commission were equal to plan due to lower profits and funds transferred to the state's Alcohol Abuse Prevention and Treatment fund.

On an annual basis, the fiscal year 2020 General and Education Funds revenue Plan of \$2,626.2 million is approximately \$18.4 million lower (0.7%) than the actual traditional revenue realized in fiscal year 2019 (\$2,644.6 million), due to the anomalies experienced in business tax collections in fiscal year 2019.

Going forward, the State will continue to monitor revenue collections closely. The state will continue to manage spending and institute budget reductions and program savings initiatives as needed.

Additional discussion of the region's economy is found in the Commissioner's Transmittal Letter.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all of New Hampshire citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State of New Hampshire, Department of Administrative Services, Division of Accounting Services, 25 Capitol Street, State House Annex Room 310, Concord, NH 03301.

Basic Financial Statements

STATE OF NEW HAMPSHIRE
STATEMENT OF NET POSITION
JUNE 30, 2019
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 630,842	\$ 126,498	\$ 757,340	\$ 109,951
Cash and Cash Equivalents-Restricted	50,203	429,960	480,163	21,018
Investments				157,715
Investments - Restricted		149,258	149,258	
Receivables (Net of Allowances for Uncollectibles)	867,965	29,962	897,927	39,822
Other Receivables-Restricted		40,858	40,858	
Internal Balances Receivable (Payable)	18,205	(18,205)		
Inventories	26,538	89,688	116,226	
Other Current Assets	14,784	81	14,865	12,213
Other Current Assets-Restricted		5,458	5,458	
Total Current Assets	1,608,537	853,558	2,462,095	340,719
Noncurrent Assets:				
Receivables (Net of Allowances for Uncollectibles)	14,196		14,196	40,010
Other Receivables-Restricted		463,599	463,599	
Investments	18,145		18,145	833,866
Investments-Restricted	473,586	20,932	494,518	
Other Assets				38,422
Other Assets-Restricted		4,870	4,870	
Capital Assets:				
Land & Land Improvements	694,133	106,793	800,926	23,147
Buildings & Building Improvements	986,106	64,666	1,050,772	2,094,845
Equipment & Computer Software	520,851	96,517	617,368	156,504
Construction in Progress	243,609	82,041	325,650	56,140
Infrastructure	3,970,238	1,094,743	5,064,981	
Less: Allowance for Depreciation	(3,168,099)	(467,396)	(3,635,495)	(1,035,544)
Net Capital Assets	3,246,838	977,364	4,224,202	1,295,092
Total Noncurrent Assets	3,752,765	1,466,765	5,219,530	2,207,390
Total Assets	5,361,302	2,320,323	7,681,625	2,548,109
DEFERRED OUTFLOWS OF RESOURCES	238,726	13,606	252,332	50,741

STATE OF NEW HAMPSHIRE
STATEMENT OF NET POSITION
June 30, 2019
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 401,892	\$ 92,756	\$ 494,648	\$ 69,490
Accrued Payroll	52,193	3,826	56,019	6,699
Unearned Revenue	129,098	18,165	147,263	42,772
Unclaimed Property & Prizes	16,308	2,810	19,118	
General Obligation Bonds Payable	87,298	4,838	92,136	
Federal Highway Grant Anticipation Bond Payable	14,300		14,300	
Claims & Compensated Absences Payable	38,671	1,080	39,751	6,791
Other Liabilities	48,479	15,621	64,100	9,545
Revenue Bonds Payable		30,040	30,040	28,412
Total Current Liabilities	788,239	169,136	957,375	163,709
Noncurrent Liabilities:				
General Obligation Bonds Payable, Net	685,931	44,524	730,455	
Federal Highway Grant Anticipation Bond Payable	90,800		90,800	
Revenue Bonds Payable, Net		320,545	320,545	439,016
Notes Payable	141,141		141,141	
Claims & Compensated Absences Payable	106,963	7,983	114,946	24,702
Other Postemployment Benefits Payable	1,801,266	99,693	1,900,959	184,011
Derivative Instruments - Interest Rate Swaps				22,976
Net Pension Liability	887,801	43,183	930,984	58,221
Other Noncurrent Liabilities	70,247	6,033	76,280	89,892
Total Noncurrent Liabilities	3,784,149	521,961	4,306,110	818,818
Total Liabilities	4,572,388	691,097	5,263,485	982,527
DEFERRED INFLOWS OF RESOURCES				
	745,491	46,768	792,259	69,782
NET POSITION				
Net Investment in Capital Assets	2,390,742	592,072	2,982,814	846,064
Restricted for Debt Repayments		53,392	53,392	
Restricted for Uninsured Risks		3,666	3,666	
Restricted for Unemployment Benefits	16,285	312,659	328,944	
Restricted for Permanent Funds-Expendable	13,274		13,274	
Restricted for Permanent Funds-Non-Expendable	12,917		12,917	
Restricted for Prize Awards - MUSL & Tri-State		4,870	4,870	
Restricted for Environmental Remediation	334,911		334,911	
Restricted for Environmental Loan Programs	2,003	689,599	691,602	
Restricted for Health and Social Services	52,281		52,281	
Restricted for Facility Sustainment		514	514	
Restricted for Highway	124,427		124,427	
Restricted for Other Purposes	125,889		125,889	
Restricted Component Unit Net Position				555,437
Unrestricted Net Position (Deficit)	(2,790,580)	(60,708)	(2,851,288)	145,040
Total Net Position	\$ 282,149	\$ 1,596,064	\$ 1,878,213	\$ 1,546,541

STATE OF NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	\$ 435,655	\$ 288,167	\$ 40,983	
Administration of Justice & Public Protection	507,949	422,342	97,262	17
Resource Protection and Development	168,125	94,085	48,357	
Transportation	568,404	12,966	8,845	201,281
Health and Social Services	2,839,853	182,062	1,896,366	
Education	1,366,996	2,298	181,793	
Interest Expense	33,865			
Total Governmental Activities	5,920,847	1,001,920	2,273,606	201,298
Business-type Activities:				
Turnpike System	93,040	152,796		89
Liquor Commission	564,013	726,039		
Lottery Commission	284,504	391,038		
SRF	16,377	15,164	17,436	
Unemployment Compensation	45,128	60,395		
Total Business-type Activities	1,003,062	1,345,432	17,436	89
Total Primary Government	\$ 6,923,909	\$ 2,347,352	\$ 2,291,042	\$ 201,387
COMPONENT UNITS				
University System of New Hampshire	840,193	571,665	195,142	2,722
Non-Major Component Units	139,822	74,016	30,194	7,385
Total Component Units	\$ 980,015	\$ 645,681	\$ 225,336	\$ 10,107

General Revenues:

General Property Taxes

Business Income Taxes

Meals and Rental Taxes

Special Taxes

Personal Taxes

Business License Taxes

Interest & Investment Income

Miscellaneous

Payments from State of New Hampshire

Transfers - Internal Activities

Total General Revenues and Transfers

Changes in Net Position

Net Position (Deficit) - July 1, restated**Net Position (Deficit) - June 30**

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (106,505)		\$ (106,505)	
11,672		11,672	
(25,683)		(25,683)	
(345,312)		(345,312)	
(761,425)		(761,425)	
(1,182,905)		(1,182,905)	
(33,865)		(33,865)	
(2,444,023)		(2,444,023)	
	\$ 59,845	59,845	
	162,026	162,026	
	106,534	106,534	
	16,223	16,223	
	15,267	15,267	
	359,895	359,895	
\$ (2,444,023)	\$ 359,895	\$ (2,084,128)	
			(70,664)
			(28,227)
			\$ (98,891)
403,299		403,299	
886,821		886,821	
350,190		350,190	
562,248		562,248	
202,182		202,182	
187,806		187,806	
27,440		27,440	44,609
50,494		50,494	
			128,075
274,011	(274,011)		
2,944,491	(274,011)	2,670,480	172,684
500,468	85,884	586,352	73,793
(218,319)	1,510,180	1,291,861	1,472,748
\$ 282,149	\$ 1,596,064	\$ 1,878,213	\$ 1,546,541

The notes to the basic financial statements are an integral part of this statement.

Fund Financial Statements

Governmental Funds

General Fund: *The General Fund is the State's primary operating fund and accounts for all financial transactions not accounted for in any other fund.*

Highway Fund: *Under the State Constitution, all revenues in excess of the necessary cost of collection and administration accruing to the State from motor vehicle registration fees, operators' licenses, gasoline road toll, or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction, and maintenance of public highways within this state, including the supervision of traffic thereon and for the payment of the interest and principal of bonds issued for highway purposes. All such revenues, together with federal grants-in-aid and federal emergency funds received by the State for highway purposes, are credited to the Highway Fund. While the principal and interest on state highway bonds are charged to the Highway Fund, the assets of this fund are not pledged to such bonds.*

Education Trust Fund: *The Education Trust Fund was established to distribute adequate education grants to school districts. Funding for the grants comes from a variety of sources, including the statewide property and utility taxes, incremental portions of existing business and tobacco taxes, lottery funds, and tobacco settlement funds.*

STATE OF NEW HAMPSHIRE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019
(Expressed in Thousands)

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 426,639	\$ 136,533	\$ 62,414	\$ 3,224	\$ 628,810
Investments	457,533			34,198	491,731
Receivables (Net of Allowances for Uncollectibles)	680,986	53,736	113,359	8,346	856,427
Due from Other Funds	75,516	151	5,137	3,879	84,683
Other Assets	13,326				13,326
Inventories	5,196	20,330		1,012	26,538
Loan Receivables	14,224				14,224
Total Assets	\$ 1,673,420	\$ 210,750	\$ 180,910	\$ 50,659	\$ 2,115,739
LIABILITIES					
Accounts Payable	348,247	33,666	2,518	17,187	401,618
Accrued Payroll	41,547	9,644		1,002	52,193
Due to Other Funds	62	321		66,095	66,478
Unearned Revenue	122,428	6,670			129,098
Unclaimed Property	16,308				16,308
Tax Refunds Payable	26,621				26,621
Total Liabilities	555,213	50,301	2,518	84,284	692,316
DEFERRED INFLOWS OF RESOURCES					
	166,309	1,792	93,920		262,021
FUND BALANCES					
Nonspendable:					
Inventories	5,196	20,330		1,012	26,538
Permanent Fund Principal				12,917	12,917
Restricted	539,924	124,427		17,636	681,987
Committed	31,037			3,219	34,256
Assigned	67,965	13,900	84,472	2,047	168,384
Unassigned:					
Revenue Stabilization	115,258				115,258
Other	192,518			(70,456)	122,062
Total Fund Balances (Deficit)	951,898	158,657	84,472	(33,625)	1,161,402
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,673,420	\$ 210,750	\$ 180,910	\$ 50,659	\$ 2,115,739

**STATE OF NEW HAMPSHIRE
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2019
(Expressed in Thousands)**

Total Fund Balances for Governmental Funds		\$ 1,161,402
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,246,838
Revenues that will be collected after year-end and are not available to pay for the current period's expenditures are reported as deferred inflows of resources in the funds.		262,021
Revenues that will be collected after year-end and are not available		223
Internal service funds are used by management to charge the costs of certain activities, such as risk management and health-related fringe benefits, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		41,554
Net deferred outflows of resources related to deferred losses on refunding of bonds payable are not reported in the funds.		11,773
Certain liabilities are not payable by current available resources and therefore are not reported in the funds:		
Compensated Absences, Workers' Compensation	(122,482)	
Net Pension Liability, net of Deferred Amounts	(809,554)	
Other Postemployment Benefits Payable, net of Deferred Amounts	(2,398,051)	
Pollution Remediation Obligation	(66,921)	
Capital Lease Obligations	(15,662)	
Bonds and Notes Payable	(1,019,470)	
Interest Payable and Other Liabilities	(9,522)	(4,441,662)
Net Position of Governmental Activities		<u>\$ 282,149</u>

STATE OF NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Expressed in Thousands)

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
General Property Taxes	\$ 582		\$ 402,618		\$ 403,200
Special Taxes	1,332,475		391,664		1,724,139
Personal Taxes	119,451		82,731		202,182
Business License Taxes	24,380	187,807			212,187
Non-Business License Taxes	141,655	92,269		10,723	244,647
Fees	144,562	24,472		7,168	176,202
Fines, Penalties and Interest	10,588	5,953	1	120	16,662
Grants from Federal Government	2,065,526	185,680		61,358	2,312,564
Grants from Private and Local Sources	171,149	6,792		365	178,306
Rents and Leases	1,593	87			1,680
Interest, Premiums and Discounts	34,036			817	34,853
Sale of Commodities	15,892	3,345		230	19,467
Sale of Service	25,103	4,047			29,150
Assessments	59,032				59,032
Grants from Other Agencies	59,433	9,492		99	69,024
Miscellaneous	221,948	5,668	40,001	4,528	272,145
Total Revenues	4,427,405	525,612	917,015	85,408	5,955,440
EXPENDITURES					
Current:					
General Government	376,330		1,104		377,434
Administration of Justice and Public Protection	495,344	61,532		179	557,055
Resource Protection and Development	143,849	1,947		23,905	169,701
Transportation	9,996	331,159			341,155
Health and Social Services	2,948,331			949	2,949,280
Education	403,767		962,489		1,366,256
Debt Service	112,871	32,753		324	145,948
Capital Outlay	30,826	132,022		154,611	317,459
Total Expenditures	4,521,314	559,413	963,593	179,968	6,224,288
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(93,909)	(33,801)	(46,578)	(94,560)	(268,848)
OTHER FINANCING SOURCES (USES)					
Transfers In	5,231			1,866	7,097
Transfers in from Enterprise Funds	168,405		105,606		274,011
Transfers Out		(2,833)		(4,264)	(7,097)
Capital Lease Acquisition	7,316				7,316
Bond Premiums				6,921	6,921
Note Issuance		38,384		52,807	91,191
Total Other Financing Sources	180,952	35,551	105,606	57,330	379,439
Net Change in Fund Balances	87,043	1,750	59,028	(37,230)	110,591
Fund Balances (Deficits)- July 1	864,388	155,922	25,444	3,228	1,048,982
Change in Inventory	467	985		377	1,829
Fund Balances - June 30	\$ 951,898	\$ 158,657	\$ 84,472	\$ (33,625)	\$ 1,161,402

The notes to the basic financial statements are an integral part of this statement

**STATE OF NEW HAMPSHIRE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Expressed in Thousands)**

Net Change in Fund Balances for Total Governmental Funds, including Change in Inventory \$ 112,420

Amounts reported for governmental activities in the Statement of Activities are different because:

Revenue recognized on the Statement of Activities that do not provide current financial resources on the fund statements resulted in a net decrease from prior year 80,178

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Land & Land Improvements	13,502	
Buildings & Building Improvements	50,729	
Equipment & Computer Software	63,084	
Construction in Progress	6,432	
Infrastructure	115,368	
Accumulated Depreciation, Net of Disposals	<u>(154,308)</u>	94,807

Internal service funds are used by management to charge the costs of certain activities, such as risk management and health-related fringe benefits, to individual funds. The net revenue of the internal service fund is reported with governmental activities. 153

Proceeds of bonds and notes provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayments exceeded proceeds.

Note Proceeds Received	(38,384)	
Bond Proceeds and Premiums Received	(59,728)	
Repayment of Bond/Note Principal & Interest	101,766	
Amortization of Premiums	10,568	
Unamortized Loss on Refunding, net	(1,491)	
Accrued Interest	<u>1,240</u>	13,971

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These amounts represent changes in:

Compensated Absences, Workers' Compensation	(4,296)	
Other Postemployment Benefits Payable, net of Deferred Amounts	218,806	
Net Pension Liability, net of Deferred Amounts	7,332	
Pollution Remediation Obligation	(16,960)	
Capital Lease Obligation	(6,218)	
Advance Construction Commitments to Municipalities	<u>275</u>	198,939
Change in Net Position of Governmental Activities		<u><u>\$ 500,468</u></u>

Proprietary Fund Financial Statements

Enterprise Funds

Turnpike System: *The Turnpike System presently consists of 89 miles of limited access highway, 36 miles of which are part of the U.S. Interstate Highway System. The Turnpike System comprises a total of approximately 658 total lane miles, 172 bridges, 49 interchanges, 84 toll lanes, and 25 facilities. Since beginning operations in 1950, the Turnpike System has contributed to the development of the New Hampshire economy. It has also been a major factor in the growth of the tourist industry in the State. The Turnpike System consists of three limited access highways: the Blue Star Turnpike (I-95) and the Spaulding Turnpike, (which are collectively referred to as the Eastern Turnpike), and the Central Turnpike. The Turnpike System primarily serves the major cities located in the central and eastern sections of southern New Hampshire.*

Liquor Commission: *By statute, all liquor and beer sold in the State must be sold through a sales and distribution system operated by the State Liquor Commission, under the executive direction of the Liquor Commissioner appointed by the Governor with the consent of the Executive Council. The Commission makes all liquor purchases directly from the manufacturers and importers and operates State liquor stores in cities and towns that accept the provisions of the local option law. The Commission is authorized to sell liquor through retail outlets as well as directly to restaurants, hotels, and other organizations. The Commission also charges permit and license fees for the sale of beverages through private distributors and retailers and an additional fee of 30 cents per gallon on beverages sold by such retailers. Any excess funds of the Commission are transferred to the General Fund on a daily basis.*

Lottery Commission: *The State sells lottery games online and through some 1,282 agents, including state liquor stores, licensed racetracks, and private retail outlets. Through the sale of lottery tickets, revenue is generated for prize payments and commission expenses, with the net income used for aid to education. Additionally, the Racing and Charitable Gaming activities are included in this fund. This net income is transferred to the Education Trust Fund and then transferred to the local school districts.*

State Revolving Fund: *These funds consist of New Hampshire Clean Water and Drinking Water Revolving Funds. Programs operated within these funds provide loans to public water systems and local governments for constructing wastewater treatment facilities and safe drinking water systems. In addition, the programs provide supervision and technical assistance to these grantees. Funding is from U.S. Environmental Protection Agency grants and a General Fund match. The funds are repaid with interest, then re-loaned.*

New Hampshire Unemployment Compensation Trust Fund: *This fund receives contributions from employers and provides benefits to eligible unemployed workers, consistent with legislation and regulations which govern federal credit programs.*

Internal Service Fund: *The employee benefit risk management fund reports the health-related fringe benefit services for the State. The fund was created to account for the State's self-insurance program and to pool all resources to pay for the cost associated with providing these benefits to active employees and retirees.*

STATE OF NEW HAMPSHIRE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019
(Expressed in Thousands)

ASSETS	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Fund
	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Unemployment Compensation	Total	
Current Assets:							
Cash and Cash Equivalents	\$120,931		\$5,567			\$126,498	\$52,235
Cash and Cash Equivalents-Restricted	21,972			\$ 94,911	\$ 313,077	429,960	
Investments - Restricted	43,521			105,737		149,258	
Receivables (Net of Allowances for Uncollectibles)	19,548	6,390	4,024			29,962	11,510
Other Receivables-Restricted				27,211	13,647	40,858	
Due from Other Funds	348	47	343			738	
Inventories	2,656	85,768	1,264			89,688	
Other Current Assets	72		9			81	1,235
Other Current Assets-Restricted				5,458		5,458	
Total Current Assets	209,048	92,205	11,207	233,317	326,724	872,501	64,980
Noncurrent Assets:							
Investments - Restricted				20,932		20,932	
Other Receivables-Restricted				463,599		463,599	
Capital Assets:							
Land & Land Improvements	104,072	2,721				106,793	
Buildings & Building Improvements	14,263	47,404	2,999			64,666	
Equipment & Computer Software	73,213	22,660	644			96,517	
Construction in Progress	78,793	3,248				82,041	
Infrastructure	1,094,743					1,094,743	
Less: Allowance for Depreciation & Amortization	(442,525)	(24,223)	(648)			(467,396)	
Net Capital Assets	922,559	51,810	2,995			977,364	
Other Assets - Restricted				4,870		4,870	
Total Noncurrent Assets	922,559	51,810	7,865	484,531		1,466,765	
Total Assets	1,131,607	144,015	19,072	717,848	326,724	2,339,266	64,980
DEFERRED OUTFLOWS OF RESOURCES	4,438	6,147	1,122	1,899		13,606	
LIABILITIES							
Current Liabilities:							
Accounts Payable	11,135	76,731	3,215	1,675		92,756	274
Accrued Payroll	894	2,212	318	402		3,826	
Due to Other Funds	151	9,629	5,165		3,998	18,943	
Unearned Revenue	16,495	685	985			18,165	
Unclaimed Prizes			2,810			2,810	
General Obligation Bonds Payable		2,761		2,077		4,838	
Revenue Bonds Payable-Current	30,040					30,040	
Accrued Interest Payable	4,547	170				4,717	
Claims & Compensated Absences Payable	392	534	56	98		1,080	23,152
Other Liabilities	617	90	107	23	10,067	10,904	
Total Current Liabilities	64,271	92,812	12,656	4,275	14,065	188,079	23,426
Noncurrent Liabilities:							
General Obligation Bonds Payable		33,297		11,227		44,524	
Revenue Bonds Payable	320,545					320,545	
Claims & Compensated Absences Payable	2,357	4,173	462	991		7,983	
Other Postemployment Benefits Payable	27,661	53,078	13,560	5,394		99,693	
Net Pension Liabilities	10,719	22,984	3,789	5,691		43,183	
Other Noncurrent Liabilities	3,125	93	2,815			6,033	
Total Noncurrent Liabilities	364,407	113,625	20,626	23,303		521,961	
Total Liabilities	428,678	206,437	33,282	27,578	14,065	710,040	23,426
DEFERRED INFLOWS OF RESOURCES	13,174	24,722	6,302	2,570		46,768	
NET POSITION							
Net Investment in Capital Assets	580,309	11,690	73			592,072	
Restricted for Debt Repayments	53,392					53,392	
Restricted for Uninsured Risks	3,666					3,666	
Restricted for Prize Awards - MUSL & Tri-State			4,870			\$4,870	
Restricted for Environmental Loans				680,788		680,788	
Restricted for SRF Programs				8,811		8,811	
Restricted for Facility Sustainment	514					514	
Restricted for Unemployment Benefits					312,659	312,659	
Restricted for Employee Benefits							41,554
Unrestricted Net Position (Deficit)	56,312	(92,687)	(24,333)			(60,708)	
Total Net Position (Deficit)	\$ 694,193	\$ (80,997)	\$ (19,390)	\$ 689,599	\$ 312,659	\$ 1,596,064	\$ 41,554

The notes to the basic financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Expressed in Thousand)

	Business-Type Activities - Enterprise Funds					Total	Governmental Activities Internal Service Fund
	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Unemployment Compensation		
OPERATING REVENUES							
Charges for Sales and Services		\$ 706,077	\$ 390,391	\$ 9,126	\$ 53,086	\$1,158,680	\$ 307,442
Toll Revenue Pledged for Repaying Revenue Bonds	\$ 145,932					145,932	
Total Operating Revenue	145,932	706,077	390,391	9,126	53,086	1,304,612	307,442
OPERATING EXPENSES							
Cost of Sales and Services		505,591				505,591	
Lottery Prize Awards			275,558			275,558	
Unemployment Insurance Benefits					45,128	45,128	
Principal Forgiveness				6,439		6,439	
Insurance Claims							296,318
Administration	53,819	54,187	8,820	9,385		126,211	10,971
Impairment of Capital Assets							
Depreciation	26,013	3,045	76			29,134	
Total Operating Expenses	79,832	562,823	284,454	15,824	45,128	988,061	307,289
Operating Income (Loss)	66,100	143,254	105,937	(6,698)	7,958	316,551	153
NONOPERATING REVENUES (EXPENSES)							
Licenses		6,064				6,064	
Beer Taxes		12,836				12,836	
Investment Income	2,314		647	3,931	7,309	14,201	
Miscellaneous	4,550	1,062		2,107		7,719	
Federal Grant Revenue				17,436		17,436	
Interest on Bonds and Mortgages	(13,208)	(1,190)	(50)	(553)		(15,001)	
Total Nonoperating Revenues (Expenses)	(6,344)	18,772	597	22,921	7,309	43,255	
Income Before Capital Grant Contributions	59,756	162,026	106,534	16,223	15,267	359,806	153
Capital Contributions and Grants	89					89	
Income Before Transfers	59,845	162,026	106,534	16,223	15,267	359,895	153
Transfers To Governmental Funds		(154,719)	(105,853)		(13,439)	(274,011)	
Change in Net Position	59,845	7,307	681	16,223	1,828	85,884	153
Net Position (Deficit)- July 1	634,348	(88,304)	(20,071)	673,376	310,831	1,510,180	41,401
Net Position (Deficit) - June 30	\$ 694,193	\$ (80,997)	\$ (19,390)	\$ 689,599	\$ 312,659	\$1,596,064	\$ 41,554

STATE OF NEW HAMPSHIRE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds					Total	Governmental Activities Internal Service Fund
	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Unemployment Compensation		
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Federal and Local Agencies				\$ 7,197	\$ 592	\$ 7,789	
Receipts from Customers	\$ 138,255	\$ 706,918	\$ 190,969		55,795	1,091,937	\$ 64,803
Receipts from Borrowers				31,740		31,740	
Interest from Borrowers				2,186		2,186	
Receipts from Supplier Rebate		78,745				78,745	
Receipts from Interfund Charges							243,647
Payments to Borrowers				(83,096)		(83,096)	
Payments to Employees	(16,184)	(31,969)	(5,406)			(53,559)	
Payments to Suppliers	(43,515)	(624,258)	(13,734)	(8,198)		(689,705)	(10,916)
Payments to Prize Winners			(70,536)			(70,536)	
Payments for Insurance Claims					(46,451)	(46,451)	(293,896)
Payments for Interfund Services		(7,077)		(754)		(7,831)	
Net Cash Provided by (Used for) Operating Activities	78,556	122,359	101,293	(50,925)	9,936	261,219	3,638
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers to Other Funds		(143,864)	(101,971)		(13,439)	(259,274)	
Receipts from Federal Agencies				16,713		16,713	
Other Contributions	945			2,107		3,052	
Temporary Loan from Other State Funds		3,092				3,092	
Interest Paid on Bonds				(552)		(552)	
Principal Paid on Bonds				(2,077)		(2,077)	
Net Proceeds from Issuance of Bonds							
Transfer: Alcohol Abuse Prevention/ Treatment Fund		(8,422)				(8,422)	
Proceeds from Collection of Licenses and Beer Tax		16,769				16,769	
Other Income	1,207	1,487				2,694	
Net Cash Provided by (Used for) Noncapital and Related Financing	2,152	(130,938)	(101,971)	16,191	(13,439)	(228,005)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition, Disposal, Sale and Construction of Capital Assets	(21,795)	(12,572)	(2,959)			(37,326)	
Interest Paid on Bonds and Mortgages	(18,432)	(1,153)	(50)			(19,635)	
Principal Paid on Bonds and Mortgages	(27,110)	(2,107)	(53)			(29,270)	
Net Proceeds from Issuance of Bonds and Payments for Underwriter Discount/ Premium	(32)	10,603	2,975			13,578	
Receipts from Others	2,930					2,930	
Net Cash Provided by (Used for) Capital and Related Financing Activities	(64,439)	(5,229)	(87)			(69,755)	
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment Proceeds	109,346					109,346	
Purchase of Investment	(149,042)			23,530		(125,512)	
Other Income	2,368		497	3,799	7,309	13,973	
Net Cash Provided by (Used for) Investing Activities	(37,328)		497	27,329	7,309	(2,193)	
Net Increase in Cash & Cash Equivalents	(21,059)	(13,808)	(268)	(7,405)	3,806	(38,734)	3,638
Cash and Cash Equivalents - July 1	163,962	13,808	5,835	102,316	309,271	595,192	48,597
Cash and Cash Equivalents - June 30	\$ 142,903		\$ 5,567	\$ 94,911	\$ 313,077	\$ 556,458	\$ 52,235

The notes to the basic financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Fund
	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Unemployment Compensation	Total	
Reconciliation of Operating Income (Loss) to Net							
Cash Provided by (Used for) Operating Activities:							
Operating Income (Loss)	\$ 66,100	\$ 143,254	\$ 105,937	\$ (6,698)	\$ 7,958	\$ 316,551	\$ 153
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation	26,013	3,045	76			29,134	
Principal Repayments				31,740		31,740	
Loan Advances to Borrowers				(83,096)		(83,096)	
Capitalized Loan Interest				(27)		(27)	
Principal Forgiveness				6,439		6,439	
Interest Income on Loans							
Miscellaneous Income/(Expense)	138			529		667	
Capital Deletions / Reclassification							
Change in Operating Assets and Liabilities:							
Change in Receivables/Loans	(7,268)	734	88	380	3,301	(2,765)	1,007
Change in Inventories	(59)	(3,786)	(287)			(4,132)	
Change in Other Current Assets			(10)			(10)	(1,235)
Change in Restricted Deposits-MUSL			(681)			(681)	
Change in Accounts Payable and Other	(2,198)	(13,687)	1,195	288	(1,323)	(15,725)	55
Change in Claims Payable			(3,163)	96		(3,067)	3,658
Change in Unearned Revenue	(444)	106	83			(255)	
Change in Other Postemployment Benefits Payable, Net of Deferred Amounts	(3,726)	(7,268)	(1,847)	(576)		(13,417)	
Change in Net Pension Liability, Net of Deferred Amounts		(39)	(98)			(137)	
Net Cash Provided by (Used In) Operating Activities	\$ 78,556	\$ 122,359	\$ 101,293	\$ (50,925)	\$ 9,936	\$ 261,219	\$ 3,638
Turnpike Non-Cash Capital and Related Financing Activities:							
Capital Contributions	\$ 89						
Non-Cash Capital Acquisition	\$(2,474)						
SRF Non-Cash Investing Activities:							
Principal Forgiveness				\$ 6,439			

Fiduciary Funds Financial Statements

Pension Trust Funds:

New Hampshire Retirement System - The New Hampshire Retirement System (NHRS) is the administrator of a cost-sharing multiple employer contributory pension plan and trust established on July 1, 1967 and is intended to meet the requirements of a qualified tax-exempt organization within the meaning of section 401(a) and section 501(a) of the United States Internal Revenue Code. Participating employers include the employees of the State government of New Hampshire, certain cities and towns, all counties, and various school districts. NHRS is a component unit of the State.

New Hampshire Judicial Retirement Plan - The New Hampshire Judicial Retirement Plan (NHJRP) was established on January 1, 2005 and is a contributory pension plan and trust intended to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. The Plan is a component unit of the State.

Private Purpose Trust Funds: Private-Purpose Trust Funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

Investment Trust Fund: The investment trust fund represents the external portion of the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP has been established, in accordance with RSA 383:22-24, for the purpose of investing funds of the State of New Hampshire, funds under the custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions, and all other public units within, or instrumentalities of the State of New Hampshire. In accordance with GAAP, the external portion of the NHPDIP is reported as an investment trust fund in the Fiduciary Funds using the economic resources measurement focus and accrual basis of accounting. The internal portion of the pool is reported in the General Fund and trust funds. NHPDIP's investment detail and audited financial statements can be obtained by visiting www.nhpdip.com or contacting the Client Services Team at 1-844-4NH-PDIP.

Agency Funds: Assets received by the State as an agent for other governmental units, other organizations, or individuals are accounted for as agency funds. The Unified Court System Litigation accounts which are held pending judicial judgments and Child Support Funds are two of the larger agency funds of the State.

STATE OF NEW HAMPSHIRE
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019
(Expressed in Thousands)

	Pension Trust Funds	Private Purpose Trust Funds	Investment Trust Fund	Agency Funds
ASSETS				
Cash and Cash Equivalents	\$ 236,000	\$ 4,241	\$ 31,006	\$ 7,345
Receivables:				
Due from Employers	50,639			
Due from Plan Members	22,300			
Due from Brokers for Securities Sold	25,744			
Interest and Dividends	16,553		1,021	
Other	5,836			
Total Receivables	121,072		1,021	
Investments:				
Certificates of Deposit			101,695	
Repurchase Agreements			32,720	
Equity Investments	4,237,533			
Fixed Income Investments	2,115,981			
Commercial Real Estate	923,712			
Commercial Paper			28,942	
Alternative Investments	1,670,383			
Other Investments		7,430	26,000	3,960
Total Investments	8,947,609	7,430	189,357	3,960
Other Assets	1,070			
Total Assets	9,305,751	11,671	221,384	11,305
LIABILITIES				
Management Fees and Other Payables	9,863	112	89	
Due to Brokers for Securities Purchased	33,222			
Custodial Funds Payable				11,305
Other Liabilities			3,503	
Total Liabilities	43,085	112	3,592	11,305
NET POSITION				
Net Position Restricted for Pension and Other Postemployment Benefits (OPEB)	9,262,666			
Net Position Held in Trust for Benefits & Other Purposes		11,559	217,792	
RECONCILIATION OF NET POSITION HELD IN TRUST:				
Employees' Pension Benefits	9,225,823			
Employees' Postemployment Healthcare Benefits	36,843			
Net Position for Pool Participants in External Investment Pool			217,792	
Other Purposes		11,559		
Net Position Restricted for Pension and Other Postemployment Benefits (OPEB)	\$ 9,262,666			
Net Position Held in Trust for Benefits & Other Purposes		\$ 11,559	\$ 217,792	

STATE OF NEW HAMPSHIRE
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	Pension Trust Funds	Private Purpose Trust Funds	Investment Trust Fund
ADDITIONS			
Contributions:			
Employers	\$ 486,647		
Plan Members	224,784		
Participants		37,470	273,127
Total Contributions	711,431	37,470	273,127
Investment Income:			
From Investing Activities:			
Net Appreciation in Fair Value of Investments	323,802		
Interest Income	64,954	270	5,478
Dividends	74,155		
Alternative Investment Income	37,210		
Other	14,099	203	6
Gross Income from Investing Activities	514,220	473	5,484
Less Investment Activity Expenses:			
Investment Management Fees	24,986		678
Custodial Fees	708		
Investment Administrative Expense	632		
Investment Advisor Fees	753		
Investment Professional Fees	350		
Total Investment Activity Expenses	27,429		678
Total Net Income from Investing Activities	486,791	473	4,806
Total Additions	1,198,222	37,943	277,933
DEDUCTIONS			
Benefits/Distributions to Participants	835,387	34,659	
Refunds of Contributions	23,464		
Administrative Expense	7,885		
Professional Fees	688		
Other	238	3,198	243,927
Total Deductions	867,662	37,857	243,927
Change in Net Position	330,560	86	34,006
NET POSITION HELD IN TRUST FOR BENEFITS & OTHER PURPOSES			
Net Position - July 1	8,932,106	11,473	183,786
Net Position - June 30	\$ 9,262,666	\$ 11,559	\$ 217,792

Component Units Financial Statements

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF NET POSITION
 COMPONENT UNITS
 JUNE 30, 2019
 (Expressed in Thousands)

	University System of New Hampshire	Non-Major Component Units	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 75,422	\$ 34,529	\$ 109,951
Cash and Cash Equivalents - Restricted		21,018	21,018
Operating Investments	148,166	9,549	157,715
Accounts Receivable	22,031	2,913	24,944
Other Receivables	3,292	3,676	6,968
Notes Receivable - Current Portion	2,196	5,714	7,910
Prepaid Expenses & Other	9,230	2,983	12,213
Total Current Assets	<u>260,337</u>	<u>80,382</u>	<u>340,719</u>
Noncurrent Assets:			
Investments	809,233	24,633	833,866
Notes & Other Receivables	19,103	20,907	40,010
Other Assets	311	38,111	38,422
Capital Assets:			
Land & Land Improvements	15,626	7,521	23,147
Building & Building Improvements	1,834,273	260,572	2,094,845
Equipment	140,811	15,693	156,504
Construction in Progress	52,820	3,320	56,140
Less: Accumulated Depreciation	(926,169)	(109,375)	(1,035,544)
Net Capital Assets	<u>1,117,361</u>	<u>177,731</u>	<u>1,295,092</u>
Total Noncurrent Assets	<u>1,946,008</u>	<u>261,382</u>	<u>2,207,390</u>
Total Assets	<u>2,206,345</u>	<u>341,764</u>	<u>2,548,109</u>
DEFERRED OUTFLOWS OF RESOURCES	35,977	14,764	50,741
LIABILITIES			
Current Liabilities:			
Accounts Payable	65,231	4,259	69,490
Accrued Salaries and Wages		6,699	6,699
Accrued Employee Benefits - Current	6,760	31	6,791
Other Payables & Accrued Expenses		4,214	4,214
Other Liabilities	5,331		5,331
Deposits and Unearned Revenues	40,242	2,530	42,772
Long Term Debt - Current Portion	26,203	2,209	28,412
Total Current Liabilities	<u>143,767</u>	<u>19,942</u>	<u>163,709</u>
Noncurrent Liabilities:			
Revenue Bonds Payable	439,016		439,016
Accrued Employee Benefits	24,702		24,702
Other Postemployment Medical Benefits Payable	77,515	106,496	184,011
Derivative Instruments - Interest Rate Swaps	22,976		22,976
Net Pension Liability		58,221	58,221
Other Long Term Debt	23,300	66,592	89,892
Total Noncurrent Liabilities	<u>587,509</u>	<u>231,309</u>	<u>818,818</u>
Total Liabilities	<u>731,276</u>	<u>251,251</u>	<u>982,527</u>
DEFERRED INFLOWS OF RESOURCES	12,500	57,282	69,782
NET POSITION			
Net Investment in Capital Assets	685,015	161,049	846,064
Restricted:			
Nonexpendable	281,701		281,701
Expendable	213,337	60,399	273,736
Unrestricted Net Position (Deficit)	318,493	(173,453)	145,040
Total Net Position	<u>\$ 1,498,546</u>	<u>\$ 47,995</u>	<u>\$ 1,546,541</u>

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	University System of New Hampshire *	Non-Major Component Units	Total
EXPENSES	\$ 840,193	\$ 139,822	\$ 980,015
PROGRAM REVENUES:			
Charges for Services:			
Tuition & Fees	521,656	66,763	588,419
Student Financial Aid	(196,768)	(20,727)	(217,495)
Sales, Services, & Other Revenue	246,777	27,980	274,757
Operating Grants & Contributions	195,142	30,194	225,336
Capital Grants & Contributions	2,722	7,385	10,107
Total Program Revenues	769,529	111,595	881,124
Net Expenses	(70,664)	(28,227)	(98,891)
Interest & Investment Income	42,276	2,333	44,609
Payments from State of New Hampshire	81,000	47,075	128,075
Change in Net Position	52,612	21,181	73,793
Net Position (Deficit) - July 1, restated*	1,445,934	26,814	1,472,748
Net Position (Deficit) - June 30	\$ 1,498,546	\$ 47,995	\$ 1,546,541

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NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of New Hampshire (the State) have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. 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. REPORTING ENTITY

For financial reporting purposes, the State's reporting entity includes all funds, organizations, agencies, boards, commissions, authorities and all component units for which the State is financially accountable. There are no other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading. The criteria to be considered in determining financial accountability include whether the State, as the primary government, has appointed a voting majority of an organization's governing body and (1) has the ability to impose its will on that organization or (2) there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the State. Financial accountability also exists if an organization is determined to be fiscally dependent on the primary government and the primary government is in a relationship of financial benefit/burden with the organization.

Component units are either blended into the primary government or discretely presented from the primary government. Potential component units that do not meet the financial accountability criteria, but where a voting majority of the governing board is appointed by the State, are deemed to be related organizations. The nature and relationship of the State's component units and related organizations are disclosed in the following section.

Discrete Component Units:

Discrete component units are entities, which are legally separate from the State, but for which the State is financially accountable for financial reporting purposes, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading. Complete audited financial statements of the individual component units can be obtained from the respective entities.

The component unit columns of the government-wide financial statements include the financial data of the following entities:

Major Component Unit

University System of New Hampshire - The University System of New Hampshire (USNH) is a body corporate and politic with a governing board of twenty-seven members. A voting majority is held by the State through the eleven members appointed by the Governor and Executive Council and three State officials serving as required by law. These State officials are the Governor, the Commissioner of the Department of Education, and the Commissioner of the Department of Agriculture. The remaining board members represent the university and colleges of the system, the alumni, and the student body. The USNH funds its operations through tuition and fees, government grants and contracts, auxiliary operations, and State appropriations which impose a specific financial burden on the State. USNH includes two blended component units, the University of New Hampshire Foundation (UNHF) and the Keene Endowment Association (KEA). USNH financials can be obtained by contacting USNH at 5 Chenell Drive Suite 301, Concord, NH 03301.

Non-major Component Units

Business Finance Authority of the State of New Hampshire - The Business Finance Authority (BFA) is a body corporate and politic with a governing board of fourteen members. The board consists of nine members appointed by the Governor with the consent of the Executive Council. The remaining members include two State Representatives, two Senators, and the State Treasurer. The State currently guarantees outstanding loans and principal on bonds of the BFA, which creates the potential for the BFA to impose a financial burden on the State. BFA's financials can be obtained by contacting the BFA at 2 Pillsbury Street, Suite 201, Concord, NH 03301.

Community Development Finance Authority - The Community Development Finance Authority (CDFA) is a body corporate and politic organized as a nonprofit corporation under Revised Statutes Annotated (RSA) 292. The governing board of eleven members is made up of the Commissioner of the Department of Resources and Economic Development or designee and ten public members appointed by the Governor and Executive Council as follows: four representatives of community development corporations or other nonprofit organizations engaged in community development activities, one representative of organized labor, two representatives of small business and the financial community, one representative of employment training programs, and two representatives of private financial institutions. Additionally, CDFA imposes a financial burden on the State as investment tax credit equal to 75 percent of the contribution made to the CDFA during the contributor's tax year is allowed against certain taxes imposed by the State. In accordance with RSA 162-L:10, the total credits allowed shall not exceed \$5.0 million in any State fiscal year. CDFA's financials can be obtained by contacting the CDFA at 14 Dixon Avenue, Suite 102, Concord, NH 03301.

Pease Development Authority - The Pease Development Authority (PDA) is a body corporate and politic with a governing body of seven members. Four members are appointed by the Governor and State legislative leadership, and three members are appointed by the City of Portsmouth and the Town of Newington. The State currently guarantees outstanding loans and principal on bonds of the PDA and has issued bonds on behalf of the PDA, which creates the potential for the PDA to impose a financial burden on the State. In addition, the State has made several loans to the PDA. PDA's financials can be obtained by contacting PDA at 55 International Drive, Portsmouth, NH 03801.

The Community College System of New Hampshire (CCSNH) - The CCSNH was established under Chapter 361, Laws of 2007 (effective date July 17, 2007), as a body politic and corporate, whose main purpose is to provide a well-coordinated system of public community college education. The CCSNH includes colleges in Berlin, Claremont, Concord, Laconia, Manchester, Nashua and Portsmouth. It is governed by a single board of

trustees with 23 voting members appointed by the Governor and Executive Council. The CCSNH funds its operations through tuition, room and board, fees, grants, legacies and gifts, and state appropriations which impose a specific financial burden on the State.

CCSNH's financials can be obtained by contacting CCSNH at 26 College Drive, Concord, NH 03301.

Fiduciary Component Units:

The State's fiduciary component units consist of the Pension Trust Funds, which include the following:

New Hampshire Retirement System - The New Hampshire Retirement System (NHRS) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. It is a defined benefit plan (the "Plan") providing disability, death, and retirement protection to its members, which include full-time employees of the State and substantially all school teachers, firefighters, and police officers within the State. Full-time employees of political subdivisions may participate if their governing body elects to participate.

NHRS is administered by a 13 member Board of Trustees on which the State does not represent a voting majority. The Board has all the powers of a corporation. It is fiduciarily responsible for NHRS assets and directs the investment of those assets through an independent investment committee, reviews actuarial assumptions and valuations from which the employer contribution rates are certified by the board, and generally supervises the operations of NHRS.

NHRS is deemed to be fiscally dependent on the State because the employee member contribution rates are set through State statute, and the State has budget approval authority over some administrative costs of NHRS.

New Hampshire Judicial Retirement Plan - The New Hampshire Judicial Retirement Plan (NHJRP) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 414(d) of the Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, and circuit court judges employed within the State.

NHJRP is administered by a seven member Board of Trustees that is appointed by the State. The Board is fiduciarily responsible for NHJRP assets and oversees the investment of those assets, approving the actuarial valuation of NHJRP including assumptions, interpreting statutory provisions and generally supervising the operations of NHJRP.

These component units are presented along with other fiduciary funds of the State and have been omitted from the State's government-wide financial statements.

Related Organizations:

The State is responsible for appointing voting members of the governing boards of the following legally separate organizations; however, the State is not financially accountable for these organizations. Although the Treasurer may serve as a Trustee and have certain involvement with the organizations, the organizations are not fiscally dependent upon the primary government and the organizations do not provide specific financial benefit to or impose financial burden on the primary government. Exclusion of these organizations from the State's financial statements would not render the financial statements to be misleading.

Related Organizations Excluded:

- Maine – New Hampshire Interstate Bridge Authority
- New Hampshire Health and Education Facilities Authority
- New Hampshire Housing Finance Authority
- New Hampshire Municipal Bond Bank
- Land and Community Heritage Investment Program

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Primary government activities are distinguished between governmental and business-type activities. Governmental activities are normally supported through taxes and intergovernmental revenues. Business-type activities rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The *Statement of Net Position* presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position from net investment in capital assets includes capital assets net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net position is restricted when constraints are externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as part of restricted net position. The remaining net position is considered unrestricted.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues.

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not

meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue. Certain indirect costs are included in program expenses reported for individual functions.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Measurement Focus and Basis of Accounting

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Derived tax revenues are recognized as revenues in the period the underlying transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the State generally considers revenues to be available if they are collected within 60 days after year end. Receivables not expected to be collected within 60 days are offset by deferred inflows of resources. An exception to this policy is federal grant revenue, which generally is considered to be available if collection is expected within 12 months after year end. Taxes, grants, licenses and fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period when available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service and other long-term obligations including compensated absences, post-employment benefits, pollution remediation obligations and claims and judgments are recorded only when payment is due.

Proprietary Fund, Fiduciary Funds and Similar Component Units, and Discrete Component Unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Financial Statement Presentation

A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The State reports the following major governmental funds:

General Fund: The General Fund is the State's primary operating fund and accounts for all financial transactions not accounted for in any other fund.

Highway Fund: The Highway Fund is used to account for the revenues and expenditures used in the construction, maintenance and operations of the State's public highways and the supervision of traffic thereon.

Education Trust Fund: The Education Trust Fund was created in accordance with Chapter 17:41, Laws of 1999. The fund is non-lapsing and is used to distribute adequate education grants to school districts.

The State reports the following major enterprise funds as part of the Proprietary Fund Financial Statements:

The *Turnpike System* accounts for the revenues and expenses used in the construction, maintenance and operations of three limited access highways: the Blue Star Turnpike (I-95), the Spaulding Turnpike and the Central Turnpike. The Turnpike System primarily serves the major cities located in the central and eastern sections of southern New Hampshire.

The *Liquor Commission* accounts for the operations of State-owned liquor stores and the sales of all beer and liquor sold in the State.

The *Lottery Commission* accounts for the operations of the State's Lottery Commission and the State's Racing & Charitable Gaming activities.

The *State Revolving Fund* makes loans to public water systems and local governments for wastewater treatment facilities and safe drinking water systems, funded by programs under the U.S. Environmental Protection Administration.

The *New Hampshire Unemployment Compensation Trust Fund* receives contributions from employers and provides benefits to eligible unemployed workers.

Additionally, the State reports the following non-major funds:

Governmental Funds

Fish and Game Fund – accounts for the operation of fish hatcheries, inland and marine fisheries and wildlife areas and functions related to law enforcement, land acquisition and wildlife management and research. Principal revenues include fees from fish and game licenses, the marine gas tax, penalties, recoveries, federal grants-in-aid related to fish and game management and other funding as approved by the Legislature.

Capital Projects Fund - used to account for certain capital improvement appropriations which are or will be primarily funded by the issuance of State bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.

Permanent Funds – report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry.

Proprietary Fund

Internal Service Fund - provides services primarily to employees and retirees of the State, rather than to the general public. These services include health-related fringe benefits. In the government-wide financial statements, internal service funds are included with governmental activities.

Fiduciary Fund Types

Pension (and Other Employee Benefits) Trust Funds – report resources that are required to be held in trusts for the members and beneficiaries of the State’s contributory defined benefit plans, and post employment benefit plan. The NHRS and NHJRP are component units of the State.

Investment Trust Fund - accounts for the transactions, assets, liabilities and fund equity of the New Hampshire Public Deposit Investment Pool (NHPDIP or the Pool), an external investment pool. The NHPDIP was established, in accordance with RSA 383:22-24, for the purpose of investing funds of the State of New Hampshire, funds under the custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions, and all other public units within, or instrumentalities of the State of New Hampshire. As of June 30, 2019, the State held an investment position in NHPDIP, which is reported as the State’s share of the overall pool and not by investment type based on the underlying investment securities held by the pool. In accordance with GAAP, the external portion of the NHPDIP is reported as an investment trust fund in the Fiduciary Funds using the economic resources measurement focus and accrual basis of accounting. In accordance with GASBS 79, the pool’s portfolio securities are valued at amortized cost, which approximates fair value. NHPDIP’s investment detail and audited financial statements can be obtained by visiting www.nhpdip.com or contacting the Client Services Team at 1-844-4NH-PDIP.

Private Purpose Trust Funds - report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

Agency Funds - report assets and liabilities for deposits and investments entrusted to the State as an agent for others.

Reporting Periods

The accompanying financial statements of the State are presented as of June 30, 2019, and for the year then ended, except for the New Hampshire Judicial Retirement Plan which is as of December 31, 2018, and for the year then ended.

D. CASH EQUIVALENTS

For the purposes of reporting in the Statement of Net Position, Statement of Fiduciary Net Position and the Statement of Cash Flows, cash equivalents represent short-term investments with original maturities less than three months from the date acquired by the State and are valued at cost, which approximates fair value, or net asset value. Cash equivalents include certain money market and demand deposit accounts, a government-sponsored enterprise (GSE) instrument, the external portion of the NHPDIP holdings classified as cash equivalents and funds on deposit with the U.S. Treasury for the Unemployment Compensation Fund.

E. INVESTMENTS

Primary Government

Investments are reported at fair value. In determining fair value, the State 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. Corporate fixed income securities and 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. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices. Money market mutual funds are generally reported at net asset value (NAV) reported by the fund managers and assessed as reasonable by the State, which is used as a practical expedient to estimate the fair value.

Non Pension Fiduciary Funds

In accordance with GASB 79, NHPDIP portfolio securities are valued at amortized cost, which approximates fair value. All other non pension trust fund investments are reported at fair value.

Pension Trust Funds and Major Component Unit

See Note 2 for further discussion of fair value techniques.

F. RECEIVABLES

Receivables in the government-wide financial statements represent amounts due to the State at June 30, recorded as revenue, which will be collected sometime in the future and consist primarily of accrued taxes and federal grants receivable. In the governmental fund financial statements, taxes receivable are primarily taxpayer-assessed revenues where the underlying exchange has occurred in the period ending June 30 or prior, and for federal grants, which reimburse the State for expenditures incurred pursuant to federally funded programs. Tax and grant revenues are susceptible to accrual in accordance with measurable and available criteria under the modified accrual basis of accounting.

Other Receivables - Restricted are primarily loans receivable made to public water systems and local governments under the State Revolving Fund (SRF) for wastewater treatment facilities and safe drinking water systems. Loans are funded by federal grants from programs by the U.S. Environmental Protection Agency, with federal grants and partially matching state funds. Loan funds are disbursed to borrowers on a cost reimbursement basis, and interest begins accruing when funds are disbursed. After construction is completed, the borrower can elect to add the construction period interest to the loan amount, or they can pay it in total with the first loan repayment. Loans are typically repaid over periods of five, ten, fifteen or twenty years, and repayment of the loans must begin within one year of construction completion. Repayments are credited to special accounts and then used to lend out more funds to communities and qualified private water organizations. In addition to interest, portions of loan repayment and federal grants are allowed to be allocated to administrative costs. There is no provision for uncollectible accounts, as all repayments are current, and management believes all loans will be repaid according to the loan terms. Loan amounts classified currently represent those loan amounts expected to be satisfied within the forthcoming fiscal year.

Under federal regulations, a portion of each federal grant award is required to be provided as additional subsidy to borrowers. This additional subsidy comes in the form of principal forgiveness and ranges from 12% for CWSRF federal loans to a range of between 20-30% for DWSRF federal loans. Borrowers must meet selected criteria to be eligible for the additional subsidy. Principal forgiveness eligibility and amount is calculated when the loan is finalized and goes into repayment status. For CWSRF loans, principal forgiveness is recognized with the first loan repayment. For DWSRF loans, principal forgiveness is recognized on a payment by payment basis. If a borrower defaults on a loan, the total amount unpaid is deemed owed.

G. INVENTORIES

Inventories for materials and supplies are determined by physical count. Both the Lottery and Liquor Commissions use the lower of cost or market to value their inventories. Lottery uses the first-in, first-out (FIFO) method and Liquor uses the average cost method. All other inventories in the governmental and proprietary funds are stated at average cost.

Governmental fund inventories are recorded under the purchase method. Reported inventory balances in the governmental funds are offset by a nonspendable fund balance designation that indicates they do not constitute available spendable resources.

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value.

Equipment is capitalized when the cost of individual items exceeds \$10,000, and all other capital assets are capitalized when the cost of individual items or projects exceeds \$100,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government and the component units are depreciated using the straight-line method over the following useful lives:

Equipment	5 years
Buildings	40 years
Building improvements	20 years
Infrastructure	50 years
Computer software	5 years

I. UNEARNED REVENUE

In the government-wide financial statements, governmental fund financial statements and proprietary fund financial statements, unearned revenue is recognized when cash, receivables or other assets are recorded prior to their being earned. As of June 30, 2019, unearned revenue reported in governmental funds was \$129.1 million, and in business-type activities was \$18.2 million.

J. ACCOUNTS PAYABLE

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30.

K. COMPENSATED ABSENCES

All full-time State employees in classified service earn annual and sick leave. In previous fiscal years, additional leave (bonus days) may be awarded based on the amount of sick leave taken during the year. Accrued compensatory time, earned for overtime worked, should generally be taken within one year or in accordance with applicable collective bargaining agreements.

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 leave liability is calculated based on the characteristics of the type of leave and on a last-in, first-out (LIFO) 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 it is probable that the benefits will result in termination payments rather than be taken as absences due to illness. The liability for compensated absences is recorded on the accrual basis in the government-wide and proprietary fund financial statements.

In the governmental fund financial statements, liabilities for compensated absences are accrued when they are due and payable.

L. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources are defined as a consumption of net assets by the government 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.

M. POSTEMPLOYMENT LIABILITIES

The State participates in two defined benefit pension plans, the State of New Hampshire Retirement System (NHRS) and the New Hampshire Judicial Retirement Plan (NHJRP). The State 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. See footnote 11 for activity related to these plans.

For purposes of measuring the total/net Pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to these liabilities and related expense, information about the fiduciary net position of the NHRS and NHJRP, and additions to/deductions from the fiduciary net position has been determined on the same basis as it is reported by NHRS, NHJRP and the State OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

N. FUND BALANCES

Fund balances for all governmental funds are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of the fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents the amount that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature. Assigned fund balance is constrained by the Legislature's or other executive authority's intent to be used for specific purposes.

The State maintains a stabilization account referred to as the Revenue Stabilization Account (the "Rainy Day Fund") in the general fund and reported as unassigned fund balance. See Note 16 for additional information about fund balances and the stabilization account.

O. BOND DISCOUNTS AND PREMIUMS

In the government-wide and proprietary fund financial statements, bond discounts/premiums are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond discounts and premiums are recognized in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

P. REVENUES AND EXPENDITURES/EXPENSES

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function (e.g. general government, education, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. In the governmental funds, when expenditures are incurred for purposes for which unrestricted (committed, assigned,

and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's general policy to spend committed resources first followed by assigned and unassigned resources, respectively.

In the governmental fund financial statements, expenditures are reported by character: "Current", "Debt Service" or "Capital Outlay." Current expenditures are subclassified by function and are for items such as salaries, grants, supplies and services. Debt service includes both interest and principal outlays related to bonds and notes. Capital outlay includes expenditures for equipment, real property or infrastructure including the Highway Fund's capital outlays for the 10-year state capital highway construction program.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g. administration and depreciation). Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are generally reported as nonoperating.

Other Financing Sources (Uses) – These additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds and financing provided by bond proceeds. Transfers are reported when incurred as "Transfers In" by the receiving fund and as "Transfers Out" by the disbursing fund.

Reimbursements - Various departments charge fees on a user basis for such services as centralized data processing, accounting and auditing, purchasing, personnel, and maintenance and telecommunications. These transactions, when material, have been eliminated in the government-wide and governmental fund financial statements.

Q. INTERFUND ACTIVITY AND BALANCES

Interfund Activity – As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule include activities between funds reported as governmental activities and funds reported as business-type activities (e.g. transfers of profits from the Liquor Commission to General Fund and the Lottery Commission to the Education Trust Fund). Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources.

Interfund Balances – Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the amounts due between governmental and business-type activities.

R. ENCUMBRANCES AND CAPITAL PROJECTS

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services, the encumbrance is liquidated and the expenditure and liability are recorded.

Governmental activities generally records the resources obtained and used for the acquisition, construction, or improvement of certain capital facilities in the Highway Fund and the Capital Projects Fund.

Resources obtained to finance capital projects include federal grants and general obligation bonds. General obligation bonds are recorded as liabilities and as other financing sources, as appropriate in the funds that receive the proceeds.

S. BUDGET CONTROL AND REPORTING

The statutes 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 biennium, consists of three parts: Part I is the Governor's program for meeting all expenditure needs and estimating revenues. There is no constitutional or statutory requirement that the Governor propose, or the Legislature adopt, a budget that does not resort to borrowing. Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government. Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

The operating budget is prepared principally on a modified cash basis and adopted for the governmental funds, with the exception of the Capital Projects Fund, and certain proprietary funds. The Capital Projects Fund 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 and actual comparison statements. Fiduciary funds and permanent funds are not budgeted.

In addition to the enacted biennial operating budget, state departments may submit to the Legislature and Governor and Council, as required, supplemental budget requests necessary to meet expenditures during the current biennium. Appropriation transfers can be made within a department with the appropriate approvals; therefore, the legal level of budgetary control is generally at the expenditure class level within each accounting unit within each department.

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 Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

Unexpended balances of appropriations at year end will generally lapse to assigned or unassigned 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 restricted, committed or assigned fund balance. The balance of unexpended encumbrances are brought forward into the next fiscal year. Capital Projects Fund unencumbered appropriations lapse in two years unless extended or designated as non-lapsing by law.

Budget to Actual Comparisons and additional budgetary information are included as Required Supplementary Information.

T. USE OF ESTIMATES

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

U. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended June 30, 2019, the State adopted the following new accounting standards issued by the GASB:

GASB No. 83, *Certain Asset Retirement Obligations*, (GASB 83) addresses the accounting and financial reporting for certain asset retirement obligations (AROs), a legally enforceable liability associated with the retirement of a tangible capital asset. This statement establishes the criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The statement requires that recognition occur when the liability is both incurred and reasonably estimable. The implementation of GASB 83 did not have an impact on the primary government financial statements, however, University System of New Hampshire, the major discretely presented component unit, restated beginning net position by \$1.7 million.

GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88) improves the information that is disclosed in notes to financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. The new disclosures resulting from implementation of this statement can be found in Note 5.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

PRIMARY GOVERNMENT AND NON PENSION FIDUCIARY FUNDS

The State pools cash and investments except for separate cash and investment accounts maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments and restricted assets is included on the statements of financial position under the captions "Cash and Cash Equivalents" and "Investments."

The table below presents the cash, cash equivalents, and investments as reflected in the financial statements (expressed in thousands):

		Unrestricted		Restricted		Total
		Cash and Cash Equivalents	Investments	Cash and Cash Equivalents	Investments	
Per Statement of Net Position	Primary Government	\$ 757,340	\$ 18,145	\$ 480,163	\$ 643,776	\$ 1,899,424
Per Statement of Fiduciary Net Position	Private Purpose	4,241	7,430			11,671
	Investment Trust	31,006	189,357			220,363
	Agency Funds	7,345	3,960			11,305
	Total per Financial Statements	\$ 799,932	\$ 218,892	\$ 480,163	\$ 643,776	\$ 2,142,763

INVESTMENTS:

The State's Treasury Department (State Treasury) is responsible for managing certain State cash and investments in accordance with policies to ensure reasonable rates of return on investments while minimizing risk factors. Approved investments are defined in statute (RSA 6:8 and 383-B:3-303). Additionally, investment guidelines exist for operating funds as well as trust and custodial funds. All investments are denominated in U.S. dollars.

Fair Value Hierarchy of Investments: In accordance with GASBS 72, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the State categorizes the fair value measurements of its investments within the fair value hierarchy established by U.S. GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into the following levels:

- Level 1 inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the State has the ability to access at the measurement date. Most of the State's directly held marketable equity securities would be examples of Level 1 investments.
- Level 2 inputs are other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities, as well as the State's holdings in U.S. government obligations and corporate bonds, are categorized in Level 2.

- Level 3 inputs are significant unobservable inputs. The State held no Level 3 investments as of June 30, 2019.

The fair value hierarchy gives the highest priority to Level 1 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. If an investment is held directly by the State and an active market with quoted prices exists, such as for domestic equity securities, registered mutual funds and exchanged traded funds, those securities are classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using market data and matrix pricing.

Investments in money market mutual funds are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the State's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. At June 30, 2019 the State had no plans or intentions to sell investments at amounts different from NAV. NAVs determined by fund managers generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Because of the inherent uncertainties of valuation, the estimated fair values used in NAV calculations may differ significantly from values that would have been used had a ready market existed, and the differences could be material.

The following table summarizes the State's investments and cash equivalents, by type, as of June 30, 2019 (expressed in thousands):

	Investments Classified in the		
	Fair Value Hierarchy		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Investments measured at fair value:			
U.S. Government Obligations		\$ 497,366	\$ 497,366
Municipal Bonds		228	228
Equity Securities	\$ 16,768		16,768
Corporate Bonds		1,359	1,359
Total Investments measured at fair value	16,768	498,953	515,721
Investments measured at the Net Asset Value (NAV):			
Money Market Mutual Funds			108,318
Equity Open Ended Mutual Funds			17,828
Fixed Income Open Ended Mutual Funds			12,009
Total Investments measured at the Net Asset Value (NAV)			138,155
Investments and Cash Equivalents not measured at fair value:			
External portion of NH Public Deposit Investment Pool			189,357
Internal Investment in NH Public Deposit Investment Pool			15,508
Investment CDs greater than 90 days			3,927
Cash and Cash Equivalents			1,280,095
Total Investments and Cash Equivalents not measured at fair value			1,488,887
Grand Total	\$ 16,768	\$ 498,953	\$ 2,142,763

Note to the table above: Rates range from 0.0% to 7.134% and maturities from fiscal year 2019 to 2031.

Equity Securities and Mutual Funds:

The State's policy relative to operating funds and mitigation of concentration and credit risk does not permit investing in equity securities. Although not issuer specific, individual investment guidelines for trust and custodial funds include overall asset allocation limits that are consistent with sound investment principles and practices. All equity mutual funds are open ended and not exposed to custodial credit risk. There is no concentration, custodial or credit risk to the State for amounts held in the State's abandoned property program.

Credit Risk: The risk that the issuer or other counterparty will not fulfill its obligations. The NHPDIP is rated AAAM by Standard & Poor's Rating Services. The AAAM principal stability rating is the highest assigned to principal stability government investment pools.

Debt Securities: The State invests in several types of debt securities including corporate and municipal bonds, and securities issued by the U.S. Treasury and Government Agencies.

Credit Risk: The risk that the issuer will not fulfill its obligations. The State invests in only 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.

Interest Rate Risk: 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 investment or weighted average maturity of a group of investments. Fixed income mutual funds which consist of shares of funds which hold diversified portfolios of fixed income securities for operating purposes are limited to those with average maturity not to exceed 3 years. Trust and custodial funds manage and monitor interest rate risk primarily through a weighted average maturity (WAM) approach. The State's 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 objective(s) and defined in the investment guidelines associated with those funds.

Custodial Credit Risk: The 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. Open ended mutual funds and external pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The State's selection criteria is aimed at investing only with high quality institutions where default is extremely unlikely.

Concentration Risk: The risk of loss attributed to the magnitude of the State's investment in a single issuer. This risk is applicable to the State's investments in corporate bonds. The State does not have a formal policy relative to operating funds and mitigation of concentration of credit risk. Although not issuer specific, individual investment guidelines for trust and custodial funds include overall asset allocation limits that are consistent with sound investment principles and practices.

The State's exposed risks at June 30, 2019 are noted below:

Credit Risk and Interest Rate Risk (expressed in thousands)						
Type	Governmental & Business Type			Fiduciary		
	Credit Risk		Interest Rate Risk	Credit Risk		Interest Rate Risk
	Investment Grade	Unrated	WAM in years	Investment Grade	Unrated	WAM in years
Corporate Bonds	\$ 1,359		4.2			
U.S. Government Obligations Held in Permanent Funds	1,600		5.2			
U.S. Government Obligations Held in Governmental and Business Type Activities	495,610		0.8			
Fixed Income Open Ended Mutual Funds		6,732	3.6	\$ 3,298		6.0
Municipal Bonds	228		10.9			

DEPOSITS:

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

RSA 6:7 establishes 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.

Custodial Credit Risk: The custodial credit 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 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 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.

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 the highest rating as measured by Veribanc, Inc.

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

The table below details the State's bank balances at June 30, 2019 exposed to custodial credit risk and excludes \$31.0 million in cash and cash equivalents held by the Investment Trust Fund (expressed in thousands):

Type	Governmental & Business-Type			Fiduciary		
	Insured	Collateral & held in State's name	Uncollateralized	Insured	Collateral & held in State's name	Uncollateralized
Demand Deposits	\$ 1,819	\$ 914,153	\$ 14,702		\$ 12,252	\$ 33
Money Mkt/Svgs Acct		514			1,907	125
Gov Sponsored Ent Sec			7,689			
CDs			11,031			
Total	\$ 1,819	\$ 914,667	\$ 33,422		\$ 14,159	\$ 158

FIDUCIARY COMPONENT UNIT (New Hampshire Retirement System – NHRS)

Investments in both domestic and non-U.S. marketable securities traded on a national or international exchange are valued at quoted market prices. Domestic and non-U.S. securities not traded on a national or international exchange are based upon quoted prices for comparable instruments with similar yields and risk in active and inactive markets. NHRS uses a trade-date accounting basis for both domestic and non-U.S. securities and values are expressed in U.S. dollars. Investments in non-registered commingled funds are valued at net asset value (NAV) as a practical expedient to estimate fair value.

Real estate includes investments in commingled funds. The NAVs for real estate investments recorded in this report were obtained from statements provided by the general partners of commingled funds. Real estate commingled funds are selected by NHRS's discretionary real estate manager.

Alternative investments include investments in private equity, private debt and absolute return strategies. The NAVs for alternative investments recorded in this report were obtained from statements provided by the investment managers.

Cash and cash equivalents are valued at cost, which approximates fair value. Cash and cash equivalents primarily represent investments in the pooled short term investment fund managed by NHRS's master custodian. This fund invests mainly in high-grade money market instruments with maturities averaging less than three months. The fund provides daily liquidity.

The Plan holds no investments, either directly or indirectly, nor participates in any loans or leases, nor other party-in-interest transactions with any NHRS officials, New Hampshire State Government officials, or parties related to these officials.

RSA 100-A:15, I, provides separate and specific authorities to the Board of Trustees and the Independent Investment Committee for the management of the funds of the Plans and charges them with exercising the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence, acting in a like capacity and familiar with such matters, would use in the conduct of a pension plan of like character and with like aims of the Plans.

To aid in the prudent investment of the Plans' assets, NHRS has adopted an Investment Manual which includes an investment policy. Primary components of the investment policy include the delineation of roles and responsibilities of the Board of Trustees, Independent Investment Committee, staff, and service providers; investment objectives; asset allocation policy; and asset class performance measurement and monitoring policy. This policy may be modified by the Board of Trustees as deemed necessary. In addition, the Investment Manual includes asset class guidelines which provide parameters for investment management.

Professional investment managers are bound by policy and contract to a standard of care that establishes a fiduciary relationship, to the extent permitted by law, requiring the manager to act prudently and solely in the best interest of the Plans and beneficiaries. Investment guidelines provide portfolio-level standards for separate account management including permissible investment types; security concentration thresholds; investment restrictions; and benchmarks for performance measurement and monitoring. NHRS utilizes a custodial bank compliance system to monitor the marketable investment portfolios against their respective guidelines.

NHRS's asset allocation as of June 30, 2019, as recommended by the Independent Investment Committee and adopted by the NHRS Board of Trustees, is as follows:

ASSET ALLOCATION	2019	
Asset Class:	Target	Range
Large Cap Equities	22.50%	
Small/Mid Cap Equities	7.50%	
Total Domestic Equity	30.00%	20–50%
Int'l Equities (Unhedged)	13.00%	
Emerging Int'l Equities	7.00%	
Total International Equity	20.00%	15–25%
Core Bonds	9.00%	
Global Multi-Sector Fixed Income	10.00%	
Absolute Return Fixed Income	6.00%	
Total Fixed Income	25.00%	20–30%
Private Equity	10.00%	
Private Debt	5.00%	
Total Alternative Investments	15.00%	0–25%
Real Estate	10.00%	
Total Real Estate	10.00%	5–20%
TOTAL	100.00%	

Custodial Credit Risk - Deposits: Custodial credit risk for deposits is the risk that in an event of a bank failure, deposits may not be recovered. NHRS does not have a deposit policy to manage custodial credit risk on deposits. At June 30, 2019, NHRS held deposits of \$12.5 million in the local custodian bank. These deposits are fully insured or collateralized and are used to support the daily working capital needs of NHRS.

Custodial Credit Risk - Investments: Investment securities are exposed to custodial credit risk if the investment securities are uninsured, are not registered in the name of the Plan, and are held by either:

- a. The counterparty to a transaction or,
- b. The counterparty's trust department or agent but not in the Plan's name.

All of NHRS's securities are held by NHRS's bank in NHRS's name.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of the Plans' investments in a single issuer. NHRS policy is expressed through individual separate account manager guidelines which limit investments in a single issuer to 10%, or less, of the portfolio value in order to control the overall risk of loss on a total portfolio level. This threshold is set as an upper limit, and in actual practice, managers generally do not reach this limit. Certain securities may be excluded from this limitation due to the nature of the investments (such as U.S. government securities, government-sponsored enterprise obligations, and supranational debt). NHRS fixed income managers have consistently adhered to the established guidelines for issuer concentration. The fixed income commingled fund managers have established investment guidelines regarding concentration of credit risk. The total portfolio is broadly-diversified across equities, fixed income, cash equivalent securities, real estate and alternative investments. Due to this diversification, the concentration of credit risk in a single issuer is below 5% at the total portfolio level.

Interest Rate Risk - Fixed Income Investments: Interest rate risk is the effect on the fair value of fixed income investments from changes in interest rates. Duration measures a debt investment's change in fair value arising from a change in interest rates.

Interest rate risk is illustrated below using the effective duration or option-adjusted methodology. This methodology is widely-used in the management of fixed income portfolios to quantify the risk associated with interest rate changes. The effective duration methodology takes into account the most likely timing and magnitude of variable cash flows, such as callable options, prepayments and other factors, and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve.

The NHRS policy on duration is expressed through individual portfolio guidelines with each investment manager in lieu of a broad, plan-level policy. Duration guidelines have been established with each fixed income manager in order to manage interest rate risk within the separate account portfolios. The fixed income commingled fund managers also have established investment guidelines regarding duration. These provisions specify that the duration of each individual fixed income portfolio will be managed within a specified percentage or number of years relative to its benchmark index. NHRS fixed income managers follow the established guidelines for duration. If there is an occasional exception, the manager prudently remedies the guideline breach.

The following effective duration table quantifies the interest rate risk of the Plan's fixed income assets, as of June 30, 2019 (dollars expressed in thousands):

Investment Type	Fair Value June 30, 2019	Percentage of Fixed Income Investments	Effective Duration in Years	Weighted Average Effective Duration Years
Collateralized/Asset Backed Obligations	\$ 133,882	6.4%	3.0	0.2
Corporate Bonds	526,267	25.0%	5.6	1.4
Government and Agency Bonds	641,553	30.5%	5.3	1.6
Commingled Fund	263,096	12.5%	2.9	0.4
Commingled Fund	267,385	12.7%	4.7	0.6
Commingled Fund	225,053	10.7%	4.6	0.5
Commingled Fund	47,061	2.2%	(2.3)	(0.1)
Totals	\$ 2,104,297	100.0%		4.6

Credit Risk - Fixed Income Securities: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

NHRS controls credit risk on debt securities by establishing requirements for average credit quality at the separate account portfolio level and through credit quality standards for individual securities. The NHRS policy on credit quality is expressed through individual portfolio guidelines with each investment manager in lieu of a broad, plan-level policy. The investment guidelines are customized to the individual manager's strategy. NHRS fixed income managers follow established guidelines for credit quality. If there is an occasional exception, the manager prudently remedies the guideline breach. NHRS applies standards with regard to securities rated by nationally recognized statistical rating organizations ("NRSRO") and uses the lowest agency ratings for evaluating the credit quality of a specific security. The fixed income commingled fund managers have established investment guidelines regarding credit risk.

The following schedule illustrates the Plan's fixed income investments as of June 30, 2019, including the distribution of those investments by Standard & Poor's quality credit ratings (dollars expressed in thousands):

Investment Type	Fair Value June 30, 2019	Quality Ratings ¹				
		AAA	AA	A	BBB or Lower	Unrated
Collateralized/Asset Backed Obligations	\$ 133,882	86,749	1,080	1,151	19,596	25,306
Corporate Bonds	526,267	3,940	16,961	104,427	397,384	3,555
Government and Agency Bonds ²	206,948	19,681	18,397	91,785	61,295	15,790
Commingled Fund ³	47,061			47,061		
Commingled Fund ³	225,053			225,053		
Commingled Fund ³	267,385				267,385	
Commingled Fund ³	263,096	60,512	15,260	31,045	98,398	57,881
Totals	\$ 1,669,692	170,882	51,698	500,522	844,058	102,532
Percent of Total Fair Value		10.23%	3.10%	29.98%	50.55%	6.14%

¹ Ratings were derived primarily from Standard & Poors (S&P). In instances where S&P did not rate a security, the Moody's rating was used.

² Government and Agency Bonds exclude U.S. government securities and securities explicitly guaranteed by the U.S. government (\$434,605) because these securities are not considered to have credit risk.

³ Average credit quality ratings for the commingled funds was provided by GAM, Manulife, Fidelity and Blackrock SIO respectively.

Investments in asset-backed and mortgage-backed securities are reported at fair value. Although not generally considered to be derivatives, asset-backed and mortgage-backed securities receive cash flows from interest and principal payments on the underlying assets and mortgages. As a result, they are exposed to prepayment risk. As of June 30, 2019, the Plan's combined investment in asset-backed and mortgage-backed securities held in separate account portfolios totaled \$104.3 million.

Foreign Currency Risk - Investments: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

NHRS manages its foreign currency risk primarily through its strategic asset allocation policy. As of June 30, 2019, investments in non-U.S. equity securities have a target asset allocation of 20% of total investments with a target range of 15–25%. As of June 30, 2019, non-U.S. fixed income securities represent 2.1% of the total investments as a result of the managers' security selection process. Non-U.S. investments are permitted in the alternative investment asset class, which includes private equity, private debt and absolute return strategy investments. The target allocation for alternative investments is 15% and the NHRS investment policy does not set limits for foreign investments in this asset class. The target allocation for real estate investments is 10%, and up to 35% of the Plan's real estate allocation may be invested in non-U.S. investments. In addition, foreign currency risk is mitigated through the investment guidelines. NHRS manages its foreign exposure by requiring that separate account managers diversify their non-U.S. portfolios by country, sector and issuer to limit both foreign currency risk and security risk. Managers of commingled funds have discretion over their respective investment guidelines which must be consistent with strategies approved by NHRS. In certain instances, where permitted in the investment guidelines, investment managers may also use foreign currency forward contracts to hedge against foreign currency risk.

The Plan's exposure to foreign currency risk at June 30, 2019 is presented on the following schedule (expressed in thousands):

Currency	Equity	Fixed Income	Real Estate and Alternative Investments	Cash and Cash Equivalents	Totals
Total investments subject to foreign currency risk	\$713,706	\$ 188,034	\$ 105,335	\$ 107	\$1,007,182

Derivatives: Derivative instruments are contracts whose values are based on the valuation of an underlying asset, reference rate or index. Derivatives include futures, options, forward contracts and forward foreign currency exchanges. NHRS managers may enter into certain derivative instruments primarily to enhance the efficiency and reduce the volatility of the portfolio. There were no investments in options within the separate account portfolios. The NHRS investment policy and certain investment manager guidelines allow for the use of derivative instruments. The use of futures, options, or forward contracts is not permitted for any speculative hedging or leveraging of the portfolios and is prohibited in separate account mandates. Managers of commingled funds have discretion over their respective investment guidelines which may allow for the use of derivative instruments.

The Plans could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. To mitigate this risk, investment managers conduct assessments of their counterparties and utilize exchanges which have trading standards.

NHRS managers may use futures, options, and foreign currency exchange contracts in order to manage currency risk or initiate transactions in non-U.S. investments. NHRS may be positively or negatively impacted by foreign currency risk due to fluctuations in the value of different currencies. The Plans could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. To mitigate this risk, investment managers conduct assessments of their counterparties and utilize exchanges which have trading standards. The fair value of open foreign currency

exchange contracts including unrealized appreciation or depreciation is recorded on the Statements of Fiduciary Net Position as Due from Brokers for Securities Sold and as Due to Brokers for Securities Purchased.

Foreign currency exchange contracts open at June 30, 2019 are summarized below (expressed in thousands):

FOREIGN CURRENCY EXCHANGE CONTRACTS PURCHASED & SOLD				
	Unrealized Appreciation		Unrealized (Depreciation)	
Totals	\$	2,338	\$	(1,263)

Fair Value: NHRS categorizes the fair value measurements of its investment within the fair value hierarchy established by generally accepted accounting principles as described in detail earlier in Note 2. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable. NHRS had no level 3 investments as of June 30, 2019.

Investments that are measured at fair value using the net asset value (NAV) as a practical expedient are not classified in the fair value hierarchy. At June 30, 2019 NHRS had no plans or intentions to sell investments at amounts different from NAV.

The categorization of investments within the hierarchy is based on the pricing transparency of the investment and should not be perceived as the particular investment's risk.

The following table summarizes NHRS's investments measured at fair value, by type, as of June 30, 2019 (expressed in thousands):

Investments at Fair Value	2019				
	Fair Value Measurements Using (in thousands)				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Asset Value (NAV)	Unfunded Commitments
Fixed Income:					
U.S Government Obligations (1)	\$ 433,371	\$ 405,676	\$ 27,695		
Domestic Fixed Income (2)	680,297	9,119	671,178		
Commingled Funds (3)	802,595			802,595	
International Fixed Income (4)	188,034		188,034		
Equity:					
Domestic Equity Securities	2,800,997	2,797,826	3,171		
Commingled Funds (5)	686,517			686,517	
International Equity Securities	713,707	713,707			
Real Estate:					
Real Estate Funds (6)	923,712			923,712	217,867
Alternative Investments:					
Private Equity (7)	1,098,494			1,098,494	625,737
Private Debt (8)	566,795			566,795	240,759
Total Investments	\$ 8,894,519	\$ 3,926,328	\$ 890,078	\$ 4,078,113	\$ 1,084,363

Notes to the table above:

- (1) Fiscal 2019 rates range from 0.125% to 6.000%, and maturities from 2019 to 2049. Fiscal 2018 rates range from 0.125% to 6.000%, and maturities from 2018 to 2048.
- (2) Fiscal 2019 rates range from 0.00% to 10.000%, and maturities from 2019 to 2066. Fiscal 2018 rates range from 0.000% to 12.000%, and maturities from 2018 to 2059.
- (3) This represents investments in four commingled fixed income funds that invest globally in both developed and emerging markets with investments consisting primarily of corporate bonds (investment grade and high yield), sovereign bonds and securitized bonds. These funds may also invest in convertible bonds and currencies. The redemption frequency for these investments range from daily to monthly with one to 30 business days' prior written notice.

- (4) Fiscal 2019 rates range from 0.750% to 10.000%, and maturities from 2019 to 2049. Fiscal 2018 rates range from 0.000% to 10.600%, and maturities from 2018 to 2050.
- (5) This represents investments in four commingled equity funds that invest primarily in common stock of companies located outside the U.S., including emerging markets. These investments have daily liquidity and require up to 10 business days' notice for redemption.
- (6) This represents investments in 58 real estate vehicles consisting of 12 strategic open-end funds and 46 tactical non-core investments. Redemption from the open-end funds can be requested on a quarterly basis with 45-90 days' notice periods. The tactical non-core investments are not redeemable. NHRS has no direct property investments as of June 30, 2019.
- (7) This represents 37 investments in private partnerships focused primarily on the following strategies: buyouts, growth equity, secondaries and energy. These private partnerships typically have 10 to 15 year life cycles during which limited partners are unable to redeem their positions, but instead, receive distributions as the partnerships liquidate their underlying assets.
- (8) This represents 24 investments in private partnerships focused primarily on the following strategies: direct lending, mezzanine and distressed debt. These private partnerships typically have 6 to 10 year life cycles during which limited partners are unable to redeem their positions, but instead, receive distributions from coupon payments and/or as the partnerships liquidate their underlying asset.

FIDUCIARY COMPONENT UNIT (New Hampshire Judicial Retirement Plan - NHJRP)

Investments are reported at fair value. Investments in mutual funds are valued at current market prices. Alternative investments include investments in limited partnerships valued at net asset value (NAV) as a practical expedient to estimate fair value. The NAVs for alternative investments were obtained from statements provided by the investment managers in good faith by the funds' managers or underlying investments' general partners. These values may not reflect the amount that would be realized upon an immediate sale due to lack of liquidity or other market conditions. Due to the uncertainty of valuation, the investment manager's estimated values may differ from the values that would have been used had a ready market existed for the fund's investments, and the difference could be material. The net appreciation (depreciation) in the fair value of investments held by NHJRP is based on the valuation of investments as of the date of the statement of fiduciary net position.

The investment philosophy of the Board of Trustees of NHJRP flows from its responsibility as fiduciary with respect to the NHJRP members and beneficiaries. As such, the Plan's assets are invested and managed for the exclusive purpose of providing plan benefits and are invested pursuant to RSA 100-C:12. The Board of Trustees pursues an investment strategy designed to meet the long-term funding requirements of NHJRP as determined by the NHJRP's actuary.

The Board's investment policy permits NHJRP assets to be invested in U.S. and non-U.S. equities, U.S. and non-U.S. fixed income securities, and certain hedge funds and alternative fund-of-funds, subject to certain portfolio restrictions. Asset allocations among various classes are as follows as of December 31, 2018:

ASSET ALLOCATION		
Asset Class:	Target	Policy Range
Large Cap Equities	39.075%	
Small Cap Equities	5.900%	
Domestic Equity	44.975%	35-45%
International Equity	19.200%	8-20%
U.S. Government Bonds	1.475%	
U.S. Short term bonds	7.800%	
Core Fixed Income	12.500%	
Fixed Income	21.775%	10-33%
U.S. REITs	1.475%	
Alternatives	10.000%	
Alternatives	11.475%	0-33%
Cash and cash equivalents	2.575%	0-15%

Custodial Credit Risk - Deposits: At times, NHJRP maintains cash balances in excess of the amount insured by the Federal Deposit Insurance Corporation. NHJRP has not experienced any losses in such accounts. NHJRP believes it is not exposed to any significant risk with respect to these accounts held at Bank of New Hampshire.

Custodial Credit Risk - Investments: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, NHJRP will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of NHJRP and are held by either the counterparty, or the counterparty's trust department or agency, but not in NHJRP's name.

NHJRP does not have a written policy in place to address custodial credit risk on investments. As of December 31, 2018, NHJRP's investments included in the Statement of Fiduciary Net Position were exposed to custodial credit risk. The investments were held by the counterparty, not in the name of NHJRP.

Concentration of Credit Risk: NHJRP's investment policy prohibits more than 5% of the portfolio, at fair value, to be invested in the securities of any one company. These guidelines mitigate the magnitude of risk and loss attributable to a single issuer.

Interest Rate Risk - Fixed Income Investments: Interest rate risk associated with adverse effects of changes in the fair value of fixed income securities is not addressed in the policy by NHJRP. While policies do exist to limit the percentage of market value in a single issue at any one time

and of the total percentage held of any issuer's debt instruments, the duration of the remaining life of individual securities is not subject to any limitations and may therefore introduce a measure of interest rate risk.

Credit Quality Risk - Fixed Income Investments: The investment policy uses quality ratings by Standard & Poor's and Moody's as the primary guide for corporate fixed income investments. There are no limits on the use of U.S. Government, agency or guaranteed issues. In addition, there are no limits on the use of issues of Canadian, British, Japanese, Australian, or European monetary systems bloc governments and their agencies and supranational borrowers in local currency or European Currency Unit. A 15% limit is placed on all other issues. NHJRP's fixed income investments are in mutual funds for which ratings are not available.

Fair Value: NHJRP categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are other significant observable inputs. Level 3 inputs are unobservable inputs. NHJRP has the following recurring fair value measurements as of December 31, 2018 (expressed in thousands):

	Fair Value Measurements as of December 31, 2018 Using				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	
Investments at fair value					
Domestic equity	\$ 27,622				\$ 27,622
International equity	8,690				8,690
Fixed income	11,684				11,684
Alternatives				5,094	5,094
	<u>\$ 47,996</u>			<u>\$ 5,094</u>	<u>\$ 53,090</u>

MAJOR COMPONENT UNIT (University System of New Hampshire - USNH)

Cash, cash equivalents, and short-term investments are recorded at fair value. USNH's investment policy and guidelines specify permitted instruments, durations, required ratings and insurance of USNH cash, cash equivalents and short-term investments. The investment policy and guidelines are intended to mitigate credit risk on investments individually and in the aggregate through restrictions on investment type, liquidity, custodian, dollar level, maturity, and rating category. Money market funds are placed with the largest national fund managers. These funds must be rated AA/Aa by Standard & Poor's and Moody's Investor Service and comply with Securities and Exchange Commission Rule 2A-7. Repurchase agreements must be fully collateralized at 102% of the face value by U.S. Treasuries, or 103% of the face value by US Government-backed or guaranteed agencies or government sponsored enterprises. In addition, USNH investments may not exceed 5% of any institution's total deposits or 20% of any institution's net equity.

Cash equivalents represent amounts invested for the purpose of satisfying current operating liabilities and include repurchase agreements, money market funds and other mutual funds. Repurchase agreements are limited to overnight investments only. Short-term investments are highly liquid amounts held to support specific current liabilities. Cash, cash equivalents and short-term investments are generally uninsured and uncollateralized against custodial credit risk, and the related mutual funds are not rated. Cash and cash equivalents totaled \$75.4 million and short-term investments totaled \$148.2 million at June 30, 2019.

The components of cash, cash equivalents and short-term investments are summarized below (\$ in thousands):

	Level 1	Level 2	Total	Weighted Average Maturity
Cash balance	\$29,431		\$29,431	Less than 1 year
Repurchase agreements		\$7,625	7,625	Less than 1 year
Money market funds	72,412		72,412	Less than 1 year
Domestic equity	338		338	Less than 1 year
Mutual funds	86,372		86,372	1-5 years
Corporate bonds		14,312	14,312	1-5 years
U.S. government and agencies, other		13,098	13,098	1-5 years
Total cash, cash equivalents and short-term investments	<u>\$188,553</u>	<u>\$35,035</u>	<u>\$223,588</u>	

USNH's investment policy and guidelines specify permitted instruments, duration and required ratings for pooled endowment funds. The policy and guidelines are intended to mitigate risk on investments individually and in the aggregate while maximizing total returns and supporting intergenerational equity of spending levels. Illiquid investments are limited to 20% of the USNH consolidated endowment pool. Credit risk is mitigated by due diligence in the selection and continuing review of investment managers as well as diversification of both investment managers and underlying investments. Except in unusual circumstances, no more than 15% of total portfolio assets may be invested in any one actively managed strategy. If an investment manager is retained to manage more than one strategy, that manager will be limited to 20% of total portfolio assets. Passively managed investment strategies will not be limited within the portfolio; however, any one manager of passive strategies will be limited to 20% of total portfolio assets. Any manager positions exceeding these limits will be reviewed by the Finance Committee for Investments and this committee will decide the appropriate

course of action to bring active manager exposures back in line with the concentration limit. Private global equity investments are limited to 20% of the endowment pool. No USNH endowment investments were denominated in foreign currencies as of June 30, 2019.

Endowment and similar investments are reported at estimated fair value in accordance with the following hierarchy. For investments classified in Level 1, the fair value is based on quoted prices (unadjusted) in active markets for identical assets that are accessible at the measurement date. Investments classified in Level 2 consist of investments that have valuations based on inputs other than quoted prices that are observable for an asset either directly or indirectly. For investments classified in Level 3 the fair value is based on unobservable inputs for an asset.

In determining fair value of investment assets, USNH utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. As a practical expedient to estimate the fair value of USNH's interests, certain investments in commingled funds and limited partnerships are reported at the net asset value (NAV) determined by the fund managers, without adjustment when assessed as reasonable by USNH, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Because these investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investments existed, and such differences could be material. As of June 30, 2019, USNH had no plans or intentions to sell such investments at amounts different from NAV. Investments reported at NAV as a practical expedient are not categorized in the fair value hierarchy.

The following tables summarize USNH's investments by type (expressed in thousands):

	Investments Classified in the Fair Value Hierarchy			Investments Measured at NAV	Total
	Level 1	Level 2	Level 3		
Endowment and similar investments - campuses					
Money market	\$ 4,790				\$ 4,790
Domestic equity	145,635			64,745	210,380
International equity	31,192			58,046	89,238
Global fixed income	18,553	38,740			57,293
Inflation hedging assets		8,602		11,117	19,719
Hedge funds:					—
Fund of Funds				36,904	36,904
Event-Driven				39,421	39,421
Equity Hedge				26,138	26,138
Distressed/Restructuring				20,273	20,273
Private equity & non-marketable real assets				37,561	37,561
Funds held in trust		16,266			16,266
Total endowment and similar investments - campuses	200,170	63,608		294,205	557,983
Endowment and similar investments - affiliated entities					
Money market	8,083				8,083
Domestic equity	38,803			31,491	70,294
International equity	17,336			41,231	58,567
Global fixed income	19,162	2,134	4,176	1,883	27,355
Inflation hedging assets	2,664	9,575		197	12,436
Hedge funds:					
Equity Hedge				20,931	20,931
Distressed/Restructuring				32,064	32,064
Diversified				241	241
Private equity & non-marketable real assets				21,278	21,278
Total endowment and similar investments - affiliated entities	86,048	11,709	4,176	149,316	251,249
Total endowment and similar investments	\$ 286,218	\$ 75,317	\$ 4,176	\$ 443,521	\$ 809,232

The majority of USNH's investments are units of institutional commingled funds and limited partnerships invested in equity, fixed income, hedge, natural resources, private equity, or real estate strategies. Hedge strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedge strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments which are valued by the investment manager. To the extent quoted prices exist the manager would use those; when these are not available, other methodologies maximizing observable inputs would be used for the valuation, such as discounted cash flow analysis, capitalization of current or stabilized net operating income, replacement costs, or sales contracts and recent sales comparable in the market. Private equity funds employ buyout, growth, venture capital and distressed security strategies. Real asset funds generally hold interests in private real estate. As of June 30, 2019, fixed income securities had maturities up to 28 years and carried ratings ranging from AAA to Baa2. The mutual fund investments held in the endowment pools are not rated.

As of June 30, 2019, UNHF had two equity hedge funds with lock-up period set to expire in 9 months. Fixed income, private equity and real estate funds classified as illiquid have no ability to be redeemed at this time. For USNH, of the 34 funds classified as illiquid, 12 are currently in liquidation; 4 are expected to start liquidation within the next year; 10 are expected to start liquidation in 2 to 15 years, and 8 currently have no expected liquidation dates. For UNHF, 14 funds are classified as illiquid and are expected to be liquidated over the next 1 to 12 years.

As of June 30, 2019, USNH had two outstanding investment liquidation requests which have been limited by the respective fund managers. Management of the fund in which USNH had the largest of these balances approved a plan that fully liquidated all balances in late fall of 2018 with a small holdback to be distributed by the end of 2019. USNH's balance in that fund was \$7,000 as of June 30, 2019. USNH's balance in the remaining fund totaled \$71,000 as of June 30, 2019. Plans have not been communicated for liquidation of the remaining fund. The estimated fair values based on June 30 of the two investments at June 30, 2019 are \$78,000. It is uncertain when, or if, the funds will be fully collected at the NAV recorded.

Unfunded commitments with various private equity and similar alternative investment funds totaled \$31.0 million for USNH and \$16.9 million for UNHF at June 30, 2019.

3. RECEIVABLES AND OTHER RECEIVABLES-RESTRICTED

The following is a breakdown of receivables at June 30, 2019 (expressed in thousands):

	Governmental Activities	Business-Type Activities	Total	Major Component Unit
Short-Term Receivables				
Taxes:				
Meals and Rooms	\$ 45,116		\$ 45,116	
Business Taxes	232,090		232,090	
Tobacco	12,557		12,557	
Real Estate Transfer	14,792		14,792	
Interest & Dividends	28,931		28,931	
Communications	3,510		3,510	
Utility Property Tax	20,800		20,800	
Gasoline Road Toll	11,210		11,210	
Subtotal	369,006		369,006	
Other Receivables:				
Turnpike System		\$ 49,548	49,548	
Liquor Commission		6,390	6,390	
Lottery Commission		4,024	4,024	
Unemployment Trust Fund		46,577	46,577	
Internal Service Fund	11,510		11,510	
Federal Grants	433,547		433,547	\$ 17,185
Local Grants	49,413		49,413	
Miscellaneous	64,924		64,924	7,751
Short Term Portion Of SRF Loans Receivable		27,211	27,211	
Short Term Portion Of Note/Pledge Receivable				5,488
Subtotal	559,394	133,750	693,144	30,424
Total Current Receivables (Gross)	928,400	133,750	1,062,150	30,424
Long-Term Receivables				
SRF Loans Receivable		463,599	463,599	
Miscellaneous	14,224		14,224	
Note/Pledge Receivable				23,643
Total Long Term Receivables (Gross)	14,224	463,599	477,823	23,643
Allowance for Doubtful Accounts	(60,463)	(62,930)	(123,393)	(7,445)
Total Receivables (Net)	\$ 882,161	\$ 534,419	\$ 1,416,580	\$ 46,622

State Revolving Fund (SRF):

Business-type activities include loans made under a program with the U.S. Environmental Protection Agency to improve cleanliness and potability of the State's water supplies. The SRF lends funds to municipalities and qualified private water organizations for the purpose of constructing wastewater and drinking water treatment facilities. The loans, based on specific federal criteria, may allow for forgiveness of portions of the principal. Amounts recorded as principal forgiveness totaled approximately \$6.4 million for the year ended June 30, 2019.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows (expressed in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being depreciated:				
Land & Land Improvements	\$ 557,607	\$ 14,338	\$ (3,016)	\$ 568,929
Construction in Progress	237,177	144,163	(137,731)	243,609
Work in Progress Computer Software	89,912	11,300	(83,908)	17,304
Total Capital Assets not being depreciated	<u>884,696</u>	<u>169,801</u>	<u>(224,655)</u>	<u>829,842</u>
Other Capital Assets:				
Equipment & Computer Software	367,855	154,179	(18,487)	503,547
Buildings & Building Improvements	935,377	51,246	(517)	986,106
Land Improvements	123,024	2,180		125,204
Infrastructure	<u>3,854,870</u>	<u>125,663</u>	<u>(10,295)</u>	<u>3,970,238</u>
Total Other Capital Assets	<u>5,281,126</u>	<u>333,268</u>	<u>(29,299)</u>	<u>5,585,095</u>
Less accumulated depreciation for:				
Equipment & Computer Software	(307,139)	(94,467)	18,817	(382,789)
Buildings & Building Improvements	(454,808)	(27,215)	761	(481,262)
Land Improvements	(100,245)	(1,836)		(102,081)
Infrastructure	<u>(2,151,599)</u>	<u>(57,393)</u>	<u>7,025</u>	<u>(2,201,967)</u>
Total Accumulated Depreciation	<u>(3,013,791)</u>	<u>(180,911)</u>	<u>26,603</u>	<u>(3,168,099)</u>
Other Capital Assets, Net	<u>2,267,335</u>	<u>152,357</u>	<u>(2,696)</u>	<u>2,416,996</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,152,031</u>	<u>\$ 322,158</u>	<u>\$ (227,351)</u>	<u>\$ 3,246,838</u>
Business-Type Activities:				
Turnpike System:				
Capital Assets not being depreciated:				
Land & Land Improvements	\$ 101,769	\$ 300	\$	\$ 102,069
Construction in Progress	63,398	22,349	(6,954)	78,793
Capital Assets not being depreciated	<u>165,167</u>	<u>22,649</u>	<u>(6,954)</u>	<u>180,862</u>
Other Capital Assets:				
Equipment & Computer Software	63,938	9,570	(295)	73,213
Buildings & Building Improvements	14,773		(510)	14,263
Land Improvements	2,003			2,003
Infrastructure	<u>1,094,637</u>	<u>120</u>	<u>(14)</u>	<u>1,094,743</u>
Total Other Capital Assets	<u>1,175,351</u>	<u>9,690</u>	<u>(819)</u>	<u>1,184,222</u>
Less accumulated depreciation for:				
Equipment	(53,243)	(3,996)	294	(56,945)
Buildings & Building Improvements	(3,540)	(363)	450	(3,453)
Land Improvements	(399)	(100)		(499)
Infrastructure	<u>(360,084)</u>	<u>(21,544)</u>		<u>(381,628)</u>
Total Accumulated Depreciation	<u>(417,266)</u>	<u>(26,003)</u>	<u>744</u>	<u>(442,525)</u>
Turnpike Capital Assets, Net	<u>\$ 923,252</u>	<u>\$ 6,336</u>	<u>\$ (7,029)</u>	<u>\$ 922,559</u>
Liquor:				
Capital Assets not being depreciated:				
Land	\$ 2,002		\$	\$ 2,002
Construction In Progress	5,927	3,991	(6,670)	3,248
Work In Progress Computer Software	6,803	3,476		10,279
Total Capital Assets not being depreciated	<u>14,732</u>	<u>7,467</u>	<u>(6,670)</u>	<u>15,529</u>
Other Capital Assets:				
Equipment	11,904	691	(214)	12,381
Buildings & Building Improvements	41,092	8,234	(1,922)	47,404
Land Improvements	689	44	(14)	719
Total Other Capital Assets	<u>53,685</u>	<u>8,969</u>	<u>(2,150)</u>	<u>60,504</u>
Less accumulated depreciation for:				
Equipment	(7,828)	(1,592)	167	(9,253)
Buildings & Building Improvements	(14,302)	(1,446)	1,384	(14,364)
Land Improvements	(606)	(7)	7	(606)
Total Accumulated Depreciation	<u>(22,736)</u>	<u>(3,045)</u>	<u>1,558</u>	<u>(24,223)</u>
Liquor Capital Assets, Net	<u>\$ 45,681</u>	<u>\$ 13,391</u>	<u>\$ (7,262)</u>	<u>\$ 51,810</u>
Lottery Commission:				
Land & Buildings		2,999		2,999
Equipment	644			644
Less Accumulated Depreciation for Land & Buildings:		(37)		(37)
Less Accumulated Depreciation for Equipment:	<u>(572)</u>	<u>(39)</u>		<u>(611)</u>
Lottery Capital Assets, Net	<u>\$ 72</u>	<u>\$ 2,923</u>	<u>\$</u>	<u>\$ 2,995</u>

Current period depreciation expense was charged to functions of the primary government as follows (expressed in thousands):

Governmental Activities:	
General Government	\$ 13,568
Administration of Justice and Public Protection	20,726
Resource Protection and Development	4,513
Transportation	70,094
Health and Social Services	71,830
Education	180
Total Governmental Activities Depreciation Expense	\$ 180,911

The State possesses certain capital assets that have not been capitalized and depreciated. These assets include works of art and historical treasures such as statues, monuments, paintings and miscellaneous capitol-related artifacts and furnishings. These collections meet all of the following criteria:

- A. Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- B. Protected, kept unencumbered, cared for, and preserved.
- C. Subject to an organizational policy that requires the proceeds from the sales of collection items to be used to acquire other items for the collection.

Major Component Unit: The following is a rollforward of Capital Assets for the University System of New Hampshire (expressed in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 15,588	\$ 62	\$ (24)	\$ 15,626
Building and Building Improvements	1,801,107	38,405	(5,239)	1,834,273
Equipment	138,587	13,527	(11,303)	140,811
Construction in Progress	42,862	48,425	(38,467)	52,820
Subtotal	1,998,144	100,419	(55,033)	2,043,530
Less: Accumulated Depreciation	(876,133)	(65,257)	15,221	(926,169)
Total	\$ 1,122,011	\$ 35,162	\$ (39,812)	\$ 1,117,361

Contractual Obligations for major construction projects totaled approximately \$20.5 million at June 30, 2019.

5. LONG-TERM DEBT

PRIMARY GOVERNMENT

Bonds/Notes Authorized and Unissued: Bonds/Notes authorized and unissued amounted to \$633.6 million at June 30, 2019. The proceeds of the bonds/notes will be applied to the following funds when issued (expressed in millions):

Capital Projects Fund	\$	229.5
Federal Highway/Garvees		353.9
Turnpike System		50.2
Total	\$	<u>633.6</u>

Turnpike System: 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 Treasurer with the approval of the Governor and Executive Council to issue up to \$766.0 million of bonds to support this project. The State has issued \$715.8 million of revenue bonds for these projects.

Advance Refunding: The following is a summary of general obligation bonds and revenue bonds defeased by the primary government. The proceeds from each advance refunding issue were placed in an irrevocable trust to provide for all future debt service payments on the old bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements (expressed in thousands):

Date of Advance Refunding	Amount Outstanding at June 30, 2019
Governmental Fund Types (General Obligation Bonds):	
November 30, 2016	\$12,775
Subtotal	<u>\$12,775</u>

Bond/Note Issuances:

Effective July 1, 2014, Chapter 17 of the Laws of 2014 and as amended by Chapter 276:210 and 276:211, Laws of 2015, authorized the use of a \$0.042 cent increase in motor vehicle fuel fees (referred to as a 'road toll' in New Hampshire laws) to fund \$200 million in general obligation bonds or revenue bonds, or both, to complete the I-93 Salem to Manchester widening project. Subsequent legislation specifically authorized a Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan as an alternative to a traditional general obligation bond issue including, without limitation, a pledge of the revenue collected from adjustments under RSA 260:32-a for rates that exceed \$0.18 per gallon less required distributions under RSA 235:23, I, on said revenues.

The State, through the State Treasurer and the NH Department of Transportation (Department) was approved for a TIFIA loan in May of 2016. The TIFIA loan resulted in \$200.0 million of funding at a favorable 1.09% interest rate that will allow the Department to perform additional bridge repair and pavement maintenance and completion of the I-93 project within the time frame of the law. This increase under Chapter 17 of the Laws of 2014, as amended, will expire once all debt service payments for the I-93 project have been made or 20 years after the initial issuance of such bonds, whichever is earlier. As of June 30, 2019, \$141.1 million of TIFIA proceeds had been received under this arrangement, representing a long-term note payable. This compares to \$102.8 million as of June 30, 2018. The TIFIA obligation is payable on an interest-only basis initially, with principal payments beginning in 2025. A final principal payment schedule will be established once all proceeds have been drawn against the loan. Interest paid during the fiscal year ended June 30, 2019 was \$1.3 million.

The State issued \$63.4 million General Obligation Capital Improvement Bonds 2018 Series A on December 18, 2018, of which \$52.8 million was for governmental activities and \$10.6 million was for Liquor projects, through a competitive sale and resulted in an overall true-interest-cost (TIC) to the state of 3.01% with coupons ranging from 3.25% to 5.00% and with final maturity on 12/1/2038. The proceeds of this issue will be used to fund all or part of various capital projects of the State.

Changes in Long-Term Liabilities: The following is a summary of the changes in the long-term liabilities as reported by the primary government during the fiscal year (expressed in thousands):

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Current	Non-Current
General Obligation Bonds Payable	\$ 697,919	\$ 52,807	\$ 88,146	\$ 662,580	\$ 87,298	\$ 575,282
Direct Placement Bonds Payable	28,874		0	28,874		28,874
Federal Highway Grant Anticipation Bonds	118,720		13,620	105,100	14,300	90,800
Premium on Bonds	85,422	6,921	10,568	81,775		81,775
Notes Payable	102,757	38,384		141,141		141,141
Compensated Absences	91,434	1,612		93,046	8,308	84,738
Claims Payable	46,247	303,340	296,999	52,588	30,363	22,225
Net Pension Liability	963,114	76,734	152,047	887,801		887,801
Other Postemployment Benefits Payable	2,080,640	6,173	285,547	1,801,266		1,801,266
Pollution Remediation Obligation	49,961	18,514	1,554	66,921	9,476	57,445
Capital Lease	9,444	7,316	1,098	15,662	2,860	12,802
Advance Construction Commitments	275		275			
Total Governmental	\$ 4,274,807	\$ 511,801	\$ 849,854	\$ 3,936,754	\$ 152,605	\$ 3,784,149
Business-Type Activities						
Turnpike System						
Revenue Bonds	\$ 380,542		\$ 29,957	\$ 350,585	\$ 30,040	\$ 320,545
Pollution Remediation Obligation	4,262	79	599	3,742	617	3,125
Claims & Compensated Absences Payable	2,698	101	50	2,749	392	2,357
Other Postemployment Benefits Payable	32,186		4,525	27,661		27,661
Net Pension Liability	13,875	742	3,898	10,719		10,719
Total	\$ 433,563	\$ 922	\$ 39,029	\$ 395,456	\$ 31,049	\$ 364,407
Liquor Commission						
General Obligation Bonds Payable	\$ 27,562	\$ 10,603	\$ 2,107	\$ 36,058	\$ 2,761	\$ 33,297
Capital Lease	254		71	183	90	93
Claims & Compensated Absences Payable	4,180	527		4,707	534	4,173
Other Postemployment Benefits Payable	62,905		9,827	53,078		53,078
Net Pension Liability	25,425	1,996	4,437	22,984		22,984
Total	\$ 120,326	\$ 13,126	\$ 16,442	\$ 117,010	\$ 3,385	\$ 113,625
Lottery Commission						
Claims & Compensated Absences Payable	\$ 473	\$ 486	\$ 441	\$ 518	\$ 56	\$ 462
Mortgage Loan Payable		2,975	53	2,922	107	2,815
Other Postemployment Benefits Payable	16,144		2,584	13,560		13,560
Net Pension Liability	4,402	249	862	3,789		3,789
Total	\$ 21,019	\$ 3,710	\$ 3,940	\$ 20,789	\$ 163	\$ 20,626
State Revolving Fund Programs						
General Obligation Bonds Payable	\$ 15,382		\$ 2,078	\$ 13,304	\$ 2,077	\$ 11,227
Claims & Compensated Absences Payable	1,028	61		1,089	98	991
Other Postemployment Benefits Payable	5,988	195	789	5,394		5,394
Net Pension Liability	6,111	541	961	5,691		5,691
Total	\$ 28,509	\$ 797	\$ 3,828	\$ 25,478	\$ 2,175	\$ 23,303
Total Business-Type	\$ 603,417	\$ 18,555	\$ 63,239	\$ 558,733	\$ 36,772	\$ 521,961

The General Fund and Highway Fund are primarily responsible for financing governmental activities long-term liabilities other than debt.

Bond Anticipation Notes: As of June 30, 2019, the State had no bond anticipation notes outstanding.

Pollution Remediation Obligations: Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the U.S. Environmental Protection Agency expends superfund trust monies for cleanup. Currently there are seven sites in various stages of cleanup, from initial assessment to cleanup activities. In addition, the State has other sites for which it is responsible for cleanup and monitoring, including underground fuel storage facilities. Per GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, pollution liabilities of \$66.9 million and \$3.7 million were reported for governmental activities and business-type activities, respectively, at June 30, 2019. These liabilities were measured using the actual contract cost, where no changes in cost are expected, or a method that is materially close to the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

Debt Maturity: All bonds issued by the State, except for Turnpike revenue bonds as well as Federal Highway Grant Anticipation Bonds and TIFIA note payable, are general obligation bonds, which are backed by the full faith and credit of the State. Interest rates on these issues range from 2.0% to 7.2%. Debt service payments on “self supporting” debt are funded by reimbursements from component units for debt issued by the State on their behalf and through user fees and other revenues statutorily earmarked to fund debt service payments on specific projects. The anticipated source of repayment and annual maturities including expected federal interest subsidies described earlier are as follows (expressed in thousands):

Payable June 30,	SOURCE OF PRINCIPAL PAYMENTS									DEBT SERVICE			
	Governmental Activities						Business-Type Activities			TOTAL ALL FUNDS			
	General Fund	Direct Placement	Highway Fund	Federal Highway (GARVEE)	Self Supporting	Total	Liquor Commission	SRF Funds	Turnpike System	Principal	Interest	Less: Federal Interest Subsidy	Net Total
							General Obligations	General Obligations	Revenue				
2020	\$ 67,468		\$ 8,835	\$ 14,300	\$ 10,995	\$101,598	\$ 2,761	\$ 2,077	\$ 30,040	\$ 136,476	\$ 53,531	\$ 6,534	\$ 183,473
2021	59,677		8,053	15,000	8,011	90,741	2,760	2,072	24,145	119,718	47,120	6,383	160,455
2022	52,426	1,295	9,066	14,400	7,960	85,147	2,656	2,072	26,285	116,160	41,704	6,037	151,827
2023	46,199		8,200	14,790	7,100	76,289	2,451	2,072	21,650	102,462	36,196	5,471	133,187
2024	43,361		8,086	15,145	7,071	73,663	2,137	557	18,795	95,152	31,571	2,818	123,905
2025-2029	147,391	6,495	27,833	31,465	32,539	245,723	11,065	2,117	66,010	324,915	101,556	15,163	411,308
2030-2034	59,452	13,090	10,237		7,328	90,107	7,923	1,669	54,785	154,484	45,808	6,589	193,703
2035-2039	18,002	7,994	5,337		1,953	33,286	4,305	668	62,070	100,329	17,963	2,909	115,383
2040-2044									32,075	32,075	2,193	350	33,918
Subtotal	493,976	28,874	85,647	105,100	82,957	796,554	36,058	13,304	335,855	1,181,771	377,642	52,254	1,507,159
Unamortized (Discount) / Premium	77,559	2,122		2,094		81,775			14,730	96,505			96,505
Total	\$ 571,535	\$ 30,996	\$ 85,647	\$ 107,194	\$ 82,957	\$878,329	\$ 36,058	\$ 13,304	\$350,585	\$1,278,276	\$377,642	\$ 52,254	\$ 1,603,664

Revenue Bond Resolutions: Turnpike System 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 evidences 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 2019, 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.

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. Total R&R costs for fiscal year 2019 were \$9.9 million, of which \$9.7 million were recorded as current year expenses and \$0.2 million were capitalized.

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

MAJOR COMPONENT UNIT

Changes in Long-Term Liabilities: The University System of New Hampshire's long-term liabilities include: Revenue Bonds Payable of \$457.4 million; capital lease obligations of \$7.8 million; deferred obligations interest swaps of \$23.0 million; accrued employee benefits and compensated absences of \$31.5 million; other postemployment benefits of \$82.8 million; and other liabilities of \$23.7 million (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current *	Long-Term
University System of NH	\$647,625	\$18,423	\$39,932	\$626,116	\$38,607	\$587,509

* Current portion includes \$313 thousand reported as accounts payable.

Debt Maturity: The table below is a summary of the annual principal payments and total debt service relating to the debt of the University System of New Hampshire and includes revenue bonds and capital leases (expressed in thousands):

Payable June 30,	UNIVERSITY SYSTEM OF N.H.		
	Principal	Interest	Total
2020	24,288	17,763	42,051
2021	25,400	16,840	42,240
2022	28,760	15,873	44,633
2023	23,902	14,708	38,610
2024	24,598	13,786	38,384
2025-2029	100,537	55,646	156,183
2030-2034	104,420	36,057	140,477
2035-2039	65,560	15,988	81,548
2040-2044	25,670	6,501	32,171
2045-2047	13,680	973	14,653
Subtotal	436,815	194,135	630,950
Unamortized Discounts/Premium, net	28,404		28,404
Total	\$465,219	\$194,135	\$659,354

6. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The components of deferred outflows and inflows of resources in the government-wide financial statements related to the primary government at June 30, 2019 are as follows (expressed in thousands):

	Governmental Activities	Business-Type Activities	Primary Government
Deferred outflows of resources:			
Pension related amounts:			
New Hampshire Retirement System	\$ 159,108	\$ 9,376	\$ 168,484
New Hampshire Judicial Retirement Plan	9,611		9,611
Total pension related amounts	168,719	9,376	178,095
OPEB related amounts:			
Trusted OPEB Plan	11,048		11,048
Non Trusted OPEB Plan	47,186	3,816	51,002
Total OPEB related amounts	58,234	3,816	62,050
Loss on refunding of debt, net	11,773	414	12,187
Total deferred outflows of resources	\$ 238,726	\$ 13,606	\$ 252,332
Deferred inflows of resources:			
Pension related amounts:			
New Hampshire Retirement System	\$ (86,721)	\$ (6,614)	\$ (93,335)
New Hampshire Judicial Retirement Plan	(3,751)		(3,751)
Total pension related amounts	(90,472)	(6,614)	(97,086)
OPEB related amounts:			
Trusted OPEB Plan	(293)		(293)
Non Trusted OPEB Plan	(654,726)	(40,154)	(694,880)
Total OPEB related amounts	(655,019)	(40,154)	(695,173)
Total deferred inflows of resources	\$ (745,491)	\$ (46,768)	\$ (792,259)

The components of deferred inflows of resources related to the governmental funds at June 30, 2019 are as follows (expressed in thousands):

	General	Highway	Education	Total Governmental Funds
Deferred inflows of resources:				
Taxes considered unavailable	\$ 146,275		\$ 93,920	\$ 240,195
Local assistance	12,929			12,929
Other loans	1,165			1,165
Indigent representation advances	3,586			3,586
Banking assessments	1,739			1,739
Miscellaneous fees & fines	434	1,448		1,882
Federal and municipal billings	181	344		525
Total deferred inflows of resources	\$ 166,309	\$ 1,792	\$ 93,920	\$ 262,021

MAJOR COMPONENT UNIT

The University System of New Hampshire's deferred outflows and deferred inflows of resources at June 30, 2019 are as follows (expressed in thousands):

Deferred outflows of resources:		Deferred inflows of resources:	
Accumulated decrease in fair value of hedging derivatives	\$ 22,976	Accounting gain on debt financing, net	\$ 357
Accounting loss on debt refinancing, net	8,708	Annuities unconditional remainder interest	2,139
Changes of assumptions:		Changes of assumptions:	
Operating Staff Retirement Plan	471	Postretirement Medical Plan	8,329
Additional Retirement Contribution Program	18	Additional Retirement Contribution Program	4
Net Difference between projected and actual earnings:		Difference between expected and actual experience:	
Operating Staff Retirement Plan	60	Operating Staff Retirement Plan	6
Benefit payments subsequent to the measurement date:		Postretirement Medical Plan	1,191
Postretirement Medical Plan	2,053	Additional Retirement Contribution Program	474
Additional Retirement Contribution Program	199		
Asset retirement obligations	1,492		
Total deferred outflows of resources	\$ 35,977	Total deferred inflows of resources	\$ 12,500

7. RISK MANAGEMENT AND INSURANCE

The State is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and natural disasters.

Principle of Self-insurance

As a general operating rule, the State self-insures against all damages, losses and expenses except to the extent that provisions of law require the purchase of commercial insurance or a risk assessment has indicated that commercial insurance is economical and beneficial for the State or the general public. In such instances, the State may elect to purchase commercial insurance. There are approximately 26 such commercial insurance programs in effect. These include, but are not exclusive to, state owned real property insurance, fleet automobile liability, inland marine insurance, foster parent liability, ski area liability for Cannon Mountain, data security and privacy cyber liability insurance, and a fidelity and faithful performance bond. In general, claims settled in the past three years under the insurance programs have not exceeded commercial insurance coverage; however, one fleet claim was settled in excess of policy limits during fiscal year 2016. As of June 30, 2019, there are no outstanding fleet claims that are currently expected to exceed the policy coverage. The State's exposure per claimant is limited by law to a total of \$475 thousand under RSA 541-B:14 and the State's current fleet policy coverage is \$250 thousand per claimant.

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 of the risk associated with the self-funded benefits, and utilizes an actuarially-established IBNR (incurred but not reported) claims reserve, which totaled \$16 million as of June 30, 2019. In addition, state law requires the Fund to maintain a reserve in the amount of at least 3% of estimated annual self-funded claims and administrative costs, for unexpected costs. For fiscal year 2019, this reserve equaled \$17.3 million for the Fund. The State maintains a reserve for four plans in the Fund: Actives, Troopers, Retirees, and Dental. The Trooper plan is reported as part of the Active plan, however, the Trooper component of the Active reserve amount represents 75% of the estimated annual claims and administrative expenses for the Trooper health plan account due to its small member size (approximately 830 members), which equaled \$2.7 million for fiscal year 2019. The Active (with Trooper), Retiree, and Dental reserves totaled \$12.7 million, \$4.3 million, and \$0.4 million, respectively. Outside of the Trooper component, the Active, Retiree, and Dental accounts maintained a reserve of 5%, 5%, and 3%, respectively, of the estimated annual claims and administrative expenses. Health and Dental Plan Rates are established annually,

by actuaries, based on an analysis of past claims, State and other medical trend, 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.

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 years' claims. The study also contains assumptions about loss development patterns, trends, and other claim projections based upon the State's historical loss experience. According to the fiscal year 2019 actuarial study, the Estimated Workers' Compensation Unpaid Loss and Allocated Loss Adjustment Expense (ALAE), which comprises past claims, claim trends, and future estimated loss experience, is \$33.5 million as of June 30, 2019.

The following table presents the changes in claim liabilities during the fiscal years ending June 30, 2018 and 2019 (expressed in thousands):

Governmental Activities	6/30/2017 Balance	Increases	Decreases	6/30/2018 Balance	Increases	Decreases	6/30/2019 Balance	Current	Long-Term
Workers Compensation Claims Payable	\$ 26,770	\$ 7,512	\$ 7,530	\$ 26,752	\$ 10,783	\$ 8,099	\$ 29,436	\$ 7,211	\$ 22,225
Health Claims Payable*	23,937	275,458	279,900	19,495	292,557	288,900	23,152	23,152	
Total	50,707	282,970	287,430	46,247	303,340	296,999	52,588	30,363	22,225
Business-Type Activities									
Turnpike System									
Workers Compensation Claims Payable	791	989	254	1,526	390	324	1,592	289	1,303
Total	791	989	254	1,526	390	324	1,592	289	1,303
Liquor Commission									
Workers Compensation Claims Payable	2,206	69	282	1,993	869	377	2,485	336	2,149
Total	2,206	69	282	1,993	869	377	2,485	336	2,149
Lottery Commission									
Workers Compensation Claims Payable	1	16	9	8	4	1	11	1	10
Total	1	16	9	8	4	1	11	1	10
Total Business-Type	\$ 2,998	\$ 1,074	\$ 545	\$ 3,527	\$ 1,263	\$ 702	\$ 4,088	\$ 626	\$ 3,462

* Health Claims Payable is recorded in the Internal Service Fund

8. INTERFUND RECEIVABLES AND PAYABLES

Due From or To Other Funds for the primary government on the fund financial statements represent amounts resulting from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made, and consist of the following as of June 30, 2019 (expressed in thousands):

RECEIVABLES / DUE FROM	AMOUNT	PAYABLES / DUE TO	AMOUNT
Highway Fund	\$ 151	Turnpike System	\$ 151
General Fund	28	Lottery Commission	28
General Fund	3,998	Unemployment Compensation	3,998
General Fund	181	Highway Fund	181
General Fund	5,214	Liquor Commission	5,214
General Fund	66,095	Non-Major Fund	66,095
Non-Major Fund	3,879	Liquor Commission	3,879
Liquor Commission	47	General Fund	47
Turnpike System	15	General Fund	15
Turnpike System	140	Highway Fund	140
Turnpike System	193	Liquor Commission	193
Education Fund	5,137	Lottery Commission	5,137
Lottery Commission	343	Liquor Commission	343
Total	<u>\$ 85,421</u>	Total	<u>\$ 85,421</u>

The net due from or to other funds for the primary government has been reported as "internal balances" in the government-wide financial statements. The governmental activities receivable of \$18.2 million from business-type activities represents the "internal balances" amount on the statement of net position. The \$66.3 million between governmental funds, and the \$0.5 million between enterprise funds has been eliminated on the government-wide financial statements.

9. INTERFUND TRANSFERS

Interfund transfers during the current fiscal year were as follows (expressed in thousands):

Transferred From	Transferred To			Total Government Fund
	General Fund	Highway Fund	Education Fund	
Governmental Funds				
Highway Fund	\$ 967			\$ 1,866
Non-Major Funds	4,264			4,264
Total Governmental Funds	* 5,231			* 1,866
Proprietary - Enterprise Funds				
Liquor Commission	154,719			154,719
Lottery Commission	247		105,606	105,853
Unemployment Compensation	13,439			13,439
Total Proprietary - Enterprise Funds	\$ 168,405		\$ 105,606	\$ 274,011
* These amounts have been eliminated within governmental activities on the government-wide financial statements				

The following transfers represent sources of funding identified through the State's operating budget:

- Transfer of Lottery Commission profits of \$105.6 million to fund education
- Transfer of Liquor Commission profits of \$146.3 million to the General Fund for government operations and \$8.4 million to the general fund pursuant to RSA 176:16, III for the Alcohol Abuse Prevention and Treatment Fund.

Pursuant to RSA 260:61, \$0.9 million was transferred from the Highway Fund to the Fish and Game Fund for the Bureau of Off Highway Recreational Vehicle (BOHRV) Grant.

Pursuant to RSA 260:60, \$1.9 million of unrefunded gas tax in the Highway Fund was transferred on a 50/50 basis to the General Fund and Fish & Game Fund.

Transfer of OHRV license fees of \$4.3 million to the General Fund for Natural and Culture Resources.

Transfer of Unemployment Compensation Contingency Fund of \$13.4 million to the General Fund.

10. CONTRACTUAL COMMITMENTS

Contractual Commitments: The State Department of Transportation has estimated its share of contractual obligations for construction contracts to be \$100.9 million at June 30, 2019. This represents total obligations of \$271.1 million less \$170.2 million in estimated federal aid.

Other Contractual Commitments: Encumbrances by fund for the State at June 30, 2019, excluding contractual commitments noted above, were as follows:

Expressed in Millions	
General Fund	\$ 64.3
Highway Fund	6.9
Non-Major Governmental Funds	0.2
	<u>\$ 71.4</u>

11. EMPLOYEE BENEFIT PLANS

NEW HAMPSHIRE RETIREMENT SYSTEM

Plan Description: The New Hampshire Retirement System is the administrator of a cost-sharing multiple-employer Public Employee Retirement System ("NHRS") established in 1967 by 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 (1.667%) 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 as of January 1, 2012 and five years for members not vested as of January 1, 2012. At age 65, the yearly pension amount is recalculated at 1/66 (1.515%) 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.

Group II members hired prior to July 1, 2011 who have non-vested status as of January 1, 2012 are subject to graduated transition provisions for years of service required for regular service retirement, the minimum age for service retirement, and the multiplier used to calculate the retirement annuity, which shall be applicable on January 1, 2012.

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 RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, NHRS also provides a postretirement medical premium subsidy for Group I employees and teachers and Group II police officers and firefighters.

NHRS issues publicly available 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. Group II firefighter members contributed 11.80% of gross earnings and group II police officers contributed 11.55% 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 State contributed 11.08% of gross payroll for Group I members, 27.79% of gross payroll for Group II firefighter members, and 25.33% of gross payroll for Group II police officer members.

The State's required and actual contributions for the year ended June 30, 2019 were \$92.1 million, which included an amount for other postemployment benefits of \$9.5 million.

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

As of June 30, 2019, the State reported a liability of \$887.0 million for its proportionate share of the net pension liability of NHRS. This net pension liability is measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll the total pension liability forward to June 30, 2018. 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. As of the measurement date, the State's proportion was 18.42%, which was a decrease of 141 basis points from its proportion measured as of the previous measurement date. For the year ended June 30, 2019, the State recognized total pension expense of \$73.7 million.

As of June 30, 2019, the State reported deferred outflows and inflows of resources on its government-wide financial statements related to pensions in the primary government of \$86.1 million (excluding \$82.4 million in contributions subsequent to the measurement date) and \$93.3 million, respectively, from the following sources:

<i>(in thousands)</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$ (20,526)
Differences between expected and actual experience	7,079	(7,183)
Changes in assumptions	61,383	
Changes in employer proportion	14,599	(62,573)
Changes in internal proportion	3,053	(3,053)
Contributions subsequent to the measurement date	82,370	
Total	\$ 168,484	\$ (93,335)

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, 2020. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount (in thousands)
2020	\$22,502
2021	12,547
2022	(28,544)
2023	(13,726)
	<u>\$(7,221)</u>

Actuarial Assumptions: NHRS total pension liability, measured as of June 30, 2018, was determined by a roll forward of the actuarial valuation as of June 30, 2017, for which the following actuarial assumptions were used:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females with creditability adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 - June 30, 2015.

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 2018:

Asset Class	Target Allocation	Weighted average long-term expected geometric real rate of return:
		2018
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
International Equities (unhedged)	13.00%	4.50%
Emerging International Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	0.50%
Short Duration	2.50%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.80%
Absolute return fixed income	7.00%	1.14%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.25%
Opportunistic	5.00%	2.15%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total real estate investments	10.00%	
Total	100.00%	

Discount Rate: The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that 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 NHRS's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, NHRS's fiduciary net position was projected to be available to make all projected future benefit payments to current 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 State's proportionate share of NHRS's net pension liability to changes in the discount rate. In particular, the table presents the State's proportionate share of NHRS's net pension liability measured at June 30, 2018 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 (in millions):

1% Decrease to 6.25%	Current single rate assumption 7.25%	1% Increase to 8.25%
\$1,180.1	\$887.0	\$641.3

Pension Allocations: The Statewide amounts for net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense detailed above were allocated among governmental and business-type activities based on each reporting unit's share of the Statewide employer contribution to NHRS. Pension-related amounts for each reporting unit are as follows (expressed in thousands):

	Governmental Activities	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Business-type Activities	Primary Government
Proportionate share of Statewide amount	95.13%	1.21%	2.59%	0.43%	0.64%	4.87%	100.00%
Net pension liability	\$ 843,789	\$ 10,719	\$ 22,984	\$ 3,789	\$ 5,691	\$ 43,183	\$ 886,972
Pension expense	70,199	667	2,088	255	521	3,531	73,730
Deferred outflows of resources representing contributions subsequent to the measurement date	78,400	960	2,140	350	520	3,970	82,370
Deferred outflows of resources representing the changes in employer proportion	13,888	176	378	63	94	711	14,599
Deferred outflows of resources representing changes in assumptions	58,394	742	1,591	262	394	2,989	61,383
Deferred outflows of resources representing the differences between expected and actual experience	6,735	86	183	30	45	344	7,079
Deferred inflows of resources representing the differences between expected and actual experience	(6,833)	(87)	(186)	(31)	(46)	(350)	(7,183)
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	(19,526)	(248)	(532)	(88)	(132)	(1,000)	(20,526)
Deferred inflows of resources representing the changes in employer proportion	(59,528)	(756)	(1,621)	(267)	(401)	(3,045)	(62,573)
Deferred outflows of resources representing change in proportion within the entity	1,691	684	428	53	197	1,362	3,053
Deferred inflows of resources representing change in proportion within the entity	(834)	(1,524)	(386)	(309)		(2,219)	(3,053)
<i>Amortization of deferred amounts:</i>							
2019	21,469	123	668	30	212	1,033	22,502
2020	11,998	5	410	(13)	147	549	12,547
2021	(26,767)	(580)	(845)	(211)	(142)	(1,778)	(28,545)
2022	(12,713)	(475)	(378)	(93)	(66)	(1,012)	(13,725)
Total	(6,013)	(927)	(145)	(287)	151	(1,208)	(7,221)
<i>Sensitivity analysis:</i>							
Net pension liability at 6.25% discount rate	1,122,668	14,262	30,581	5,041	7,572	57,456	1,180,124
Net pension liability at 8.25% discount rate	610,080	7,750	16,618	2,740	4,114	31,222	641,302

JUDICIAL RETIREMENT PLAN

Plan Description: The New Hampshire Judicial Retirement Plan (NHJRP), a single-employer plan, was established on January 1, 2005 pursuant to RSA 100-C:2 and is intended for all time to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. NHJRP is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court or probate court judges employed within the State. Information and financial reports of the New Hampshire Judicial Retirement Plan can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301, or from the State's website at <http://www.nh.gov>.

Members covered by benefit terms: As of December 31, 2018, the following members were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefits	71
Inactive members entitled to but not yet receiving benefits	1
Active or vested members	60
Total members	132

The NHJRP is administered by an appointed Board of Trustees (Board), separate from the New Hampshire Retirement System. The Board consists of 7 members, 2 of which are appointed by the Governor and Council and 1 of whom the Governor shall designate to serve as chairman of the Board of Trustees, and who shall be qualified persons with business experience and not members of NHJRP. The Chief Justice of the state supreme court shall appoint 3 trustees, at least 2 of whom shall be active members of NHJRP and one of whom may be a retired member of NHJRP. One member of the state senate and one member of the house of representatives shall be appointed biennially. Certain daily administrative functions of NHJRP have been delegated by the Board to the New Hampshire Retirement System such as retirement request processing, member record maintenance and serving as the NHJRP's information center. The NHJRP has one employee. All employer and member contributions are deposited into separate trust funds that are managed and controlled by the Board of Trustees of the NHJRP.

Any member of the NHJRP who has at least 10 years of creditable service and who is at least 65 years old is entitled to retirement benefits equal to 75% of the member's final year's salary. Any member who has at least 7 years of creditable service and who is at least 70 years old is entitled to retirement benefits equal to 45% of the member's final year's salary. A member who is at least 70 years old shall be granted an additional 10% over the 45% level for each year of creditable service that a member has over 7 years. A member who is at least 60 years old with at least 15 years of creditable service is entitled to 70% of the member's final year's salary, plus an additional 1% for each year of additional service in excess of 15 years. However, under no circumstances shall any retirement benefit exceed 75% of the member's final year's salary. For purposes of determining the above benefit, the member's final salary is equal to compensation earned in the prior 12-month period in which the employee was a member of the plan.

Funding Policy: The NHJRP is financed by contributions from the members and the State. Pursuant to Chapter 311, Laws of 2003, on January 19, 2005, the State issued \$42.8 million of general obligation bonds in order to fund the NHJRP's initial unfunded accrued liability. All eligible judges are required to contribute 10% of their salaries to the NHJRP until they become eligible for a service retirement equal to 75% of their final year's salary. The State was required to and contributed 41% of the members' salary through June 30, 2013. Effective July 1, 2013 the State was required to and contributed 64.5% of the member's salary. For the year ended June 30, 2019, State contributions to the NHJRP totaled \$6.7 million.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of June 30, 2019, the State reported a net pension liability of \$44.0 million for the NHJRP. The NHJRP's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Changes in the components of net pension liability for the measurement period ended December 31, 2018 are as follows (in thousands):

Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2017	\$95,412	\$57,931	\$37,481
Changes for the year:			
Service cost	3,921		3,921
Interest on total pension liability	6,411		6,411
Effect of differences between expected and actual experience			
Effect of changes in actuarial assumptions			
Benefit payments	(6,682)	(6,682)	
Employer contributions		6,731	(6,731)
Member contributions		789	(789)
Net investment income		(3,422)	3,422
Administrative expenses		(297)	297
Balances as of December 31, 2018	\$99,062	\$55,050	\$44,012

For the year ended June 30, 2019, the State recognized pension expense of \$7.5 million for the NHJRP. As of June 30, 2019, the State reported deferred outflows and inflows of resources on its government-wide financial statements related to the NHJRP of \$6.0 million (excluding \$3.6 million in contributions subsequent to the measurement date) and \$3.8 million, respectively, from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 4,330	
Net difference between expected and actual experience		(3,751)
Change in assumptions	1,663	
Contributions subsequent to the measurement date	3,618	
Total	<u>\$ 9,611</u>	<u>\$ (3,751)</u>

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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount (in thousands)
2020	\$ (288)
2021	403
2022	666
2023	1,461
	<u>\$ 2,242</u>

Actuarial Assumptions: The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%
Salary increases	1.50% for 2017, 6.78% for 2018, and 2.25% thereafter
Investment rate of return	6.675%

Mortality rates were based on the RP-2000 Mortality Tables for Employees and Healthy Annuitants with generational projection per Scale BB.

The actuarial assumptions used in the January 1, 2018 valuation were not based on the results of a recent actuarial experience study. The Plan has not had a formal actuarial experience study performed since one performed for the period July 1, 2005 - June 30, 2010.

Long-Term Rates of Return: The long-term expected rate of return on NHJRP investments was selected from a best estimate range determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Following is a table presenting target allocations and long-term rates of return for 2018:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Cash	2.575%	0.39%
Core Fixed Income	12.500%	2.26%
U.S. Government Bonds	1.475%	1.67%
U.S. REITs	1.475%	3.76%
Large Cap US Equities	39.075%	3.62%
Small Cap US Equities	5.900%	4.11%
International equity	19.200%	4.84%
U.S. Short Bonds	7.800%	1.58%
Alternatives	10.000%	1.66%

Discount Rate: The single discount rate used to measure the collective total pension liability was 6.675%, which is the same rate used for the prior year measurement of total pension liability. 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. Based on those assumptions, the NHJRP's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table illustrates the sensitivity of the NHJRP's net pension liability to changes in the discount rate. In particular, the table presents the net pension liability of NHJRP, calculated using the discount rate of 6.675%, as well as what the NHJRP's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.675%) or 1 percentage point higher (7.675%) than the current discount rate (expressed in thousands):

1% Decrease 5.675%	Current Discount Rate 6.675%	1% Increase 7.675%
\$53,115	\$44,012	\$36,137

OTHER POSTEMPLOYMENT BENEFITS

General Information about the Trusted OPEB Plan

Plan Description: Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, NHRS administers a cost-sharing multiple employer defined benefit postemployment medical subsidy healthcare plan designated in statute by membership type. This plan has been previously defined as the Trusted OPEB plan but is also commonly referred to as "medical subsidy plan". The membership groups are Group II Police Officers and Firefighters and Group I State Employees.

NHRS issues publicly available 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>

Benefits Provided: The Trusted OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employers of its members, or their insurance administrator, toward the cost of health insurance for a qualified retiree, spouse, and certifiably dependent children with a disability who is living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving Trusted OPEB Plan benefits differ for Group I and Group II members. Eligibility for the medical subsidy payment is determined by the relevant RSA's, however, the medical subsidy plan is closed to new entrants. The State is a recipient of these medical subsidy payments on behalf of its former employees.

Contributions: Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the medical subsidy payment is via the employer contribution rates set forth by NHRS. 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 State contributed 1.07% of gross payroll for Group I members, 4.10% of gross payroll for Group II firefighter members, and 4.10% of gross payroll for Group II police officer members. Employees are not required to contribute to the Trusted OPEB Plan.

The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the medical subsidy plan. Employer contributions made by the State to NHRS for the medical subsidy component amounted to \$9.5 million in fiscal year 2019 and \$9.0 million in fiscal year 2018.

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the State reported a liability of \$92.4 million for its proportionate share of the net Trusted OPEB Plan liability. The net Trusted OPEB Plan liability was measured as of June 30, 2018, and the total Trusted OPEB Plan liability used to calculate the net Trusted OPEB Plan liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. The roll-forward procedures increased the June 30, 2017 actuarial accrued liability with normal cost and interest and decreased it with actual benefit payments and administrative expenses paid. The State's proportion of the net Trusted OPEB Plan liability was based on the projection of the State's long-term share of contributions to the Trusted OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. As of the measurement date, the State's proportionate share was 20.17 percent. For the year ended June 30, 2019, the State recognized OPEB expense of \$13.0 million.

As of June 30, 2019, The State reported deferred outflows and inflows of resources on its government-wide financial statements related to OPEB in the primary government of \$1.6 million (excluding \$9.5 million in contributions subsequent to the measurement date) and \$293 thousand, respectively, from the following sources.

<i>(in thousands)</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$ (293)
Differences between expected and actual experience	\$ 542	
Changes in employer proportion	1,046	
Contributions subsequent to the measurement date	9,460	
Total	\$ 11,048	\$ (293)

Amounts reported as deferred outflows of resources related to the Trusted OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net Trusted OPEB Plan liability in the year ended June 30, 2020. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to Trusted OPEB Plan will be recognized in OPEB expense as follows:

Year ended June 30,	Amount (in thousands)
2020	\$1,497
2021	(92)
2022	(91)
2023	(19)
	<u>\$1,295</u>

Actuarial Assumptions: The total Trusted OPEB Plan liability, measured as of June 30, 2018, was determined by a roll forward of the actuarial valuation as of June 30, 2017, for which the following actuarial assumptions were used:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	N/A - benefits are fixed cash stipends

Mortality rates were based on the RP-2014 Healthy Annuitant Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 - June 30, 2015.

Long-Term Rates of Return: The long-term expected rate of return on Trusted OPEB 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 2018:

Asset Class	Target Allocation	Weighted average long-term expected geometric real rate of return:
		2018
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
International Equities (unhedged)	13.00%	4.50%
Emerging International Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	4.50%	0.50%
Short Duration	2.50%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.80%
Absolute return fixed income	7.00%	1.14%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.25%
Opportunistic	5.00%	2.15%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total real estate investments	10.00%	
Total	100.00%	

Discount Rate: The discount rate used to measure the collective total Trusted OPEB Plan liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that 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 actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Trusted OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current 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 Trusted OPEB Plan liability.

The following table illustrates the sensitivity of the State's proportionate share of the net Trusted OPEB Plan liability to changes in the discount rate. In particular, the table presents the State's proportionate share of the Trusted OPEB Plan liability measured at June 30, 2018 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 (in thousands):

1% Decrease to 6.25%	Current single rate assumption 7.25%	1% Increase to 8.25%
\$ 96,126	\$ 92,357	\$ 81,801

General Information about the Non Trusted OPEB Plan

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 benefit 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, previously defined as the Fund, a single-employer group health fund, which is the state's self-insurance internal service fund 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 \$11.4 million, \$12.0 million and \$12.3 million, respectively, for the fiscal years ended June 30, 2019, 2018 and 2017. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees covered by benefit terms: As of June 30, 2018 the following employees were covered by the benefit terms:

Retired members and beneficiaries currently receiving benefits	12,125
Retired employees entitled to but not yet receiving benefit payments	536
Active employees	<u>10,367</u>
	<u><u>23,028</u></u>

Total OPEB Liability

The primary government's proportionate share of the total Non Trusted OPEB Plan liability of \$1,808.6 million was measured as of June 30, 2018, and was determined by an actuarial valuation as of December 31, 2016, adjusted forward. The primary government's proportionate share of the 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 primary government's proportion was 94.69%, which was an increase from 94.67% as of the previous measurement date.

Changes in the total OPEB Liability: The total OPEB liability at June 30, 2019 is \$1,910.0 million of which the primary government's proportionate share is \$1,808.6 million.

(dollars in thousands)	Total OPEB Liability
Balance at 6/30/17	\$ 2,229,421
Changes for the year:	
Service cost	76,699
Interest	81,507
Differences between expected and actual experience	(7,653)
Changes in assumptions	(235,527)
Changes in benefit terms	(182,835)
Benefit payments	<u>(51,623)</u>
Net changes	<u>(319,432)</u>
Balance at 6/30/18	<u><u>\$ 1,909,989</u></u>

Actuarial Assumptions and other inputs: The total Non Trusted OPEB Plan liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.25%
Salary increases	Group I employees: 13.25% decreasing over 9 years to an ultimate level of 3.75% Group II employees: 25.25% decreasing over 8 years to an ultimate level of 4.25%
Discount rate	3.87% as of June 30, 2018 and 3.58% as of June 30, 2017
Healthcare cost trend rates	Medical: under 65, 7.4% for one year then (2.4)% for the following year, and then 4.5% per year; over 65, 1.4% for one year, then (8.2)% for the following year, then (12.2)% for the next year, then 4.5% per year Prescription Drug: under 65, 12.8% for one year, (7.8)% for the following year, then 8.5% decreasing by 0.5% each year to an ultimate level of 4.5% per year; over 65, (6.1)% for one year then 4.8% for the following year, then 8.5% decreasing by 0.5% each year to an ultimate level of 4.5% per year Contributions: Retiree contributions are expected to increase with a blended medical and prescription drug 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. This determination is in accordance with GASB Statement No 75. Other changes in assumptions reflect trend assumptions to reflect current claims experience.

Change in benefits reflect the implementation of the Medicare Advantage Plan, a fully insured plan, as of January 1, 2019.

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table projected generationally for males and females with Scale MP-2015. The assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study by New Hampshire Retirement System for the period July 1, 2010 through June 30, 2015.

Sensitivity of the total Non Trusted OPEB Plan liability to changes in the discount rate:

The following presents sensitivity of the primary government's proportionate share of the total Non Trusted OPEB Plan liability to changes in the discount rate. In particular, the table presents the primary government's proportionate share of the Total Non Trusted OPEB Plan liability measured at June 30, 2018 if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (in thousand):

1% Decrease	Current Discount Rate	1% Increase
\$2,106,049	\$1,808,602	\$1,559,521

Sensitivity of the total Non Trusted OPEB Plan liability to changes in the healthcare cost trend rates:

The following presents sensitivity of the primary government'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 primary government's proportionate share of the total Non Trusted OPEB Plan liability measured at June 30, 2018, 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 (in thousands):

1% Decrease	Current Trend Rate	1% Increase
\$1,517,466	\$1,808,602	\$2,167,448

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

For the year ended June 30, 2019, the primary government recognized OPEB expense of \$(197.2) million. As of June 30, 2019, the primary government reported deferred outflows and inflows of resources on its government-wide financial statements related to the Non Trusted OPEB Plan of \$2.4 million (excluding \$48.6 million in contributions subsequent to the measurement date) and \$694.9 million, respectively, from the following sources:

(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (11,017)
Changes in assumptions		(680,830)
Changes in employer proportion	\$ 2,395	(3,033)
Contributions subsequent to the measurement date	48,607	
Total	\$ 51,002	\$ (694,880)

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, 2019. 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:

Year ended June 30,	Amount (in thousands)
2020	\$ (163,548)
2021	(163,548)
2022	(163,548)
2023	(163,548)
2024	(38,293)
	<u>\$ (692,485)</u>

OPEB Allocations: The Statewide amounts for the total Non Trusted OPEB Plan liability, deferred outflows or resources, deferred inflows of resources, and OPEB expense detailed above were allocated among governmental activities, business-type activities, and component units based on each reporting unit's share of the participants within the Non Trusted OPEB Plan. OPEB related amounts for each reporting unit are as follows (expressed in thousands):

	Governmental Activities	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Business-type Activities	Primary Government
Proportionate share of Statewide amount	89.47%	1.45%	2.78%	0.71%	0.28%	5.22%	94.69%
Total OPEB liability	\$ 1,708,909	\$ 27,661	\$ 53,078	\$ 13,560	\$ 5,394	\$ 99,693	\$ 1,808,602
OPEB expense	(176,477)	(2,702)	(5,806)	(1,472)	(444)	(10,424)	(186,901)
Deferred outflows of resources representing contributions subsequent to the measurement date	45,928	743	1,427	364	145	2,679	48,607
Deferred inflows of resources representing changes in assumptions	(643,093)	(10,391)	(20,207)	(5,180)	(1,959)	(37,737)	(680,830)
Deferred inflows of resources representing the differences between expected and actual experience	(10,407)	(168)	(326)	(84)	(32)	(610)	(11,017)
Deferred outflows of resources representing change in proportion within the entity	1,258	633			504	1,137	2,395
Deferred inflows of resources representing change in proportion within the entity	(1,226)		(1,464)	(343)		(1,807)	(3,033)
<i>Amortization of deferred amounts:</i>							
2020	(154,359)	(2,339)	(5,178)	(1,316)	(356)	(9,189)	(163,548)
2021	(154,359)	(2,339)	(5,178)	(1,316)	(356)	(9,189)	(163,548)
2022	(154,359)	(2,339)	(5,178)	(1,316)	(356)	(9,189)	(163,548)
2023	(154,359)	(2,339)	(5,178)	(1,316)	(356)	(9,189)	(163,548)
2024	(36,032)	(570)	(1,285)	(343)	(63)	(2,261)	(38,293)
Total	(653,468)	(9,926)	(21,997)	(5,607)	(1,487)	(39,017)	(692,485)
<i>Sensitivity analysis:</i>							
Total OPEB liability at -1% discount rate	1,990,108	31,600	62,335	15,819	6,187	115,941	2,106,049
Total OPEB liability at +1% discount rate	1,472,652	24,243	46,164	12,020	4,442	86,869	1,559,521
Total OPEB liability at - 1% healthcare cost trend rates	1,432,570	23,433	45,352	11,913	4,198	84,896	1,517,466
Total OPEB liability at + 1% healthcare cost trend	\$ 2,048,741	\$ 32,810	\$ 63,340	\$ 15,948	\$ 6,609	\$ 118,707	\$ 2,167,448

	Pease Development Authority	Community Development Finance Authority	Community College System of New Hampshire	Component Units	Total Government
Proportionate share of Statewide amount	0.36%	0.02%	4.93%	5.31%	100.00%
Total OPEB liability	\$ 6,907	\$ 309	\$ 94,171	\$ 101,387	\$ 1,909,989
OPEB expense	(595)	(30)	(9,660)	(10,285)	(197,186)
Deferred outflows of resources representing contributions subsequent to the measurement date	186	8	2,531	2,725	51,332
Deferred inflows of resources representing changes in assumptions	(2,541)	(115)	(35,642)	(38,298)	(719,128)
Deferred inflows of resources representing the differences between expected and actual experience	(41)	(2)	(576)	(619)	(11,636)
Deferred outflows of resources representing change in proportion within the entity	514	8	776	1,298	3,693
Deferred inflows of resources representing change in proportion within the entity			(661)	(661)	(3,694)
<i>Amortization of deferred amounts:</i>					
2020	(491)	(26)	(8,493)	(9,010)	(172,558)
2021	(491)	(26)	(8,493)	(9,010)	(172,558)
2022	(491)	(26)	(8,493)	(9,010)	(172,558)
2023	(491)	(26)	(8,493)	(9,010)	(172,558)
2024	(104)	(5)	(2,131)	(2,240)	(40,533)
Total	(2,068)	(109)	(36,103)	(38,280)	(730,765)
<i>Sensitivity analysis:</i>					
Total OPEB liability at -1% discount rate	7,783	356	108,162	116,301	2,222,350
Total OPEB liability at +1% discount rate	5,932	266	83,393	89,591	1,649,112
Total OPEB liability at - 1% healthcare cost trend rates	5,685	263	81,787	87,735	1,605,201
Total OPEB liability at + 1% healthcare cost trend rates	8,182	359	110,353	118,894	2,286,342

Summary of Employee Benefit Plans:

(Expressed in Thousands)	Governmental Activities	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Business-type Activities	University of New Hampshire	Non-Major Component Units	Component Units
Pension									
New Hampshire Retirement System	\$ 843,789	\$ 10,719	\$ 22,984	\$ 3,789	\$ 5,691	\$ 43,183		\$ 58,221	\$ 58,221
New Hampshire Judicial Retirement Plan	44,012								
Net Pension Liability	\$ 887,801	\$ 10,719	\$ 22,984	\$ 3,789	\$ 5,691	\$ 43,183		\$ 58,221	\$ 58,221
OPEB									
Trusted OPEB Plan	\$ 92,357							\$ 5,109	\$ 5,109
Non Trusted OPEB Plan	1,708,909	27,661	53,078	13,560	5,394	99,693		101,387	101,387
Other *							\$ 77,515		77,515
Post Employment Benefits Payable	\$ 1,801,266	\$ 27,661	\$ 53,078	\$ 13,560	\$ 5,394	\$ 99,693	\$ 77,515	\$ 106,496	\$ 184,011

* Does not include short term portion of OPEB classified as other current liabilities on the Statement of Net Position

12. CONTINGENT AND LIMITED LIABILITIES

PRIMARY GOVERNMENT

Nonexchange Financial Guarantees: The State of New Hampshire extends nonexchange financial guarantees to municipalities, political subdivisions, and certain Authorities indefinitely within certain statutory limits. Guarantees may include, but not be limited to, bonds sold by municipalities and school districts, first mortgages on industrial and recreational property, as well as airport and development projects. Arrangements for the State to recover payments is described in the enabling statutes or in agreements authorized by the Governor and Executive Council. Based on the review of qualitative factors and available historical data relative to the financial position of guaranteed entities, the State determined that it is less than likely the State would have to make payments related to the nonexchange guarantees extended. The following table includes the composition of the State's \$78.4 million of financial guarantees outstanding and statutory limits as of June 30, 2019 (expressed in thousands):

	RSA	Guarantee Limit	Remaining Capacity	June 30, 2019		
				Principal	Interest	Total
<i>Municipalities and Political Subdivisions</i>						
Water Pollution Bonds	485-A:7	\$ 50,000	\$ 50,000			
School Construction Bonds	195-C:2	95,000	73,287	\$ 17,630	\$ 4,083	\$ 21,713
Solid Waste Bonds	149-M:31	10,000	10,000			
Super Fund Site Cleanup Bonds	33:3-f	20,000	* 20,000			
<i>Related Organizations</i>						
Business Finance Authority (BFA) - General Obligation	162-A:17	25,000	**	20,000		20,000
Business Finance Authority (BFA) - Additional State Guarantee	162-A:7-a;162-A:13-	4,000	**			
Business Finance Authority (BFA) - Additional State Guarantee	162-A:8; 162-A:10; 162-A:13; 162-A:13-a; 162-A:13-b			22,269		22,269
Business Finance Authority (BFA) - Additional State Guarantee	162-I:9-a; 162-I:9-b	45,000	**	13,847		13,847
Business Finance Authority (BFA) - Unified Contingent Credit Limit	162-A:22	115,000	* 58,318	56,116	566	56,682
Pease Development Authority - Guarantees for Loans	12-G:31	70,000	13,910			
Pease Development Authority - Guarantees for Development	12-G:33	35,000	35,000			
Housing Finance Authority - Child Care Loans	204-C:79	300	300			
Totals		\$ 395,300	\$ 260,815	\$ 73,746	\$ 4,649	\$ 78,395

* Plus Interest

** Plus interest (guaranteed limit under this section is included in and limited by RSA 162-A:22).

13. LEASE COMMITMENTS

OPERATING LEASES

The State has lease commitments for equipment and space requirements which are accounted for as operating leases. Rental expenditures for fiscal year 2019 for governmental activities and business-type activities were approximately \$27.6 million and \$9.3 million, respectively. The leases for space, which are subject to continuing appropriation, extend forward a number of years and may contain rent escalation clauses and renewal options. The following is a schedule of future minimum space rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2019 (expressed in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2020	\$8,174	\$6,582
2021	7,469	6,281
2022	6,946	6,029
2023	5,002	5,847
2024	4,399	5,409
2025-2029	15,731	14,314
2030-2034		7,876
2035-2039		4,870
Total	\$47,721	\$57,208

CAPITAL LEASES

The State has entered into lease agreements as lessee for financing the acquisition of buildings and equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. The future minimum lease payments and the net present value of those payments at June 30, 2019 are as follows (expressed in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2020	\$ 2,860	\$ 125
2021	2,878	104
2022	2,703	
2023	2,370	
2024	2,364	
2025-2029	6,149	
2030-2034	738	
Total	20,062	229
Amount Representing Interest	(4,400)	(46)
Present Value of Minimum Lease Payments	\$ 15,662	\$ 183

The assets acquired through capital leases and included in capital assets at June 30, 2019 include the following (expressed in thousands):

	Governmental Activities	Business-Type Activities
Equipment	\$ 4,469	
Buildings & Building Improvements	12,875	1,563
Total	17,344	1,563
Less: Accumulated Depreciation	(3,319)	(1,320)
Net	\$ 14,025	\$ 243

14. TAX ABATEMENTS

For financial reporting purposes, a tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefit the government or its citizens. The State has conducted an analysis of tax abatement programs that meet the definition for disclosure, which are described below.

As a result of the statutory deadline of December 15th for the current fiscal year tax credit reporting, the state has elected to disclose tax credit amounts and number of applicable taxpayers for the previous fiscal year. Fiscal year 2019 credits reported for the existing programs and any newly established tax credit programs are not expected to have a material impact on the state's financial position.

Economic Revitalization Zone Tax Credit (ERZTC) (RSA 162-N:7)

Description: The authority to enter into Community Reinvestment and Opportunity (CROP) Zone Credit Agreements became effective July 1, 2003. The CROP Zone tax credit was replaced with the ERZTC and shall be available to taxpayers only for tax liabilities arising during the five consecutive tax periods following the signing of the agreement. ERZTC shall be applied against tax due under RSA 77-E, the Business Enterprise Tax (BET). For the purpose of the credit allowed under RSA 77-A:5, XII, the Business Profits Tax (BPT), the ERZTC shall be considered taxes paid under RSA 77-E. ERZTCs shall not be transferable. This tax credit has carryforward provisions.

The ERZTC is a "cascading" tax credit that may be used to reduce a BET liability and, as considered "taxes paid" under RSA 77-E, may then be used to reduce a BPT liability. The amount disclosed below is total the reduction in revenue to the State whether applied against BPT, BET, or both tax liabilities. There were no other commitments made by the State other than the agreement to credit taxes.

Agreement: An agreement between the State and the taxpayer determines the amount of credit awarded and includes provisions such as quality and quantity of full-time jobs to be created, duration of the taxpayer's commitments with respect to the economic revitalization zone, the amount of the taxpayer's investment in the project, and a precise definition of the location of the facility eligible for the credit. There are no provisions to recapture previous credits.

Methodology: Credit used is the amount actually reported by 51 taxpayers and used to offset a tax liability on the New Hampshire BPT return, BET return, or both.

Tax returns filed in fiscal year 2018: The tax credit used against BPT, BET, or both totaled \$938,000. The maximum aggregate credit amount allowable for all taxpayers was \$825,000.

Education Tax Credit (RSA 77-G)

Description: Chapter 287, Laws of 2012 (SB 372) enacted a law that allows a business organization and business enterprise to make a money donation (up to \$400,000 in the first year of the program and \$600,000 in the second year of the program) to an approved scholarship organization (s) for which the business organization or business enterprise will receive a tax credit against the BPT and/or BET for 85% of their donation. The donations are used by an approved scholarship organization(s) to grant scholarships for children to attend private schools. The Education Tax Credit Program began January 1, 2013.

This tax credit is not a “cascading” credit and it also does not have any carryforward provisions. The tax credit may only be used to offset tax liabilities incurred in the tax year in which the donation was made.

The amount disclosed below is the total reduction in revenue to the State whether applied against BPT, BET, or both tax liabilities. There were no other commitments made by the State other than the agreement to credit taxes.

Agreement: For each contribution made to a scholarship organization, a business organization or business enterprise may claim the credit on their return per the allowable amount calculated by the Department of Revenue Administration. There are no provisions to recapture previous credits.

Methodology: Credit used is the amount actually reported by 58 taxpayers and used to offset a tax liability on the New Hampshire BET and BPT returns.

Tax returns filed in fiscal year 2018: The tax credit used against BPT, BET or both totaled \$381,000. The maximum aggregate credit amount allowable for all taxpayers was \$5,100,000.

15. LITIGATION AND OTHER MATTERS

The State, its agencies, officials and employees are defendants in numerous lawsuits. Although the State is unable to predict the ultimate outcomes of these suits, based on the information provided by the Attorney General's Office, it does not appear that such litigation resulting, either individually or in the aggregate, in final judgments against the State, would materially affect its financial position. Immaterial provisions, if appropriate, for such ultimate liability has been made in the financial statements. Notable cases that could potentially result in a material transaction are described herein.

Department of Health and Human Services (DHHS)

Christopher Willott, Individually and as Administrator of the Estate of Sadence Willott v. DCYF.

In August 2018, the plaintiff filed a lawsuit for the wrongful death of Sadence Willott, as well as loss of consortium. The plaintiff also alleges negligence stemming from incidents of assault prior to her death. Sadie was murdered by her mother in September 2015. The plaintiff (Sadie's biological father), claims that DCYF was negligent in handling her case, which caused her death in September 2015, as well as various injuries that predate her death. While this case would typically be subject to the statutory cap on damages-and the \$50,000 statutory cap for loss of consortium-the plaintiff alleges the Estate is entitled to damages for multiple incidents of harm. DCYF has filed motions to dismiss based on statute of limitations and sovereign immunity defenses. Those motions were initially denied. DCYF moved for reconsideration on one of them, which was granted, and further briefing on that motion to dismiss has been submitted to the court. DCYF subsequently won the motion to dismiss, leaving only the wrongful death claim in the case, which is capped at \$475 thousand. Plaintiffs' counsel is seeking an interlocutory appeal of the dismissal. At present, it is not possible to predict an outcome of this case.

Additional threatened litigation relating to the Department of Health and Human Services, DCYF.

DCYF is currently defending or has been advised of several claims relating to physical and sexual abuse of children either directly or indirectly under the supervision of DCYF. Individually, other than the litigation described above, none of these claims appear to meet the level determined by the state for disclosure in the financial statements. Cumulatively, however, the aggregate of the claims may exceed this level. Four of these lawsuits have recently been filed in Merrimack County Superior Court. All of them are untimely and likely to be dismissed on these grounds.

John Doe, on behalf of himself and all others similarly situated v. Commissioner Jeffrey Myers, Southern New Hampshire Medical Center, and the New Hampshire Circuit Court District Division.

An individual, who was admitted to Southern New Hampshire Medical Center's Emergency Department after a suicide attempt, sued in the Federal District Court for the State of New Hampshire alleging habeas corpus relief, declaratory judgment, and appointment of a class for unconstitutional deprivation of liberty interests and lack of procedural due process based on an alleged systemic practice where individuals who may be experiencing mental health crises are involuntarily detained in hospital emergency rooms without the State providing them with due process, appointed counsel, or an opportunity to contest their “detention.” This practice is sometimes referred to as “psychiatric boarding.” Plaintiff is represented by the New Hampshire American Civil Liberties Union (“ACLU”) who is also asking for class certification for similarly situated individuals in New Hampshire. The ACLU alleges that, as of October 31, 2018, approximately 46 adults and 4 minors were “boarded” in emergency rooms. The State will be defending both the Commissioner and the Circuit Court system.

The complaint includes 4 counts requesting relief: Count I, a class action claim alleging violations of the Fourteenth Amendment to the United States Constitution for deprivation of liberty; Count II, a class action procedural due process claim under the New Hampshire Constitution Part I, Article 15; Count III, a class action claim alleging violations of RSA 135-C:31, I; and Count IV, an individual claim on behalf of John Doe for habeas corpus relief. On November 13, 2018, Count IV was voluntarily dismissed by Plaintiff as he moved to a voluntary stay status at the hospital. The overall relief requested is declaratory judgments regarding the various counts and injunctions to discontinue the alleged violations. There is also an accompanying motion for class certification.

The State accepted service of the complaint and is in the process of negotiating the responsive pleading dates. Objections, a motion to dismiss, and other responsive pleadings were filed. In response, the plaintiff and the intervenors amended their complaints. More plaintiffs entered the case through the amended complaint and asserted claims against certain of the intervenor hospitals for false imprisonment. The intervenor hospitals added a Fourth Amendment unreasonable seizure claim into their complaint against the State. The State subsequently moved to dismiss the amended complaint and amended complaint-in-intervenor on substantially the same grounds on September 16, 2019. Thereafter, three of the four hospitals that had been sued for false imprisonment answered the plaintiffs' amended complaint. Two of those hospitals included cross-claims for indemnification, contribution, and a violation of certain provisions of RSA 135-C, a state statute. The State moved to dismiss these cross-claims on immunity grounds, and the cross-claims were subsequently withdrawn. The original motions to dismiss remain pending. Discovery has been stayed until after those motions are resolved. It is not possible to predict an outcome of this case at this time.

Charles F. v. N.H. Youth Development Center

On August 2, 2019, the New Hampshire Attorney General's Office received notice that an individual known as Charles F. was seeking to recover damages against the N.H. Youth Development Center for personal injuries sustained from 1994-1995. Though unknown at this time, the allegations could include numerous sexual assault injuries. Depending on the number of incidents involved that the plaintiff might choose to seek recovery on, potential liability in the case could exceed \$2 million. The state agency would have numerous defenses to such a lawsuit, including timeliness defenses.

Department of Corrections

Woods et al. v. Commissioner of the Department of Corrections

Four female New Hampshire state inmates filed this class action lawsuit in state court seeking declaratory and injunctive relief to remedy claimed violations of their constitutional, statutory and judicially decreed right to facilities, conditions of confinement, programs, and services that are on parity with those that the State of New Hampshire provides to male New Hampshire prison inmates. The Plaintiffs claim that female inmates do not have access to vocational training, education, and other programs, services and facilities comparable to what is provided to male inmates, and claim that the Defendant has therefore violated (1) their rights under New Hampshire's Equal Rights Amendment, Part I, Article 2 of the State Constitution; (2) the Equal Protection Clause of the New Hampshire Constitution, Part I, Article 12; (3) RSA 622:33-a, III; and (4) RSA 21-H:11. The State filed an answer on November 2, 2012. Petitioners filed a motion for class certification in February 2013. The State filed an objection in March 2013 and the parties have agreed to stay the case as the Legislature has included a \$38 million capital budget appropriation for a new women's prison and transitional housing facility in the FY14/15 Capital Budget (Chapter 195 Laws 2013). The new women's prison is now complete and housing the women inmates, but the parties continue to discuss how the implementation of programs will be monitored going forward. The parties have reached a settlement arrangement under which the case is stayed for a period of years subject to the Department of Corrections meeting certain benchmarks with respect to the new women's prison. If those benchmarks are met, the case will be dismissed with prejudice. If those benchmarks are not met, the plaintiffs have the ability to re-open the matter. In the event the matter is re-opened, it will be amended and restructured.

Department of Safety

Estate of Champney v. Department of Safety

There is the potential for litigation, brought on behalf of the estate of Jesse Champney, arising from an officer-involved fatal shooting. On December 24, 2017, Mr. Champney fled from State Police during a pursuit related to an alleged stolen vehicle. After Mr. Champney's vehicle came to a stop off the road, Trooper O'Toole attempted to take him into custody, and Mr. Champney fled on foot. Mr. Champney refused to surrender and threatened to shoot Trooper O'Toole. Trooper O'Toole shot him, and he died at the scene. It is not possible to predict the outcome of the case at this time.

Simone v. Monaco, et al.

Richard Simone filed a complaint in the U.S. District Court, District of Massachusetts, alleging that NH State Trooper, Andrew Monaco, and MA State Trooper, Joseph Flynn, used excessive force when effecting an arrest after a high speed vehicle chase that terminated in Nashua, NH. Simone also named the Department of Safety Commissioner Quinn and two other State Troopers for failing to intervene and failing to adequately train Monaco. Simone is claiming damages in the amount of \$6 million. Trooper Monaco's request for the State to defend and indemnify him in this lawsuit was denied. The Massachusetts District Court dismissed claims against Monaco and claims against Nashua Police Officers, holding that the court lacked personal jurisdiction over the New Hampshire defendants. The indemnified Department of Safety employees named as defendants in the lawsuit have not yet been served with process and the deadline for service has expired. If and when the defendants are served, the State will seek to dismiss the complaint for lack of personal jurisdiction and failure to timely serve the defendants under Civil Rule 3(m). It is not possible to predict the outcome of the threatened litigation at this time.

Other Departments

Contoocook Valley School District v. State et al.

On March 13, 2019, several plaintiffs, including a school district and three individuals, sued the State claiming that it has failed to meet its obligations to fund an adequate education. The plaintiffs assert that certain costs like transportation costs, school nurse costs, food services costs, facilities costs, teacher benefits, and superintendent costs, must, as a matter of constitutional law, be funded by the State and are currently not funded by the State. The plaintiff requests approximately \$17 million for the school district to be provided by April 1, 2019. On June 5, 2019, the trial court issued an order finding that RSA 198:40-a, II, the statutory mechanism the state uses to make adequate education payments to school districts is unconstitutional. The court did not, however, require the State to pay the plaintiffs any amount of money, and denied the plaintiffs' claims to that effect. Instead, the trial court required the legislature to fix the statute on a prospective basis. The State timely appealed the trial court's order. The case remains pending on appeal. A briefing schedule has been issued. An extension of time has been requested to file the opening brief.

Conservation Law Foundation, Inc. v. New Hampshire Fish and Game Department, et al.

On October 31, 2018, the Conservation Law Foundation ("CLF") filed its Complaint pursuant to Section 505 of the Federal Water Pollution Control Act ("Clean Water Act") alleging violations by the Powder Mill State Fish Hatchery of the hatchery's federal National Pollutant Discharge Elimination System ("NPDES") Permit. Specifically, the suit alleges the following violations: (1) discharging effluent that has resulted in state water quality standards violations in the receiving waters; (2) discharging effluent that has impaired the use of receiving waters; (3) discharging formaldehyde in concentrations exceeding the limits stated in the facility's NPDES permit; (4) discharging effluent causing violation of the pH limits stated in the facility's NPDES permit; (5) discharging cleaning water in violation of the NPDES permit; and (6) failing to implement and maintain a best management practices plan as required by the NPDES permit. The suit names the Department, the Executive Director, the Fish and Game Commission, and each of the Fish and Game Commissioners. CLF alleged that each separate violation of the Clean Water Act subjects NHFG to a penalty of up to \$52 thousand. In addition to civil penalties, CLF sought declaratory relief and injunctive relief to prevent further violations of the Clean Water Act. CLF also seeks injunctive relief to remediate past effluent and seeks recovery of costs and fees associated with this matter. Following briefing on NHFG's partial motion to dismiss, CLF voluntarily dropped the Department and the Commission from the suit. After a hearing, the Court determined that civil penalties were barred on 11th amendment grounds, but denied the State's motion to dismiss without prejudice to raising the remaining issues at summary judgment. The Parties filed cross-motions for summary judgment on November 27, 2019. CLF seeks summary judgment on all counts, while the State seeks summary judgment on Counts II, III, VI, and VII, as well as on CLF's request for injunctive relief to remediate past effluent on 11th amendment grounds. Objections are due January 3, 2020. The State has received information that US EPA is preparing to issue a draft NPDES permit in Q1 2020, which would largely moot the issues raised in the case.

New Hampshire Lottery Commission v. William Barr, Attorney General

In January 2019, the United States Department of Justice ("USDOJ") issued a memorandum adopting as an official position of the agency a very broad interpretation of the federal Wire Act, 18 U.S.C. § 1084. This interpretation reverses a prior interpretation of the USDOJ from 2011 finding that the Wire Act applies only to sports betting and therefore does not prohibit States from selling lottery tickets over the Internet. The USDOJ's recent reversal of the 2011 interpretation appears to prohibit the use of wire transmissions to engage in state conducted lottery activity. The New Hampshire Lottery Commission has sued the Attorney General and the USDOJ in the United States District Court for the District of New Hampshire to declare this new interpretation of law erroneous and for a declaration that the Wire Act does not extend to state-conducted lottery activity. If the USDOJ's new interpretation is correct, and the Wire Act does extend to state-conducted lottery activity, New Hampshire may lose substantial revenues. Under the narrowest interpretation of the USDOJ's opinion, the State would face a loss of approximately \$6-8 million. Under the broadest interpretation of the USDOJ's opinion, the State could face a loss of approximately \$90 million. The case was briefed April 8, 2019 and oral argument subsequently occurred. On June 3, 2019, the federal district court issued an order setting aside the USDOJ's new interpretation of the Wire Act under the federal Administrative Procedure Act. The USDOJ has filed a notice of appeal and opening brief is due on December 20, 2019.

State v. Purdue Pharma; State v. Janssen/Johnson & Johnson; State v. McKesson Corp and Cardinal Health; State v. Mallinckrodt; State v. Richard S. Sackler, et al.

The State has filed suit against three opioid manufacturers (Purdue Pharma, Janssen, and Mallinckrodt), as well as against two opioid distributors (McKesson and Cardinal Health) and on September 16, 2019 the State filed against four members of the Sackler family, owners of Purdue Pharma, alleging unfair or deceptive business practices, nuisance and other common law counts. The Sackler complaint includes a fraudulent conveyance count. All cases are in Merrimack County Superior Court. The Purdue and Janssen cases have survived motions to dismiss by the defendants and discovery is on-going. The two distributors filed their motion to dismiss and a hearing on the motion was held on December 11, 2019. The Mallinckrodt defendants filed their motion to dismiss, which will be objected to and be the subject of a hearing during the first quarter of 2020. Trial in the Purdue Pharma case was scheduled for June 2020, however, on September 14, 2019, Purdue filed bankruptcy in the southern district of New York. Both the Purdue litigation and the litigation against the Sacklers has been stayed by the bankruptcy court. The State is also participating in multistate settlement discussions, along with other attorneys general, aimed at a global resolution with all opioid related defendants (manufacturers, distributors and major pharmacy chains). It is not possible at this stage to predict any recovery amounts that would come to the State.

State v. Volkswagen, et al

In September of 2015, a number of states engaged Volkswagen and related companies to discuss litigation related to the company's "defeat devices". These devices disabled the emissions control systems on all affected vehicles during normal, "on road" conditions. As part of a settlement between Volkswagen, the California Air Resources Board (CARB) and the U.S. EPA, New Hampshire opted-in to provisions which will provide it approximately \$6 million to resolve state consumer claims and \$31 million in environmental mitigation (restitution to owners was covered separately through the plaintiffs' steering committee and will result in recalls, buybacks, and cash payments). On September 15, 2016, the State sued Volkswagen for the

one remaining issue, environmental penalties. The case is currently stayed before the Merrimack County Superior Court. Possible liability for Volkswagen is more than \$2 million, but a likely litigation or settlement result is, at this point, unknown.

OTHER MATTERS

During fiscal year 2017, the State recorded an expense of \$21 million to recognize the impairment of certain assets that had been previously capitalized as part of the state department of transportation's project to upgrade the Conway, New Hampshire bypass corridor. This project had multiple segments, some of which were completed, and some were not completed in the timeframes required by the U.S. Department of Transportation Federal Highway Administration ("FHWA"). Capitalized expenses which met the state's definition for impairment included both preliminary engineering and right of way related expenses. The state continues to work with the FHWA in determining what portion, if any, of right of way related expenses that were incurred utilizing federal funds, would result in a potential liability to FHWA. As certain segments of the project were completed, only the bypass segment of the expenditures is at risk of being deemed ineligible by FHWA. The state has been advised that formal guidance in making this determination is forthcoming from FHWA, however, the state has not received this guidance or any demand for payment as of this date. As such, the state is unable to determine the likelihood of an unfavorable outcome, or the amount or range of any liability if an unfavorable outcome occurs.

16. GOVERNMENTAL FUND BALANCES AND STABILIZATION ACCOUNT

A summary of the nature and purpose of the constraints and related amounts by fund at June 30, 2019 follows:

Governmental Fund Balances - Restricted, Committed, Assigned and Unassigned				
(expressed in thousands)				
	Restricted	Committed	Assigned	Unassigned
General Fund:				
General Government	\$ 20,482	\$ 6,263	\$ 30,033	
Administration of Justice & Public Protection	45,952	19,019	5,697	
Resources Protection & Development	364,328	5,581	9,333	
Transportation	33,335		456	
Health & Human Services	57,692	174	17,129	
Education	18,135		5,317	
Other Purposes				\$ 307,776
Total	<u>539,924</u>	<u>31,037</u>	<u>67,965</u>	<u>307,776</u>
Highway Fund:				
General Government				
Administration of Justice & Public Protection	4,787			
Resources Protection & Development	66			
Transportation	119,574		13,900	
Total	<u>124,427</u>		<u>13,900</u>	
Education Trust Fund:				
Education			84,472	
Total			<u>84,472</u>	
Non-Major Governmental Funds:				
Resources Protection & Development	4,362	3,219	2,047	
Other Purposes	13,274			(70,456)
Total	<u>\$ 17,636</u>	<u>\$ 3,219</u>	<u>\$ 2,047</u>	<u>\$ (70,456)</u>

The deficit in the non-major governmental funds will be eliminated through future intergovernmental revenues and the future issuance of general obligation bonds.

The State maintains a Revenue Stabilization account (the Rainy Day Fund) established by RSA 9:13-e. Pursuant to RSA 9:13-e, at the close of each fiscal biennium, any General Fund Unassigned Fund Balance (Surplus) remaining, as determined by the official audit performed pursuant to RSA 21-I:8, II(a), shall be transferred to this special non-lapsing account. Prior to the 2016 legislative session, in any single fiscal year the total of such transfer could not exceed ½ of the total potential maximum balance allowable which is defined by the statute as 10% of the actual general fund unrestricted revenues for the most recently completed fiscal year. Chapter 237 of the 2016 legislative session repealed the law which capped the single year transfer amount. In the event of an operating budget deficit at the close of any fiscal biennium, as determined by the official audit, and upon approval of the Fiscal Committee of the General Court and the Governor to the extent available, sufficient funds can be transferred from this account to eliminate such deficit. Such transfer shall occur only when both of the following conditions are met:

1. A general fund operating budget deficit occurred for the most recently completed fiscal biennium and
2. Unrestricted general fund revenues in the most recently completed fiscal biennium were less than the budget forecast.

No available balance in the revenue stabilization reserve account shall be utilized for any purpose other than deficit reduction without specific approval of 2/3 of each house of the General Court and the Governor.

According to the governing statute, transfers into the Rainy Day Fund only occur in the second year of a biennium. However, per Chapter 264 of the 2016 legislative session, \$40 million of unrestricted General fund and Education Trust fund excess revenues over plan was transferred into the Rainy Day fund. In addition, in accordance with RSA 7:6-e, 10 percent of the \$300 million (plus interest) verdict in the State v. Exxon for the MtBE water contamination lawsuit went to the State's Rainy Day Fund, bringing the balance as of June 30, 2016 to \$93.0 million. At the end of the 2016-2017

biennium, in accordance with Chapter 156 of the 2017 legislative session, an additional \$7.0 million was transferred to the Rainy Day Fund, bringing the balance as of June 30, 2017 to \$100.0 million. During the 2018 legislative session, Chapter 162 required that \$10 million of unrestricted General fund excess revenues over plan be transferred into the Rainy Day fund, bringing the balance as of June 30, 2018 to \$110 million. During 2019, in addition to 10% of certain settlements (\$258 thousand), HB4 required a \$5 million transfer to the Rainy Day fund, bringing the balance at June 30, 2019 to \$115.3 million.

17. JOINT VENTURES-LOTTERY COMMISSION

The New Hampshire Lottery Commission is an active participant in three separate joint venture arrangements: the Tri-State Lotto Commission (Tri-State), the Multi-State Lottery Association (MUSL), and the Lucky for Life.

In September 1985, the Tri-State was established whereby the New Hampshire Lottery Commission (Lottery) entered into a joint venture with the lotteries of the states of Maine and Vermont to promulgate rules and regulations regarding the conduct of lottery games and the licensing of retailers. In addition, each of the member states contributes services towards the management and advisory functions. Each member state including the Lottery shares in all joint venture sales and expenses, including prize expenses, based on its pro-rata share of sales. Direct charges, such as advertising, vendor fees and the Lottery's per-diem payments are charged to participating states based on services received. Prizes awarded under Tri-State games are fully funded by deposit fund contracts and investments held by Tri-State. Accordingly, Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by Tri-State. For the year ended June 30, 2019, the Lottery recognized \$9.0 million of net income from Tri-State. At June 30, 2019 Tri-State reported total installment prize obligations owed to jackpot winners of \$22.2 million, payable through the year 2045.

In addition, Tri-State has established a Designated Prize Reserve, which acts as a contingency to protect Tri-State against unforeseen liabilities. The Lottery's share of deposits held as Tri-State prize reserves was \$1.7 million at June 30, 2019. The Tri-State issues a publicly available annual financial report, which may be obtained by writing to the Tri-State Lotto Commission, 1311 US Route 302 Suite 100, Barre, Vermont 05671.

In November 1995, the Lottery became a member of MUSL, which is currently comprised of 38 member state lotteries and administers the Multi-State Lottery Powerball, Hot Lotto, and Mega Millions games. Each state lottery sells tickets, collects revenues and remits prize funds to MUSL net of lower tier prize awards. Each member also pays for a share of MUSL's operating expenses based upon the members' proportionate share of game sales. Jackpot prizes that are payable in installments are satisfied through investments purchased by MUSL. Accordingly, the Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by MUSL. For the year ended June 30, 2019, the Lottery recognized \$29.8 million of net income from MUSL.

In addition, MUSL has established a contingency reserve to protect MUSL and its members against unforeseen liabilities. The Lottery's share of deposits held as MUSL prize reserves was \$3.2 million at June 30, 2019. MUSL issues a publicly available annual financial report, which may be obtained by writing to the Multi-State Lottery Association, 4400 NW Urbandale Drive, Urbandale, Iowa 50322.

Hot Lotto has been offered since April 2002. MUSL allocates 50 percent of the weekly sales to the prize pool. At June 30, 2019 the MUSL Hot Lotto prize reserve fund was \$38.6 million with New Hampshire's share being \$533 thousand. Each participating member pays for a share of Hot Lotto operating expenses based upon the member's proportionate share of total Hot Lotto game sales. Hot Lotto sales ended in October, 2017 as the game was discontinued due to falling sales.

The New Hampshire Lottery Commission became a member of the New England regional lottery game known as Lucky for Life beginning sales on March 11, 2012, with the first drawing held on March 15, 2012. Lucky for Life is currently comprised of lotteries in twenty-five states and the District of Columbia. The Lottery sells Lucky for Life tickets, collects all revenues, and remits prize funds and operating funds to MUSL. While Lucky for Life is not a MUSL game, the party lotteries pay a fee to MUSL to act as the game administrator (clearinghouse agent). MUSL collects and re-distributes funds to the party lotteries when funds are due and purchases insurance annuities for the top two highest prize tiers when a winner does not choose a cash pay-out. The top two prize tiers are payable in installments and are satisfied through insurance annuities purchased by MUSL when a winner chooses the annuity option. Accordingly, the Lottery does not record an obligation for jackpot awards which are payable in installments from funds provided by MUSL or the other party lotteries. The Lottery does accrue a current amount due for its proportionate share of prizes and expenses.

Each member state including the Lottery shares in all joint venture sales and expenses, including prize expenses, based on its pro-rata share of sales. For the year ended June 30, 2019, New Hampshire's total share of the net operating income for Lucky for Life was \$1.9 million. The prize liability for each Lucky for Life drawing is shared by each member Lottery based on an amount equal to a percentage of that member Lottery's Lucky for Life sales. Each member Lottery is responsible for a prize payout equal to a percentage of that member Lottery's Lucky for Life sales, said percentage being the proportion of total Lucky for Life prize liability to total Lucky for Life sales. There are no prize reserves held by MUSL for this game.

The State's total share of accrued prize and operating amounts due at June 30, 2019 amounted to \$2.6 million, representing MUSL prize reserves which could be returned to the State's Education Trust Fund.

18. SUBSEQUENT EVENTS**General Obligation Capital Improvement Bonds:**

The State issued \$690,000 General Obligation Capital Improvement Bonds, 2019 Series A (the “2019 Series A Bonds”) on July 11, 2019. The 2019 Series A Bonds were issued to the New Hampshire Municipal Bond Bank (the “Bond Bank”) as a private placement and the proceeds will be used to finance various capital projects of the State.

The State issued its \$40,840,000 Turnpike System Revenue Bonds, 2019 Refunding Series (the “2019 Refunding Series Bonds”) on November 14, 2019. The 2019 Refunding Series Bonds were issued to refund a portion of the outstanding Turnpike System Revenue Bonds, 2009 Series A (Federally Taxable - Build America Bonds - Direct Payment) in order to provide debt service savings to the New Hampshire Turnpike System. The issue was sold competitively and awarded to Jefferies, the underwriter with the lowest cost bid to the State. With an all-in true interest cost (TIC) of 1.58% over its weighted average life of 8.16 years, the refunding retired \$50,725,000 of outstanding bonds and resulted in present value savings of just over \$9.8 million.

Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) Notes:

Under the TIFIA loan agreement, the State has the ability to draw up to \$200 million in funds as described in Note 5 to the Financial Statements. During the period July 1, 2019 through November 30, 2019, an additional \$10.9 million of TIFIA proceeds had been requested/received under this arrangement, representing a long-term note payable.

**Required Supplementary Information
(Unaudited)**

STATE OF NEW HAMPSHIRE
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	General Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
General Property Taxes	\$405	\$407	\$582	\$175
Special Taxes	1,254,908	1,260,191	1,348,236	88,045
Personal Taxes	120,048	120,048	119,451	(597)
Business License Taxes	22,438	22,562	24,380	1,818
Non-Business License Taxes	118,676	118,848	141,655	22,807
Fees	169,836	182,957	171,884	(11,073)
Fines, Penalties and Interest	9,439	9,809	11,655	1,846
Grants from Federal Government	1,962,179	2,566,982	1,969,984	(596,998)
Grants from Private and Local Sources	168,754	177,285	166,286	(10,999)
Rents and Leases	689	1,323	1,593	270
Interest Premiums and Discounts	15,464	16,163	30,342	14,179
Sale of Commodities	11,001	16,126	16,076	(50)
Sale of Services	29,150	29,741	25,226	(4,515)
Assessments	75,147	75,923	67,619	(8,304)
Grants from Other Agencies	205,576	213,035	156,009	(57,026)
Miscellaneous	1,288,250	471,396	396,026	(75,370)
Total Revenue	5,451,960	5,282,796	4,647,004	(635,792)
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative Branch	28,845	29,509	17,961	11,548
Executive	54,125	54,456	36,948	17,508
Information Technology	94,850	93,529	77,116	16,413
Executive Council	248	252	199	53
Administrative Services	168,058	176,183	140,389	35,794
Sec of State	10,741	14,542	10,579	3,963
Revenue Administration	17,352	19,554	17,506	2,048
State Treasury	99,953	102,481	91,498	10,983
NH Retirement System	9,287	13,206	12,201	1,005
Developmental Disabilities Council	692	728	444	284
Office of Professional Licensure and Certification	8,114	10,898	9,727	1,171
Boards and Commissions	961	982	829	153
Total	493,226	516,320	415,397	100,923

STATE OF NEW HAMPSHIRE
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	General Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
JUSTICE AND PUBLIC PROTECTION				
Judicial Branch	95,088	98,265	90,589	7,676
Adjutant General	36,782	37,143	23,289	13,854
Agriculture	7,442	7,822	4,967	2,855
Justice Department	102,864	112,981	38,870	74,111
Bank Commission	6,511	6,760	5,856	904
Insurance	13,957	14,563	11,152	3,411
Labor	10,637	28,717	26,168	2,549
Public Utilities Commission	35,270	39,799	30,930	8,869
Safety	136,699	159,359	109,751	49,608
Corrections Department	127,969	134,482	129,267	5,215
Employment Security	87,105	88,338	29,410	58,928
Judicial Council	29,456	31,305	31,079	226
Human Rights Commission	707	705	588	117
Boards and Commissions	457	468	447	21
Total	690,944	760,707	532,363	228,344
RESOURCE PROTECTION AND DEVELOPMENT				
Natural and Cultural Resources	55,904	65,860	47,486	18,374
Business and Economic Development	50,295	51,399	22,680	28,719
Pease Development Authority	646	664	573	91
Environmental Services	170,084	229,819	97,736	132,083
Development Finance Authority	172	172	172	
Boards and Commissions	50	131	131	
Total	277,151	348,045	168,778	179,267
TRANSPORTATION				
Transportation	61,974	72,729	14,715	58,014
Total	61,974	72,729	14,715	58,014

STATE OF NEW HAMPSHIRE
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	General Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
HEALTH AND SOCIAL SERVICES				
Health and Human Services Commissioner	145,692	182,784	123,323	59,461
Office of Health Management	109,798	131,265	82,278	48,987
Transitional Assistance	117,483	137,604	107,503	30,101
Office of Medicaid & Business Policy	1,535,011	2,023,272	1,814,458	208,814
Behavioral Health	93,152	123,656	61,168	62,488
Developmental Services	330,026	368,075	342,433	25,642
N H Hospital	77,685	80,029	74,906	5,123
Glenclyff Home	15,697	16,108	14,883	1,225
N H Veterans Home	40,269	40,947	32,213	8,734
Veterans Council	673	888	630	258
Human Services	195,053	223,289	204,396	18,893
Elderly and Adult Services	32,075	33,154	22,633	10,521
Community Based Care Svc	2,012	2,012	1,281	731
Total	2,694,626	3,363,083	2,882,105	480,978
EDUCATION				
Department of Education	407,352	421,624	285,328	136,296
NH Comm. Tech. College System	47,075	47,075	47,075	
Police Standards and Training Council	3,484	3,581	3,193	388
University of New Hampshire	81,000	81,000	81,000	
Total	538,911	553,280	416,596	136,684
Debt Service	120,377	120,377	112,871	7,506
Capital Outlays	30,826	30,826	30,826	
Total Expenditures	4,908,035	5,765,367	4,573,651	1,191,716
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	543,925	(482,571)	73,353	555,924
OTHER FINANCING SOURCES (USES)				
Transfers In		967	967	
Transfers Out		(50)	(50)	
Miscellaneous		467	467	
Total Other Financing Sources (Uses)		1,384	1,384	
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	543,925	(481,187)	74,737	555,924
Fund Balance - July 1	975,334	975,334	975,334	
Fund Balance - June 30	\$1,519,259	\$494,147	\$1,050,071	\$555,924

STATE OF NEW HAMPSHIRE
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)
 HIGHWAY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	Highway Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
	Original	Final		
REVENUES				
Business License Taxes	\$ 144,623	\$ 144,627	\$ 185,653	\$ 41,026
Non-Business License Taxes	64,110	64,109	74,029	9,920
Fees	119,345	119,317	18,631	(100,686)
Fines, Penalties and Interest	5,239	5,333	5,950	617
Grants from Federal Government	529,752	549,288	183,825	(365,463)
Grants from Private and Local Sources	8,312	8,363	6,717	(1,646)
Rents and Leases	212	211	87	(124)
Sale of Commodities	6,233	6,238	3,336	(2,902)
Sale of Services	5,614	5,196	3,929	(1,267)
Grants from Other Agencies	13,876	13,789	11,547	(2,242)
Miscellaneous	70,456	76,966	31,758	(45,208)
Total Revenues	967,772	993,437	525,462	(467,975)
EXPENDITURES				
Justice and Public Protection	104,120	105,313	61,036	44,277
Resource Protection and Development	2,349	2,310	1,950	360
Transportation	869,615	879,705	451,322	428,383
Debt Service	34,338	34,338	32,753	1,585
Capital Outlays	13,279	13,279	13,279	
Total Expenditures	1,023,701	1,034,945	560,340	474,605
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,929)	(41,508)	(34,878)	6,630
OTHER FINANCING SOURCES (USES)				
Transfers Out		(2,833)	(2,833)	
Transfers In				
Miscellaneous		985	985	
Total Other Financing Sources (Uses)		(1,848)	(1,848)	
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(55,929)	(43,356)	(36,726)	6,630
Fund Balance - July 1	569,615	569,615	569,615	
Fund Balance - June 30	\$ 513,686	\$ 526,259	\$ 532,889	\$ 6,630

See accompanying Independent Auditors' Report. The notes to the basic financial statements are an integral part of this statement.

STATE OF NEW HAMPSHIRE
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)
 EDUCATION FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	Education Trust Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
	Original	Final		
REVENUES				
General Property Taxes	\$ 406,499	\$ 406,499	\$ 402,618	\$ (3,881)
Special Taxes	404,900	404,900	497,270	92,370
Personal Taxes	94,400	94,400	82,731	(11,669)
Fines, Penalties and Interest		1	1	
Miscellaneous	35,000	35,000	40,000	5,000
Total Revenues	940,799	940,800	1,022,620	81,820
EXPENDITURES				
Education	956,842	971,485	963,547	7,938
Total Expenditures	956,842	971,485	963,547	7,938
Deficiency of Revenues Under Expenditures	(16,043)	(30,685)	59,073	89,758
OTHER FINANCING SOURCES (USES)				
Transfers In				
Total Other Financing Sources (Uses)				
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(16,043)	(30,685)	59,073	89,758
Fund Balance - July 1	28,094	28,094	28,094	
Fund Balance - June 30	\$ 12,051	\$ (2,591)	\$ 87,167	\$ 89,758

Note to the Required Supplementary Information - Budgetary Reporting (Unaudited) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The Budget To Actual (Non-GAAP Budgetary Basis) Schedules depict budgeted to actual expenditures using the same format, terminology and classification as in the statement of revenues, expenses and changes in fund balances with an additional expense level by department within each functional expense category.

The comparison schedule presented for the General Fund, the Highway Fund, and the Education Trust Fund, presents the original and final appropriated budgets for fiscal year 2019, as well as the actual resource inflows, outflows and fund balances stated on the budgetary basis.

The "original budget" and related estimated revenues represent the spending authority enacted into law by the appropriation bill (HB144) as of June 28, 2017 with an effective date of July 1, 2017, and include balances and encumbrances carried forward from the prior year.

Generally accepted accounting principles (GAAP) require the final legal budget be reflected in the "final budget" column for those accounts included in the original budget. Therefore, updated revenue estimates available for appropriations as of June 30, 2019 rather than the amounts shown in the original budget, are reported. The final appropriations budget represents the original budget (HB144), plus HB517 and supplemental appropriations, carry-forwards, approved transfers, and any executive order reductions for budgeted accounts.

RECONCILIATION OF BUDGETARY TO GAAP

The State's biennial budget is prepared on a basis other than GAAP. The "actual" results columns of the Budget To Actual (Non- GAAP Budgetary Basis) schedules are presented on a "budgetary basis" under such standardized accounting methods and policies structured to provide a meaningful comparison to budget.

The major differences between the budgetary basis and the GAAP basis are:

1. Expenditures (Budgetary) are recorded when cash is paid, rather than when the obligation is incurred (GAAP). Revenues (Budgetary) are based on cash received plus estimated revenues related to the budgetary expenditures. Additional revenue accruals are made on a GAAP basis only.
2. On a GAAP basis, major inter-agency and intra-agency transactions are eliminated in order to not double count revenues and expenditures.

The following schedule reconciles the General and Major Special Revenue Funds of the primary government for differences between budgetary accounting methods and the GAAP basis accounting principles for the year ended June 30, 2019 (expressed in thousands).

	General Fund	Highway Fund	Education Trust Fund
Excess/(Deficiency) of revenues and other financing sources over/(under) expenditures and other financing (uses) (Budgetary Basis)	\$ 74,737	\$ (36,726)	\$ 59,073
Adjustments and Reclassifications:			
To record change in Accounts Payable and Accrued Payroll	52,337	927	(45)
To record change in Accounts Receivable	(218,689)	150	(105,606)
To record Other Financing Sources (Uses)	179,125	38,384	105,606
Excess/(Deficiency) of revenues and other financing sources over/(under) expenditures and other financing (uses) (GAAP Basis) including change in inventory	\$ 87,510	\$ 2,735	\$ 59,028

Required Supplementary Information (Unaudited)
INFORMATION ABOUT THE TRUSTED OTHER POSTEMPLOYMENT BENEFITS PLAN

Schedule of the State's Proportionate Share of the Net OPEB Liability (Trusted OPEB Plan)

(dollars in thousands)	<u>June 30, 2019</u>	<u>June 30, 2018</u>
State's Proportion of the Net OPEB Liability	20.1722%	19.097%
State's Proportionate Share of the Net OPEB Liability	\$92,357	\$87,317
State's Covered Payroll	\$601,426	\$587,542
State's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	15.36%	14.86%
NHRS Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.53%	7.91%

Note: The amounts presented were determined as of and for the measurement period ended June 30, 2018, 2017.

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

Schedule of State Contributions

(dollars in thousands)

	<u>June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Required State Contribution	\$ 9,460	\$ 8,960	\$ 11,996
Actual State Contributions	9,460	8,960	11,996
Excess/(Deficiency) of State Contributions			
State's Covered Payroll	\$ 621,182	\$ 601,426	\$ 587,542
State Contribution as a Percentage of its Covered Payroll	1.52%	1.49%	2.04%

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

Notes to the Required Supplementary Information:

Changes in benefit terms: None

Changes in Assumptions: None

Required Supplementary Information (Unaudited)
INFORMATION ABOUT THE NON TRUSTED OTHER POSTEMPLOYMENT BENEFITS PLAN

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	76,699	111,334
Interest	81,507	84,315
Differences between expected and actual experience	(7,653)	(7,886)
Changes in assumptions	(235,527)	(784,281)
Changes in benefit terms	(182,835)	
Benefit payments	(51,623)	(49,772)
Net change in total OPEB liability	<u>(319,432)</u>	<u>(646,290)</u>
Total OPEB liability - beginning	<u>2,229,421</u>	<u>2,875,711</u>
Total OPEB liability - ending	<u>1,909,989</u>	<u>2,229,421</u>
Covered-employee payroll	601,426	587,542
Total OPEB liability as a percentage of covered-employee payroll	317.58%	379.45%

Notes to Schedule:

Changes in assumptions reflect trend assumptions to reflect current claims experience, as well as, changes in the discount rate used in each period. The following are the discount rates used in each period.

2019	3.87%
2018	3.58%
2017	2.85%

Changes in benefits reflect the implementation of the Medicare Advantage Plan, a fully insured plan, as of January 1, 2019.

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

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

Required Supplementary Information (Unaudited)

INFORMATION ABOUT THE NEW HAMPSHIRE RETIREMENT SYSTEM

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

(dollars in thousands)	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
State's Proportion of the Net Pension Liability	18.42%	19.83%	19.47%	20.07%	19.60%
State's Proportionate Share of the Net Pension Liability	\$886,972	\$975,446	\$1,035,370	\$794,933	\$735,869
State's Covered Payroll	\$601,426	\$587,542	\$562,387	\$563,322	\$533,457
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	147.48%	166.02%	184.10%	141.12%	137.94%
NHRS Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2018, 2017, 2016, 2015, and 2014

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

Schedule of State Contributions

(dollars in thousands)	June 30,					
	2019	2018	2017	2016	2015	2014
Required State Contribution	\$ 82,370	\$ 78,280	\$ 72,680	\$ 69,700	\$ 67,450	\$ 63,621
Actual State Contributions	82,370	78,280	72,680	69,700	67,450	63,621
Excess/(Deficiency) of State Contributions						
State's Covered Payroll	\$ 621,182	\$ 601,426	\$ 587,542	\$ 562,387	\$ 563,322	\$ 533,457
State Contribution as a Percentage of its Covered Payroll	13.26%	13.02%	12.37%	12.39%	11.97%	11.93%

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

Required Supplementary Information (Unaudited)
INFORMATION ABOUT THE NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN

Fiscal Year Ended (dollars in thousands)	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability					
Service cost	\$ 3,921	\$ 3,513	\$ 3,248	\$ 2,693	\$ 2,351
Interest on total pension liability	6,411	6,826	6,568	5,642	5,648
Effect of differences between expected and actual experience		(10,003)	3,773		
Effect of changes in actuarial assumptions		4,435	3,806		
Benefit payments	(6,682)	(6,601)	(6,192)	(5,694)	(5,775)
Net change in total pension liability	3,650	(1,830)	11,203	2,641	2,224
Total pension liability, beginning	95,412	97,242	86,039	83,398	81,174
Total pension liability, ending (a)	99,062	95,412	97,242	86,039	83,398
Fiduciary Net Position					
Employer contributions	6,731	6,346	6,096	5,470	4,923
Member contributions	789	745	727	664	635
Investment income net of investment expenses	(3,422)	7,497	2,874	(249)	2,759
Benefit payments	(6,682)	(6,601)	(6,192)	(5,694)	(5,775)
Administrative expenses	(297)	(228)	(239)	(208)	(203)
Net change in plan fiduciary net position	(2,881)	7,759	3,266	(17)	2,339
Fiduciary net position, beginning	57,931	50,172	46,906	46,923	44,584
Fiduciary net position, ending (b)	55,050	57,931	50,172	46,906	46,923
Net pension liability, ending = (a) - (b)	44,012	37,481	47,070	39,133	36,475
Fiduciary net position as a % of total pension liability	55.57%	60.72%	51.59%	54.52%	56.26%
Covered payroll	9,044	8,359	8,525	8,031	7,535
Net pension liability as a % of covered payroll	486.64%	448.39%	552.14%	487.27%	484.07%

Note: The amounts presented above were determined as of and for the measurement period ended December 31, 2018, 2017, 2016, 2015 and 2014. The schedule is intended to show 10 years. Additional years will be added as they become available.

Schedule of Employer Contributions

(dollars in thousands)

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$6,984	\$6,592	\$6,151	\$5,678	\$5,100	4,666
Contributions in Relation to the Actuarially Determined Contribution	6,984	6,592	6,151	5,678	5,100	4,666
Excess/(Deficiency) of State Contributions						
Covered Payroll	\$ 9,315	\$ 8,825	\$ 8,686	\$ 8,209	\$ 7,944	\$7,348
Contribution as a Percentage of the Covered Payroll	74.98%	74.70%	70.82%	69.17%	64.20%	63.50%

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

Notes to the Required Supplementary Information:

Valuation	Actuarially determined contribution rates are calculated as of January 1, eighteen and thirty months prior to the end of the fiscal year in which contributions are reported.
Investment rate of return	6.675%
Inflation	2.75%
Salary increases	1.5% for 2017, 6.78% for 2018, 2.25% thereafter
Cost of living adjustment	6.78% for 2018, 2.25% thereafter
Mortality	RP-2000 Mortality Tables for Employees and Healthy Annuitants with generational projection per Scale BB
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed 22 years was used for the year ended December 31, 2017
Remaining amortization period	22 years
Asset valuation method	5-year non-asymptotic +/- 20%
Retirement age	25% are assumed to retire at age 60 with 15 years of service; 50% are assumed to retire at age 65; 100% are assumed to retire at age 70 with 7 years of service; 5% are assumed to retire at each age between 60 and 65; 15% are assumed to retire at each age between 66 and 69.

Combining Financial Statements

Highway Fund

The State's Highway Fund serves a dual role, comprising of both operating activities and long-term capital improvement activities. The accounting and budgeting over the years has followed a conservative approach in that funds are raised in the current year to appropriate for highway construction projects that may subsequently take several years to complete. The fund balance is affected at the time of appropriation. The State has expanded its reporting by presenting the operating and capital activities separately on combining schedules and adding additional disclosures relating to encumbrances and future commitments.

***Capital account** activities are comprised of two main construction accounts: (1) Federal Highway Construction Trust which includes federal construction aid and federal highway bond/note proceeds (2) State-funded capital which includes State aid, municipal bridge, betterment and I-93 capital investment. The **operating account** represents the total highway fund less the capital account activities. Except for the betterment and I-93 capital investment accounts, cash raised from current year revenue transactions, such as gasoline road toll, licenses, fees etc. are maintained in the operating account and transferred to the capital accounts on demand as cash is needed to fund current year costs. By law, the betterment and I-93 capital investment accounts receive cash transfers each month. The betterment account receives 88% of 3 cents of the gasoline road toll. The I-93 capital investment account receives the adjusted gasoline road toll, which is 4.2 cents above the 18 cent gasoline road toll.*

STATE OF NEW HAMPSHIRE
 COMBINING BALANCE SHEET
 HIGHWAY FUND
 JUNE 30, 2019
 (Expressed in Thousands)

	Highway Construction				
	Federal Highway Construction Trust	State Funded Construction	Total Highway Construction	Highway Operating	Total Highway Fund
ASSETS					
Cash and Cash Equivalents	\$ 12,869	\$ 75,165	\$ 88,034	\$ 48,450	\$ 136,484
Cash and Cash Equivalents - Restricted	49		49		49
Receivables (Net of Allowances for Uncollectibles)	41,086	4,956	46,042	7,694	53,736
Inter-Fund Note Receivable				151	151
Inventories				20,330	20,330
Total Assets	\$ 54,004	\$ 80,121	\$ 134,125	\$ 76,625	\$ 210,750
LIABILITIES					
Accounts Payable	\$ 20,222	\$ 6,275	\$ 26,497	\$ 7,169	\$ 33,666
Accrued Payroll	4	4	8	9,636	9,644
Due to Other Accounts	5,052		5,052	(4,731)	321
Unearned Revenue	3,408		3,408	3,262	6,670
Total Liabilities	28,686	6,279	34,965	15,336	50,301
				1,792	1,792
DEFERRED INFLOWS OF RESOURCES					
FUND BALANCES					
Nonspendable:					
Inventories				20,330	20,330
Restricted	25,318	73,842	99,160	25,267	124,427
Assigned				13,900	13,900
Total Fund Balances	25,318	73,842	99,160	59,497	158,657
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 54,004	\$ 80,121	\$ 134,125	\$ 76,625	\$ 210,750

STATE OF NEW HAMPSHIRE
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 HIGHWAY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	Highway Construction			Highway Operating	Total Highway Fund
	Federal Highway Construction Trust	State Funded Construction	Total Highway Construction		
REVENUES					
Unrestricted					
Business License Taxes (Road Toll)				\$ 127,532	\$ 127,532
Motor Vehicle Fees				92,269	92,269
Fines, Penalties and Interest				5,658	5,658
Sale of Commodities				124	124
Sale of Service				29	29
Miscellaneous				491	491
Subtotal Unrestricted Revenues				226,103	226,103
Restricted					
Business License Taxes (Road Toll - Betterment - Ch.17,L'2014)		58,113	58,113	2,162	60,275
Fines, Penalties and Interest				24,767	24,767
Grants from Federal Government	140,747	5,282	146,029	39,651	185,680
Grants from Private and Local Sources	9,426	57	9,483	(2,691)	6,792
Rents and Leases				87	87
Sale of Commodities (Motor Fuel, Hwy Inventory)				3,221	3,221
Sale of Service	1,211	1	1,212	2,806	4,018
Grants from Other Agencies				9,492	9,492
Miscellaneous				5,177	5,177
Subtotal Restricted Revenues	151,384	63,453	214,837	84,672	299,509
Total Revenue	151,384	63,453	214,837	310,775	525,612
EXPENDITURES					
Current:					
Administration of Justice and Public Protection				61,532	61,532
Resource Protection and Development				1,947	1,947
Transportation	59,790	32,342	92,132	183,885	276,017
Municipal Aid	6,800	12,131	18,931	36,211	55,142
Debt Service-Safety				1,792	1,792
Debt Service-Transportation	18,830	1,274	20,104	10,857	30,961
Capital Outlay Equipment - Safety				3,607	3,607
Capital Outlay Equipment - Transportation	69		69	3,151	3,220
Capital Outlay Infrastructure - Transportation	100,486	8,821	109,307	9,436	118,743
Capital Outlay Land and Buildings - Transportation	6,421	5	6,426	26	6,452
Total Expenditures	192,396	54,573	246,969	312,444	559,413
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,012)	8,880	(32,132)	(1,669)	(33,801)
OTHER FINANCING SOURCES (USES)					
Transfers among accounts	10,309	450	10,759	(13,592)	(2,833)
Note Issuance	38,384		38,384		38,384
Total Other Financing Sources (Uses)	48,693	450	49,143	(13,592)	35,551
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	7,681	9,330	17,011	(15,261)	1,750
Fund Balances - July 1	17,637	64,512	82,149	73,773	155,922
Change in Inventory				985	985
Fund Balances - June 30	\$ 25,318	\$ 73,842	\$ 99,160	\$ 59,497	\$ 158,657

See accompanying Independent Auditors' Report

Non-Major Governmental Funds

Special Revenue Fund:

Fish and Game Fund - The operations of the State Fish and Game Department, including the operation of fish hatcheries, inland and marine fisheries, and wildlife areas, and functions related to law enforcement, land acquisition, and wildlife management and research, are financed through the Fish and Game Fund. Principal revenues of this fund include fees from fish and game licenses, the marine gas tax, penalties, and recoveries, and federal grants-in-aid related to fish and game management, all of which are appropriated annually by the Legislature for the use of the Fish and Game Department.

Capital Projects Fund - Used to account for certain capital improvement appropriations which are or will be primarily funded by the issuance of State bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.

Permanent Funds:

NH Hospital - Consist of several trust funds that were made expressly for the benefit of patients at the NH Hospital through various bequeathals.

Land Conservation Endowment - The Conservation Land Stewardship Program (CLS), which is housed in the NH Office of Energy and Planning (OEP), monitors and stewards the 86 state-held Land Conservation Investment Program conservation easements.

Other - The other category consists of several accounts that report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. They include: Harriet Huntress, Hattie Livesey, John Nesmith, Special Teachers Comp., Sam Whidden Trust, Ben Thompson, the Guy Thompson Memorial, Matthew Elliott Trust, Connecticut Lake fund, NH Hospital Patient Banking, and Community Conservation Endowment Funds.

STATE OF NEW HAMPSHIRE
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019
 (Expressed in Thousands)

	Permanent Funds						Total Non-Major
	Fish & Game	Capital	NH Hospital	Land Conservation Endowment	Other Permanent	Total Permanent	
ASSETS							
Cash and Cash Equivalents	\$ 2,964		\$ 200		\$ 60	\$ 260	\$ 3,224
Investments	8,267		7,311	4,072	14,548	25,931	34,198
Receivables (Net)	1,258	7,088					8,346
Due from Other Funds		3,879					3,879
Inventories	1,012						1,012
Total Assets	\$ 13,501	\$ 10,967	\$ 7,511	\$ 4,072	\$ 14,608	\$ 26,191	\$ 50,659
LIABILITIES							
Accounts Payable	\$ 1,859	\$ 15,328					\$ 17,187
Accrued Payroll	1,002						1,002
Due to other funds		66,095					66,095
Total Liabilities	2,861	81,423					84,284
FUND BALANCES							
Nonspendable:							
Inventories	1,012						1,012
Permanent Fund Principal			458	2,486	9,973	12,917	12,917
Restricted	4,362		7,053	1,586	4,635	13,274	17,636
Committed	3,219						3,219
Assigned	2,047						2,047
Unassigned		(70,456)					(70,456)
Total Fund Balances	10,640	(70,456)	7,511	4,072	14,608	26,191	(33,625)
Total Liabilities and Fund Balances	\$ 13,501	\$ 10,967	\$ 7,511	\$ 4,072	\$ 14,608	\$ 26,191	\$ 50,659

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	Permanent Funds							Total Non-Major
	Fish & Game	Capital	NH Hospital	Land Conservation Endowment	Other Permanent	Total Permanent		
REVENUES								
Non-Business License Taxes	\$ 10,723							\$ 10,723
Fees	7,168							7,168
Fines, Penalties and Interest	120							120
Grants from Federal Government	11,335	50,023						61,358
Grants from Private and Local Sources	365							365
Interest, Premiums and Discounts	198		259	84	276	619		817
Sale of Commodities	230							230
Grants from Other Agencies	99							99
Miscellaneous	1,050	1,462	473	311	1,232	2,016		4,528
Total Revenues	31,288	51,485	732	395	1,508	2,635		85,408
EXPENDITURES								
Current:								
Administration of Justice & Public Protection					179	179		179
Resource Protection and Development	23,106			206	593	799		23,905
Health and Social Services			870		79	949		949
Debt Service	324							324
Capital Outlay	5,582	149,029						154,611
Total Expenditures	29,012	149,029	870	206	851	1,927		179,968
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	2,276	(97,544)	(138)	189	657	708		(94,560)
OTHER FINANCING SOURCES (USES)								
Transfers In	1,866							1,866
Transfers Out	(4,264)							(4,264)
G.O. Bond Premium		6,921						6,921
G.O. Bond Issuance		52,807						52,807
Total Other Financing Sources (Uses)	(2,398)	59,728						57,330
Excess of Revenues & Other Sources								
Over Expenditures & Other Uses	(122)	(37,816)	(138)	189	657	708		(37,230)
Fund Balances (Deficits) - July 1	10,385	(32,640)	7,649	3,883	13,951	25,483		3,228
Change in Inventory	377							377
Fund Balances (Deficits) - June 30	\$ 10,640	\$(70,456)	\$ 7,511	\$ 4,072	\$ 14,608	\$ 26,191		\$(33,625)

STATE OF NEW HAMPSHIRE
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
 FISH & GAME FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	Fish and Game Fund			
	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
	Original	Final		
REVENUES				
Non-Business License Taxes	\$ 10,027	\$ 10,957	\$ 10,724	\$ (233)
Fees	1,657	1,774	1,829	55
Fines, Penalties and Interest	150	150	120	(30)
Grants from Federal Government	8,728	12,561	11,316	(1,245)
Grants from Private and Local Sources	559	608	379	(229)
Interest Premiums and Discounts	47	48	198	150
Sale of Commodities	474	486	504	18
Sale of Services	1,179	1,179	24	(1,155)
Grants from Other Agencies	5,606	6,525	6,503	(22)
Miscellaneous	1,715	1,751	1,025	(726)
Total Revenues	30,142	36,039	32,622	(3,417)
EXPENDITURES				
Resource Protection and Development	27,456	33,862	28,588	5,274
Debt Service	445	445	324	121
Capital Outlays	5,582	5,582	5,582	
Total Expenditures	33,483	39,889	34,494	5,395
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,341)	(3,850)	(1,872)	1,978
OTHER FINANCING SOURCES (USES)				
Transfers In		1,866	1,866	
Miscellaneous		377	377	
Total Other Financing Sources (Uses)		2,243	2,243	
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,341)	(1,607)	371	1,978
Fund Balance - July 1	11,260	11,260	11,260	
Fund Balance - June 30	\$ 7,919	\$ 9,653	\$ 11,631	\$ 1,978

Reconciliation of Budgetary To GAAP

The State's biennial budget is prepared on a basis other than GAAP. The "actual" results column of the Budget and Actual - Non-GAAP budgetary statement are presented on a "budgetary basis" to provide a meaningful comparison to budget.

The major differences between the budgetary basis and the GAAP basis are:

1. Expenditures are recorded when cash is paid or committed (budgetary), rather than when the obligation is incurred (GAAP). In addition, revenue based on these accruals is adjusted on a GAAP basis only.
2. On a GAAP basis, major inter-agency and intra-agency transactions are eliminated in order to not double count revenues and expenditures.

The following schedule reconciles the Fish and Game Fund of the primary government for differences between budgetary accounting methods and the GAAP basis accounting principles for the year ended June 30, 2019 (expressed in thousands).

	Fish & Game Fund
Deficiency of revenues and other financing sources under expenditures and other financing uses (Budgetary Basis)	\$371
Adjustments and Reclassifications:	
To record change in Accounts Payable and Accrued Payroll	5,482
To Record change in Accounts Receivable	(1,334)
To record Other Financing Sources (Uses)	(4,264)
Deficiency of revenues and other financing sources under expenditures and other financing uses (GAAP Basis) including change in inventory	\$255

State Revolving Fund

STATE OF NEW HAMPSHIRE
 COMBINING SCHEDULE OF NET POSITION
 STATE REVOLVING FUND
 JUNE 30, 2019
 (Expressed in Thousands)

	Clean Water	Drinking Water	Total SRF Fund
ASSETS - (Restricted)			
Current Assets:			
Cash and Cash Equivalents	\$ 71,381	\$ 23,530	\$ 94,911
Investments	85,466	20,271	105,737
Loans Receivable:			
Cap Grant - Wastewater/Regular	11,064	5,165	16,229
Cap Grant - Landfills	1,291		1,291
Repayment Loans	7,663	2,028	9,691
Total Loans Receivable	20,018	7,193	27,211
Other Current Assets	3,389	2,069	5,458
Total Current Assets	180,254	53,063	233,317
Noncurrent Assets:			
Investments	16,457	4,475	20,932
Loans Receivable:			
Cap Grant - Wastewater/Regular	135,735	80,950	216,685
Cap Grant - Landfills	3,754		3,754
Repayment Loans	194,713	48,447	243,160
Total Loans Receivable	334,202	129,397	463,599
Total Noncurrent Assets	350,659	133,872	484,531
Total Assets	530,913	186,935	717,848
DEFERRED OUTFLOWS OF RESOURCES			
	910	989	1,899
LIABILITIES			
Current Liabilities:			
Accounts Payable	762	913	1,675
Bonds Payable	1,562	515	2,077
Accrued Payroll	199	203	402
Compensated Absence - current	49	49	98
Advanced Collection	12	11	23
Total Current Liabilities	2,584	1,691	4,275
Noncurrent Liabilities:			
Bonds Payable	9,688	1,539	11,227
Compensated Absence - noncurrent	498	493	991
Other Post Employment Benefits Payable	2,507	2,887	5,394
Net Pension Liability	2,833	2,858	5,691
Total Noncurrent Liabilities	15,526	7,777	23,303
Total Liabilities	18,110	9,468	27,578
DEFERRED INFLOWS OF RESOURCES			
	1,214	1,356	2,570
NET POSITION			
Restricted for Environmental Loans	507,311	173,477	680,788
Restricted for SRF Programs	5,188	3,623	8,811
Total Net Position	\$ 512,499	\$ 177,100	\$ 689,599

**STATE OF NEW HAMPSHIRE
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION STATE
REVOLVING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Expressed in Thousands)**

	<u>Clean Water</u>	<u>Drinking Water</u>	<u>Total SRF Fund</u>
<u>OPERATING REVENUES</u>			
Loan Interest	\$ 1,285	\$ 812	\$ 2,097
Capitalized Loan Interest	27		27
Management Fees	4,567	2,435	7,002
Total Operating Revenue	<u>5,879</u>	<u>3,247</u>	<u>9,126</u>
<u>OPERATING EXPENSES</u>			
Principal Forgiveness	3,099	3,340	6,439
Small System Set-Aside Costs		266	266
State Program Management Costs		1,140	1,140
Local Assistance Set-Aside Costs		1,269	1,269
Administration	4,432	2,278	6,710
Total Operating Expenses	<u>7,531</u>	<u>8,293</u>	<u>15,824</u>
Operating Income (Loss)	<u>(1,652)</u>	<u>(5,046)</u>	<u>(6,698)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Investment Income	3,179	752	3,931
Federal Grant Revenue	12,806	4,630	17,436
State Contributions	1,708	399	2,107
Miscellaneous	(483)	(70)	(553)
Total Nonoperating Revenues	<u>17,210</u>	<u>5,711</u>	<u>22,921</u>
Change in Net Position	15,558	665	16,223
Net Position - July 1	496,941	176,435	673,376
Net Position - June 30	<u>\$ 512,499</u>	<u>\$ 177,100</u>	<u>\$ 689,599</u>

Internal Service Fund

STATE OF NEW HAMPSHIRE
 COMBINING SCHEDULE OF NET POSITION
 EMPLOYEE BENEFIT RISK MANAGEMENT FUND
 JUNE 30, 2019
 (Expressed in Thousands)

	Health			Dental	Total
	Active	Retirees	Total		
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 40,018	\$ 10,686	\$ 50,704	\$ 1,531	\$ 52,235
Accounts Receivable	4,230	7,232	11,462	48	11,510
Prepays		1,235	1,235		1,235
Total Assets	44,248	19,153	63,401	1,579	64,980
LIABILITIES					
Current Liabilities:					
Accounts Payable	140	104	244	30	274
Claims Payable	5,705	1,218	6,923	238	7,161
Incurred but not Reported (IBNR)	11,933	3,737	15,670	321	15,991
Total Liabilities	17,778	5,059	22,837	589	23,426
NET POSITION					
Restricted Net Position	\$ 26,470	\$ 14,094	\$ 40,564	\$ 990	\$ 41,554

**STATE OF NEW HAMPSHIRE
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
EMPLOYEE BENEFIT RISK MANAGEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Expressed in Thousands)**

	Health			Dental	Total
	Active	Retirees	Total		
OPERATING REVENUES					
Contributions For Health Benefits					
State Agency and Component Unit Contributions:					
Active Employees	\$183,911		\$183,911	\$11,113	\$195,024
Retired Employees		48,564	48,564		48,564
Non-State Contributions:					
Employee and Retiree Premium Contributions	10,746	7,112	17,858	1,107	18,965
COBRA Participants	467		467	140	607
Legislator Participants	462	254	716	140	856
Retirement Medical Subsidy		11,358	11,358		11,358
Recoveries, Subsidies & Rebates	11,595	20,473	32,068		32,068
Total Contributions for Health Benefits	207,181	87,761	294,942	12,500	307,442
Total Charges for Sales and Services	207,181	87,761	294,942	12,500	307,442
OPERATING EXPENSES					
Health Care Claims Expenses:					
Medical	154,093	33,407	187,500	12,040	199,540
Prescription Drug	42,136	46,806	88,942		88,942
Ancillary Benefits	461		461		461
Total Health Care Claims Expenses	196,690	80,213	276,903	12,040	288,943
Fully Insured Premiums		7,375	7,375		7,375
Administrative Expenses	7,584	3,032	10,616	355	10,971
Total Operating Expenses	204,274	90,620	294,894	12,395	307,289
Operating Income (Loss)	2,907	(2,859)	48	105	153
Change in Net Position	2,907	(2,859)	48	105	153
Net Position - July 1	23,563	16,953	40,516	885	41,401
Net Position - June 30	\$ 26,470	\$ 14,094	\$ 40,564	\$ 990	\$ 41,554

Non-Major Component Units

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF NET POSITION
 NON-MAJOR COMPONENT UNITS
 JUNE 30, 2019
 (Expressed in Thousands)

	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	Community College System of New Hampshire	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 3,154	\$ 5,582	\$ 7,549	\$ 18,244	\$ 34,529
Cash and Cash Equivalents-Restricted	15,209	5,230	579		21,018
Investments		526		9,023	9,549
Accounts Receivable	13	1,716	1,184		2,913
Other Receivables		239	1,017	2,420	3,676
Notes Receivable - Current Portion	3,879	1,646		189	5,714
Prepaid Expenses & Other	660	47	586	1,690	2,983
Total Current Assets	22,915	14,986	10,915	31,566	80,382
Noncurrent Assets:					
Investments				24,633	24,633
Notes & Other Receivables	13,152	5,967		1,788	20,907
Other Assets	38,111				38,111
Capital Assets:					
Land & Land Improvements			7,521		7,521
Building & Building Improvements			147,438	113,134	260,572
Equipment		202	15,491		15,693
Construction in Progress			3,320		3,320
Less: Accumulated Depreciation		(172)	(109,203)		(109,375)
Net Capital Assets		30	64,567	113,134	177,731
Total Noncurrent Assets	51,263	5,997	64,567	139,555	261,382
Total Assets	74,178	20,983	75,482	171,121	341,764
DEFERRED OUTFLOWS OF RESOURCES					
			1,564	13,200	14,764
LIABILITIES					
Current Liabilities:					
Accounts Payable	82	140	2,621	1,416	4,259
Accrued Salaries and Wages				6,699	6,699
Accrued Employee Benefits - Current	31				31
Other Payables & Accrued Expenses	100	4,114			4,214
Deposits and Unearned Revenues		531	573	1,426	2,530
Long Term Debt-Current Portion			116	2,093	2,209
Total Current Liabilities	213	4,785	3,310	11,634	19,942
Noncurrent Liabilities:					
Other Post Employment Benefits Payable		309	7,292	98,895	106,496
Net Pension Liabilities			4,384	53,837	58,221
Other Long Term Debt	48,223		620	17,749	66,592
Total Noncurrent Liabilities	48,223	309	12,296	170,481	231,309
Total Liabilities	48,436	5,094	15,606	182,115	251,251
DEFERRED INFLOWS OF RESOURCES					
	3,089		3,221	50,972	57,282
NET POSITION					
Net Investment in Capital Assets			63,931	97,118	161,049
Restricted for Specific Purpose	20,069	14,691	1,342	24,297	60,399
Unrestricted Net Position (Deficit)	2,584	1,198	(7,054)	(170,181)	(173,453)
Total Net Position (Deficit)	\$ 22,653	\$ 15,889	\$ 58,219	\$ (48,766)	\$ 47,995

**STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Expressed in Thousands)**

	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	Community College System of New Hampshire	Total
EXPENSES	\$ 2,716	\$ 7,793	\$ 17,874	\$ 111,439	\$ 139,822
PROGRAM REVENUES:					
Charges for Services:					
Tuition & Fees				66,763	66,763
Scholarship Allowances				(20,727)	(20,727)
Sales, Services, & Other Revenue	2,554	1,743	16,270	7,413	27,980
Operating Grants & Contributions		5,503	2,191	22,500	30,194
Capital Grants & Contributions				7,385	7,385
Total Program Revenues	2,554	7,246	18,461	83,334	111,595
Net Revenues (Expenses)	(162)	(547)	587	(28,105)	(28,227)
Interest & Investment Income	287	417	58	1,571	2,333
Payments from State of New Hampshire				47,075	47,075
Change in Net Position	125	(130)	645	20,541	21,181
Net Position - July 1	22,528	16,019	57,574	(69,307)	26,814
Net Position - June 30	\$ 22,653	\$ 15,889	\$ 58,219	\$ (48,766)	\$ 47,995

Fiduciary Funds

Pension Trust Funds

NHRS: *The New Hampshire Retirement System consists of a cost-sharing multiple-employer contributory pension plan (NHRS) and trust established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code and a separate cost-sharing multiple-employer postemployment medical subsidy healthcare plan.*

The Pension Plan - *is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State of New Hampshire are eligible and required to participate in the System. 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.*

Other Postemployment Medical Plans (OPEB) - *Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b New Hampshire Retirement System administers one defined benefit postemployment medical subsidy healthcare plan designated in statute by membership type. The four membership groups are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees, collectively referred to as the OPEB Plan.*

Judicial Retirement Plan: *The New Hampshire Judicial Retirement Plan (NHJRP) was established on January 1, 2005 pursuant to RSA 100-C:2 and is intended for all time to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court or probate court judges employed within the State.*

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF PLAN NET POSITION
 PENSION TRUST FUNDS
 JUNE 30, 2019
 (Expressed in Thousands)

	NHRS			Total
	Pension Plan	OPEB	Judicial Retirement Plan	
ASSETS				
Cash & Cash Equivalents	\$ 233,768	\$ 824	\$ 1,408	\$ 236,000
Total Cash	233,768	824	1,408	236,000
Receivables:				
Due from Employers	45,409	4,767	463	50,639
Due from Plan Members	22,247		53	22,300
Due from Brokers for Securities Sold	25,654	90		25,744
Interest and Dividends	16,456	58	39	16,553
Other	5,791	20	25	5,836
Total Receivables	115,557	4,935	580	121,072
Investments				
Equity Investments				
Domestic	2,910,137	10,256	27,622	2,948,015
International	1,276,331	4,497	8,690	1,289,518
Fixed Income Investments				
Domestic	1,909,534	6,729	11,684	1,927,947
International	187,374	660		188,034
Commercial Real Estate	920,469	3,243		923,712
Alternative Investments	1,659,442	5,847	5,094	1,670,383
Total Investments	8,863,287	31,232	53,090	8,947,609
Other Assets	1,066	4		1,070
Total Assets	9,213,678	36,995	55,078	9,305,751
LIABILITIES				
Management Fees and Other Payables	9,800	35	28	9,863
Due to Brokers for Securities Purchased	33,105	117		33,222
Total Liabilities	42,905	152	28	43,085
NET POSITION				
Net Position Restricted for Pension and Other Postemployment Benefits (OPEB)	\$ 9,170,773	\$ 36,843	\$ 55,050	\$ 9,262,666

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
 PENSION TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	NHRS			Total
	Pension Plan	OPEB	Judicial Retirement Plan	
ADDITIONS				
Contributions:				
Employers	\$ 434,407	\$ 45,509	\$ 6,731	\$ 486,647
Plan Members	223,995		789	224,784
Total Contributions	658,402	45,509	7,520	711,431
Investment Income:				
From Investing Activities:				
Net Appreciation (Depreciation) in Fair Value of Investments	328,302	1,353	(5,853)	323,802
Interest	62,172	245	2,537	64,954
Dividends	73,865	290		74,155
Alternative Investment Income	37,068	142		37,210
Net Real Estate Income	14,044	55		14,099
Total Income from Investing Activities	515,451	2,085	(3,316)	514,220
Less: Investment Activity Expenses:				
Investment Management Fees	24,828	98	60	24,986
Custodial Fees	659	3	46	708
Investment Administrative Expense	630	2		632
Investment Advisor Fees	750	3		753
Investment Professional Fees	349	1		350
Total Investment Activity Expenses	27,216	107	106	27,429
Total Net Income (loss) from Investing Activities	488,235	1,978	(3,422)	486,791
Total Net Investment Income (loss)	488,235	1,978	(3,422)	486,791
Total Additions	1,146,637	47,487	4,098	1,198,222
DEDUCTIONS				
Benefits/Distributions to Participants	780,907	47,798	6,682	835,387
Refunds of Contributions	23,464			23,464
Administrative Expense	7,436	152	297	7,885
Professional Fees	686	2		688
Other	238			238
Total Deductions	812,731	47,952	6,979	867,662
Change in Net Position	333,906	(465)	(2,881)	330,560
Net Position - July 1	8,836,867	37,308	57,931	8,932,106
Net Position - June 30	\$ 9,170,773	\$ 36,843	\$ 55,050	\$ 9,262,666

Private Purpose Trust Funds

Special Fund for Second Injury: *The intent of the Second injury fund is to equalize the compensation costs that the employer and their insurance company must pay for impaired and non-impaired workers alike, thereby removing a potential barrier to the employment of impaired workers. This fund gives employers the opportunity to limit their compensation costs in the event that an impaired employee sustains a workers compensation injury, which leaves the worker more disabled than the same injury would leave a non-impaired worker. Each carrier and self-insured employer pays into the fund based on a formula per statute. Reimbursements for compensable payments made by insurance carriers and self-insured employers, are made only upon written order by the Labor Commissioner to the State Treasurer. The State Treasurer is the custodian of the fund and all moneys and securities in the fund are held in trust by the treasurer and do not constitute money or property of the State.*

Electrical Assistance Program Utility Fund: *The Electrical Assistance Program (EAP) was developed by the Public Utilities Commission (PUC) to respond to the Legislature's call for low-income programs as part of electric restructuring. Accordingly, PUC issued an order approving a program to provide bill assistance to customers, and set up this fund. This program provides income-eligible customers with discounts on their electric bills. Customer bills for low-income assistance are adjusted by the utility company. The state treasurer is the custodian of the fund, and all moneys and securities in the fund are held in trust by the State Treasurer and do not constitute money or property of the State. According to the Consumer Affairs Director at PUC, if the Electrical Assistance Program (EAP) were to cease operations, the funds would not remain with Treasury, the custodian of the funds, they would have to be returned to the rate payers.*

College Savings: *This fund is The New Hampshire Excellence in Higher Education Endowment Trust Fund; a non state program which has the purpose of providing scholarships for the benefit of residents of the state of New Hampshire who are pursuing programs of study at eligible educational institutions within the State. Funding will come from a portion of the administrative proceeds of New Hampshire's UNIQUE College Investing Plan. The fund is administered by the New Hampshire College Tuition Savings Plan Advisory Commission, and scholarships will be granted based on need and merit. The State Treasurer is the trustee of the fund.*

Other: *The other category consists of several accounts whose trust arrangements provide principal and income to benefit individuals, private organizations or other governments. They include: NH Veterans Home Funds, Prison Funds, Japanese Charitable Trust, Youth Development Center, YDC Other Funds, the Special Fund for Active Cases, Tip-Top House Fund, and NH Hospital Patient Banking.*

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2019
 (Expressed in Thousands)

	Private Purpose Trust Funds				
	Special Fund for Second Injuries	EAP	College Savings	Other	Total Private Purpose
ASSETS					
Cash and Cash Equivalents		\$ 2,483		\$ 1,758	\$ 4,241
Investments	3,908		2,684	838	7,430
Total Assets	3,908	2,483	2,684	2,596	11,671
LIABILITIES					
Total Liabilities			112		112
Net Position Held in Trust for Benefits & Other Purposes	\$ 3,908	\$ 2,483	\$ 2,572	\$ 2,596	\$ 11,559

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	Private Purpose Trust Funds				
	Special Fund for Second Injuries	EAP	College Savings	Other	Total Private Purpose
ADDITIONS					
Contributions:					
From Participants	\$ 16,495	\$ 1,676	\$ 14,925	\$ 4,374	\$ 37,470
Total Contributions	16,495	1,676	14,925	4,374	37,470
Interest Income	144	16	91	19	270
Other			136	67	203
Total Additions	16,639	1,692	15,152	4,460	37,943
DEDUCTIONS					
Benefits/Distributions to Participants	18,065	1,058	14,430	1,106	34,659
Other			476	2,722	3,198
Total Deductions	18,065	1,058	14,906	3,828	37,857
Change in Net Position	(1,426)	634	246	632	86
Net Position - July 1	5,334	1,849	2,326	1,964	11,473
Net Position - June 30	\$ 3,908	\$ 2,483	\$ 2,572	\$ 2,596	\$ 11,559

Agency Funds

Unified Court System: *These funds are litigation accounts. When a party sues another party funds are held in the Judicial Branch Trust Funds until a judgment is made. These trust funds are classified by the court; Superior, Probate, District and Family Division, and have several account types within each court.*

Child Support Funds: *There are currently five non-state program funds reported under the child support funds and all function in a custodial capacity for the benefit of child support recipients. The Payroll account has the most activity and resulted from the transfer of activity from the Department of Probation to the Division of Human Services (Welfare) in 1981. This account includes the checking account for the dollars received and disbursed on behalf of those receiving Child Support. The revolving fund was established to make timely payment of certain child support enforcement services costs. The purpose of the child support enforcement program is to obtain from responsible parents reimbursement of financial assistance provided their dependent children. The Department of Health and Human Services, Division of Child Support Services, has an agreement with Xerox Business Services, LLC to manage the billing, collection and telecommunication system operated on a statewide basis as part of the automated child support system, which is labeled the Lockbox account. This lockbox functions as DCSS' State Disbursement Unit (SDU). An SDU must be capable of receiving, recording and depositing wage assignments from employers and direct payments from non-custodial parents. Within 48 hours of receiving a payment, an SDU must make an accurate distribution of payments to families throughout New Hampshire, the remaining states and territories, and several foreign countries. The other two funds are used for collections related to Juvenile Services restitution cases and court repayment of lawyer's fees.*

Lifetime License Fund: *The monies received by Fish and Game from the sale of lifetime licenses are deposited with the State Treasurer who shall keep the same in a separate fund. The State Treasurer shall invest the monies in the fund and shall annually transfer to fish and game an amount equal to 9 percent of the principal balance in the fund each year and any interest that accrues to the fund in excess of 5 percent. In addition, the State Treasurer shall pay the amount of one annual license fee to fish and game from the proceeds of each lifetime license sold during the current year, the balance going into the prepaid license fund.*

Board of Tax and Land Appeals: *The Board of Tax and Land Appeals has an escrow account that is used for deposits of damages filed with the board on behalf of condemnees due to eminent domain takings. The condemnor shall be entitled to possession or right of entry upon deposit with the board of the amount of just compensation as estimated by the condemnor. The Board shall pay over the sum deposited upon demand to the condemnee.*

Other: *The other category consists of several accounts whose assets and liabilities for deposits and investments have been entrusted to the state as an agent for others. The following make up this category, Glencliff Home, Financial Responsibility, NHH Patient Banking, Safety Road Toll, NH Veterans Home Member Account, Pari-Mutuel Comm. Licensee Escrow, State of NH Racing Casablanca, DOL Crown Paper Workers Comp Fund, VOIP Escrow, Various Corrections Funds, National Seminars Group, Laconia State School Training Center, Videll Healthcare, DHHS DCYF as Guardian for 01, DHHS as Guardian for 02, John Mason Institute, Stone Markers Corp and NHSLRP/JUA Escrow Account.*

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2019
 (Expressed in Thousands)

	Agency Funds					
	Unified Court System	Child Support Funds	Lifetime License Fund	Board of Tax and Land Appeals	Other Agency Funds	Total
ASSETS						
Cash and Cash Equivalents	\$ 1,892	\$ 2,792		\$ 1,360	\$ 1,301	\$ 7,345
Investments			2,073		1,887	3,960
Total Assets	1,892	2,792	2,073	1,360	3,188	11,305
LIABILITIES						
Custodial Funds Payable	1,892	2,792	2,073	1,360	3,188	11,305
Total Liabilities	\$ 1,892	\$ 2,792	\$ 2,073	\$ 1,360	\$ 3,188	\$ 11,305

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Expressed in Thousands)

	Balance July 1, 2018	Additions	Deletion	Balance June 30, 2019
<u>Unified Court System</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	4,015	6,233	8,356	1,892
<u>LIABILITIES</u>				
Custodial Funds Payable	4,015	6,233	8,356	1,892
<u>Child Support Funds</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	3,340	84,197	84,745	2,792
<u>LIABILITIES</u>				
Custodial Funds Payable	3,340	84,197	84,745	2,792
<u>Lifetime License Fund</u>				
<u>ASSETS</u>				
Investments	1,838	450	215	2,073
<u>LIABILITIES</u>				
Custodial Funds Payable	1,838	450	215	2,073
<u>Board of Tax and Land Appeals</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	661	1,207	508	1,360
<u>LIABILITIES</u>				
Custodial Funds Payable	661	1,207	508	1,360
<u>Other Agency Funds</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	3,334	11,389	13,422	1,301
Investments	275	1,612		1,887
Total Assets	3,609	13,001	13,422	3,188
<u>LIABILITIES</u>				
Custodial Funds Payable	3,609	13,001	13,422	3,188
<u>Totals - Agency Funds</u>				
<u>TOTAL ASSETS - AGENCY FUNDS</u>				
Cash and Cash Equivalents	11,350	103,026	107,031	7,345
Investments	2,113	2,062	215	3,960
Total Assets - Agency funds	\$ 13,463	\$ 105,088	\$ 107,246	\$ 11,305
<u>TOTAL LIABILITIES - AGENCY FUNDS</u>				
Custodial Funds Payable	13,463	105,088	107,246	11,305
Total Liabilities - Agency Funds	\$ 13,463	\$ 105,088	\$ 107,246	\$ 11,305

Statistical Section

(Unaudited)

The Statistical Section provides additional historical perspective, context, and detail to assist financial statement users in understanding the State of New Hampshire's overall financial health.

Financial Trends

These tables contain trend information to help users in understanding how the State's financial position has changed over time.

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Revenue Capacity

These tables contain information to help users in understanding and assessing the factors affecting the State's ability to generate its revenues

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Schedule of Statewide Property Tax For Top Ten Cities/Towns	147
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Debt Capacity

These tables present information to help users assess the affordability of the State's current levels of outstanding debt.

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Demographic and Economic Information

These tables offer demographic and economic indicators to help users understand the environment within which the State's financial activities take place.

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Operating Information

These tables contain information about the State's operations and resources to help users understand how the State's financial information relates to the services the State provides and the activities it performs

Schedule of Operating Indicators by Function	154
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Schedule of Capital Asset Balances by Function	159

**STATE OF NEW HAMPSHIRE
SCHEDULE OF NET POSITION BY COMPONENT
LAST TEN YEARS
(Accrual Basis Accounting, Expressed in Thousands)**

	Fiscal Year				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities					
Net investment in capital assets	\$ 2,390,742	\$ 2,315,210	\$ 2,265,036	\$ 2,206,073	\$ 2,036,066
Restricted	681,987	687,731	429,246	418,702	152,702
Unrestricted	(2,790,580)	(3,221,260)	(1,683,141)	(1,602,034)	(1,639,487)
Total governmental activities net assets	282,149	(218,319)	1,011,141	1,022,741	549,281
Business-type activities					
Net investment in capital assets	592,072	554,745	528,287	502,720	485,461
Restricted	1,064,700	1,054,707	1,018,208	997,892	965,691
Unrestricted	(60,708)	(99,272)	33,336	17,012	(11,045)
Total business-type activities net assets	1,596,064	1,510,180	1,579,831	1,517,624	1,440,107
Primary government					
Net investment in capital assets	2,982,814	2,869,955	2,793,323	2,708,793	2,521,527
Restricted	1,746,687	1,742,438	1,447,454	1,416,594	1,118,393
Unrestricted	(2,851,288)	(3,320,532)	(1,649,805)	(1,585,022)	(1,650,532)
Total primary government net assets	\$ 1,878,213	\$ 1,291,861	\$ 2,590,972	\$ 2,540,365	\$ 1,989,388
	Fiscal Year				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental activities					
Net investment in capital assets	\$ 2,013,107	\$ 2,022,477	\$ 1,992,798	\$ 1,885,451	\$ 1,685,975
Restricted	108,658	106,027	23,722	25,403	463,498
Unrestricted	(790,120)	(716,379)	(742,680)	(631,237)	(25,524)
Total governmental activities net assets	\$ 1,331,645	\$ 1,412,125	\$ 1,273,840	\$ 1,279,617	\$ 2,123,949
Business-type activities					
Net investment in capital assets	\$ 462,660	\$ 433,001	\$ 409,841	\$ 273,365	\$ 227,358
Restricted	929,609	857,061	767,581	688,864	102,937
Unrestricted	33,869	33,412	26,647	64,574	59,367
Total business-type activities net assets	\$ 1,426,138	\$ 1,323,474	\$ 1,204,069	\$ 1,026,803	\$ 389,662
Primary government					
Net investment in capital assets	\$ 2,475,767	\$ 2,455,478	\$ 2,402,639	\$ 2,158,816	\$ 1,913,333
Restricted	1,038,267	963,088	791,303	714,267	566,435
Unrestricted	(756,251)	(682,967)	(716,033)	(566,663)	33,843
Total primary government net assets	\$ 2,757,783	\$ 2,735,599	\$ 2,477,909	\$ 2,306,420	\$ 2,513,611

**STATE OF NEW HAMPSHIRE
SCHEDULE OF CHANGES IN NET POSITION
LAST TEN YEARS
(Accrual Basis Accounting, Expressed in Thousands)**

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental Activities:					
Expenses					
General government	\$ 435,655	\$ 487,323	\$ 482,357	\$ 445,931	\$ 442,490
Administration of justice and public protection	507,949	529,684	516,377	469,263	528,840
Resource protection and development	168,125	178,862	177,032	156,899	156,795
Transportation	568,404	569,332	558,500	500,899	501,461
Health and social services	2,839,853	2,883,850	2,843,514	2,717,099	2,406,752
Education	1,366,996	1,356,013	1,361,946	1,358,215	1,346,431
Interest expense	33,865	33,754	33,437	54,748	41,877
Total expenses	<u>5,920,847</u>	<u>6,038,818</u>	<u>5,973,163</u>	<u>5,703,054</u>	<u>5,424,646</u>
Charges for services:					
General government	\$ 288,167	\$ 292,437	\$ 313,725	\$ 309,072	273,145
Administration of justice and public protection	422,342	377,270	397,049	401,255	358,571
Resource protection and development	94,085	100,984	95,579	89,441	86,294
Transportation	12,966	18,950	15,363	16,257	28,470
Health and social services	182,062	178,117	159,600	144,354	271,752
Education	2,298	1,458	2,020	2,170	5,024
Operating grants and contributions	2,273,606	2,267,221	2,164,704	2,137,529	1,895,332
Capital grants and contributions	201,298	190,813	188,237	169,643	197,400
Total program revenues	<u>3,476,824</u>	<u>3,427,250</u>	<u>3,336,277</u>	<u>3,269,721</u>	<u>3,115,988</u>
Total Governmental Activities Net Program Expense	<u>(2,444,023)</u>	<u>(2,611,568)</u>	<u>(2,636,886)</u>	<u>(2,433,333)</u>	<u>(2,308,658)</u>
General Revenues and Other Changes in Net Assets					
Taxes					
General property taxes	403,299	409,085	403,212	407,276	408,678
Business Income Taxes	886,821	774,512	662,400	693,691	564,562
Meals and Rental Tax	350,190	329,983	315,680	302,473	280,792
Special taxes	562,248	567,200	536,998	521,574	370,000
Personal taxes	202,182	211,319	218,833	226,803	221,501
Business license taxes	187,806	184,886	184,132	182,582	181,278
Interest and investment income	27,440	21,023	14,600	17,015	15,172
Miscellaneous	50,494	53,376	59,570	43,884	47,846
Special Item - Environmental Litigation Settlements				276,457	
Transfers/Contributions of assets to other entities					
Transfers	274,011	257,086	229,861	235,038	228,098
Total General Revenues and Other Changes in Net Position	<u>2,944,491</u>	<u>2,808,470</u>	<u>2,625,286</u>	<u>2,906,793</u>	<u>2,317,927</u>
Total Governmental Activities Change in Net Position	<u>\$ 500,468</u>	<u>\$ 196,902</u>	<u>\$ (11,600)</u>	<u>\$ 473,460</u>	<u>\$ 9,269</u>
Business-type Activities:					
Expenses					
Turnpike System	\$ 93,040	\$ 97,530	\$ 99,475	\$ 88,091	\$ 116,372
Liquor Commission	564,013	554,195	549,260	531,064	497,091
Lottery Commission	284,504	250,510	228,168	229,488	210,254
SRF Fund	16,377	17,244	15,457	9,288	22,962
Unemployment Compensation	45,128	57,529	74,631	79,569	93,450
Total expenses	<u>1,003,062</u>	<u>977,008</u>	<u>966,991</u>	<u>937,500</u>	<u>940,129</u>
Revenues					
Charges for services:					
Turnpike System	152,796	139,474	137,270	135,588	127,781
Liquor Commission	726,039	710,214	703,136	688,374	649,154
Lottery Commission	391,038	337,896	304,322	308,570	287,453
SRF Fund	15,164	15,038	13,492	7,710	9,605
Unemployment Compensation	60,395	81,786	80,144	83,352	99,930
Operating grants and contributions	17,436	28,456	20,651	26,374	46,986
Capital grants and contributions	89	104	44	87	74
Total revenues	<u>1,362,957</u>	<u>1,312,968</u>	<u>1,259,059</u>	<u>1,250,055</u>	<u>1,220,983</u>
Total Business-type Activities Net Program Revenue	<u>359,895</u>	<u>335,960</u>	<u>292,068</u>	<u>312,555</u>	<u>280,854</u>
Other Changes in Net Position					
Transfer/Contribution of Capital Assets	—	—	—	—	—
Transfers	(274,011)	(257,086)	(229,861)	(235,038)	(228,098)
Total Other Changes in Net Position	<u>(274,011)</u>	<u>(257,086)</u>	<u>(229,861)</u>	<u>(235,038)</u>	<u>(228,098)</u>
Total Business-type Activities Change in Net Position	<u>\$ 85,884</u>	<u>\$ 78,874</u>	<u>\$ 62,207</u>	<u>\$ 77,517</u>	<u>\$ 52,756</u>
Total Primary Government Change in Net Position	<u>\$ 586,352</u>	<u>\$ 275,776</u>	<u>\$ 50,607</u>	<u>\$ 550,977</u>	<u>\$ 62,025</u>

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
 SCHEDULE OF CHANGES IN NET POSITION
 LAST TEN YEARS-CONTINUED
 (Accrual Basis Accounting, Expressed in Thousands)

	Fiscal Year				
	2014	2013	2012	2011	2010
\$	425,806	\$ 428,738	\$ 467,022	\$ 525,152	\$ 568,119
	480,720	528,734	520,958	506,824	474,095
	140,316	156,148	142,153	132,690	178,406
	541,058	410,758	310,736	456,652	587,542
	2,153,341	2,009,403	1,959,017	2,177,806	2,162,636
	1,335,566	1,329,015	1,342,002	1,484,909	1,469,926
	<u>31,548</u>	<u>27,666</u>	<u>41,349</u>	<u>47,334</u>	<u>32,074</u>
	<u>5,108,355</u>	<u>4,890,462</u>	<u>4,783,237</u>	<u>5,331,367</u>	<u>5,472,798</u>
	233,697	310,150	296,152	299,148	317,542
	366,654	340,088	306,509	341,099	411,353
	80,317	58,460	65,453	70,017	76,960
	31,682	46,543	89,074	60,009	69,046
	301,986	189,426	178,484	109,034	123,906
	5,017	11,963	27,051	4,002	8,550
	1,641,790	1,602,922	1,622,317	1,824,734	1,948,200
	<u>218,351</u>	<u>183,676</u>	<u>193,546</u>	<u>146,267</u>	<u>223,103</u>
	<u>2,879,494</u>	<u>2,743,228</u>	<u>2,778,586</u>	<u>2,854,310</u>	<u>3,178,660</u>
	<u>(2,228,861)</u>	<u>(2,147,234)</u>	<u>(2,004,651)</u>	<u>(2,477,057)</u>	<u>(2,294,138)</u>
	398,419	400,563	397,716	396,272	393,296
	546,829	538,365	486,535	402,004	565,825
	263,050	248,574	239,067	234,852	231,663
	290,020	359,967	370,050	429,628	464,519
	219,903	205,849	214,928	226,649	243,499
	145,658	144,023	143,888	160,847	146,684
	16,343	13,167	10,968	8,552	7,037
	52,005	71,028	46,985	29,926	49,648
		90,700			
	(653)	(4,484)	(117,709)	(13,788)	116,565
	<u>216,807</u>	<u>217,767</u>	<u>206,446</u>	<u>205,294</u>	<u>209,048</u>
	<u>2,148,381</u>	<u>2,285,519</u>	<u>1,998,874</u>	<u>2,080,236</u>	<u>2,427,784</u>
\$	<u>(80,480)</u>	<u>\$ 138,285</u>	<u>\$ (5,777)</u>	<u>\$ (396,821)</u>	<u>\$ 133,646</u>
\$	90,243	\$ 88,119	\$ 86,166	\$ 91,331	\$ 82,237
	482,158	463,843	433,631	415,816	397,490
	205,052	207,509	190,566	167,961	168,853
	21,541	19,950	33,031	5,412	
	124,654	168,280	220,391	284,773	458,098
	<u>923,648</u>	<u>947,701</u>	<u>963,785</u>	<u>965,293</u>	<u>1,106,678</u>
	122,384	121,112	123,489	118,852	120,511
	630,812	603,575	575,233	558,605	530,936
	280,561	285,232	260,990	232,597	237,591
	10,788	11,381	13,874	9,586	
	160,095	228,612	305,256	341,157	399,746
	36,876	25,031	21,869	61,470	
	3,108	5,446	201	24,162	
	<u>1,244,624</u>	<u>1,280,389</u>	<u>1,300,912</u>	<u>1,346,429</u>	<u>1,288,784</u>
	<u>320,976</u>	<u>332,688</u>	<u>337,127</u>	<u>381,136</u>	<u>182,106</u>
	653	4,484	46,585	13,788	(116,565)
	<u>(216,807)</u>	<u>(217,767)</u>	<u>(206,446)</u>	<u>(205,294)</u>	<u>(209,048)</u>
	<u>(216,154)</u>	<u>(213,283)</u>	<u>(159,861)</u>	<u>(191,506)</u>	<u>(325,613)</u>
\$	<u>104,822</u>	<u>\$ 119,405</u>	<u>\$ 177,266</u>	<u>\$ 189,630</u>	<u>\$ (143,507)</u>
\$	<u>24,342</u>	<u>\$ 257,690</u>	<u>\$ 171,489</u>	<u>\$ (207,191)</u>	<u>\$ (9,861)</u>

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
 SCHEDULE OF FUND BALANCES
 GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (Accrual Basis Accounting, Expressed in Thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	
General fund										
Nonspendable:										
Inventories	\$ 5,196	\$ 4,729	\$ 5,122	\$ 4,680	\$ 5,145	\$ 4,712	\$ 5,092	\$ 5,892	\$ 6,649	
Restricted	539,924	547,274	553,760	486,626	195,546	109,417	104,687	24,933	161,043	
Committed	31,037	28,157	32,006	34,411	37,553	116,325	123,245	137,764	92,883	
Assigned	67,965	99,833	62,027	24,962	26,631	35,765	25,509	24,984	27,356	
Unassigned:										
Revenue Stabilization	115,258	110,000	100,000	93,043	22,326	9,312	9,312	9,312	9,312	
Other	192,518	74,395		88,489	49,000	21,890	72,177	13,836	17,672	
Total General Fund	951,898	864,388	752,915	732,211	336,201	297,421	340,022	216,721	314,915	
All Other Governmental Funds										
Nonspendable:										
Inventories	21,342	19,980	18,766	18,493	17,791	14,965	12,063	13,147	12,401	
Permanent Fund Principal	12,917	12,606	11,821	10,583	11,019	11,358	7,076	10,305	6,665	
Restricted	142,063	140,457	131,669	124,272	199,114	212,518	174,174	193,102	115,448	
Committed	3,219	2,885	2,481	2,028	1,733	1,304	14,048	15,397	1,469	
Assigned	100,419	41,306	20,051	5,643	4,819	6,304	60,587	40,192	37,770	
Unassigned	(70,456)	(32,640)	(35,423)						(33,577)	
Total All Other Governmental Funds	209,504	184,594	149,365	161,019	234,476	246,449	267,948	272,143	140,176	
Total Fund Balances - Governmental Funds	\$1,161,402	\$1,048,982	\$902,280	\$893,230	\$570,677	\$543,870	\$607,970	\$488,864	\$455,091	

	Fiscal Year
	2010
General fund	
Reserved	\$ 305,243
Unreserved	65,681
Total general fund	370,924
All other governmental funds	
Reserved	132,435
Unreserved, reported in:	
Special revenue funds	12,477
Capital projects fund	(63,519)
Total all other governmental funds	\$ 81,393

Note: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

**STATE OF NEW HAMPSHIRE
SCHEDULE OF CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN YEARS
(Accrual Basis Accounting, Expressed in Thousands)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
General Property Taxes	\$ 403,200	\$ 408,585	\$ 405,412	\$ 406,677	\$ 404,579	\$ 399,519	\$ 397,162	\$ 396,316	\$ 396,272	\$ 393,296
Special Taxes	1,724,139	1,679,095	1,489,578	1,520,222	1,210,649	1,101,388	1,160,348	1,124,025	1,169,883	1,208,180
Personal Taxes	202,182	211,520	218,633	227,003	221,300	219,903	205,849	214,928	226,649	243,499
Business License Taxes	212,187	209,361	207,829	205,162	204,975	166,840	163,736	163,764	181,730	165,508
Non-Business License Taxes	244,647	215,439	221,990	217,595	210,697	187,642	186,839	174,103	199,550	216,878
Fees	176,202	186,989	187,067	187,965	182,947	186,173	176,781	177,570	190,902	194,331
Fines, Penalties and Interest	16,662	13,301	25,313	15,246	13,974	7,931	14,010	25,118	11,111	11,953
Grants from Federal	2,312,564	2,296,577	2,200,251	2,157,393	1,934,969	1,701,117	1,603,132	1,649,458	1,929,010	2,073,667
Grants from Private and Local	178,306	182,422	171,624	167,032	171,660	173,202	192,422	171,043	122,179	112,077
Rents and Leases	1,680	1,460	1,437	149	1,226	156	2,396	2,784	3,030	10,350
Interest, Premiums and	34,853	27,393	16,777	18,390	16,668	17,783	14,542	12,279	14,917	12,289
Sale of Commodities	19,467	17,959	20,570	21,021	24,793	24,392	25,071	12,546	12,506	11,829
Sale of Service	29,150	27,854	33,803	29,316	32,320	25,163	73,665	78,010	90,458	93,667
Assessments	59,032	63,092	60,203	62,847	60,653	71,492	60,777	73,816	66,528	81,009
Grants from Other Agencies	69,024	71,042	78,452	72,213	70,968	68,978	60,672	58,429	54,972	118,206
Miscellaneous	272,145	262,723	246,386	254,370	341,740	367,854	314,515	293,237	201,903	219,431
Total Revenues	5,955,440	5,874,812	5,585,325	5,562,601	5,104,118	4,719,533	4,651,917	4,627,426	4,871,600	5,166,170
Expenditures										
General Government	377,434	376,799	348,287	340,644	323,673	328,895	328,506	334,636	393,429	420,360
Administration of Justice and Public Protection	557,055	530,367	498,489	503,700	475,601	460,844	466,423	444,209	377,865	416,073
Resource Protection and Transportation *	169,701	162,384	161,802	147,250	147,858	133,801	142,550	139,204	236,392	239,175
Health and Social Services	341,155	369,641	317,129	307,377	347,018	310,751	293,679	435,391	524,108	536,552
Education	2,949,280	2,907,112	2,817,995	2,721,001	2,391,432	2,133,921	1,969,281	1,931,136	2,114,451	2,133,629
Debt Service	1,366,256	1,359,721	1,352,921	1,357,379	1,343,238	1,331,072	1,336,946	1,361,783	1,375,706	1,362,028
Principal	102,018	98,129	93,146	97,834	97,513	89,859	76,657	80,104	33,612	69,321
Interest	43,930	42,053	46,551	51,318	54,749	47,692	48,124	52,332	43,167	42,428
Capital Outlay *	317,459	273,120	283,794	236,154	210,064	253,087	300,126	144,373	191,293	196,717
Total Expenditures	6,224,288	6,119,326	5,920,114	5,762,657	5,391,146	5,089,922	4,962,292	4,923,168	5,290,023	5,416,283
Revenues Over (Under)	(268,848)	(244,514)	(334,789)	(200,056)	(287,028)	(370,389)	(310,375)	(295,742)	(418,423)	(250,113)
Other Financing Sources (Uses)										
Transfers In	7,097	6,392	70,354	30,994	81,683	104,882	126,966	143,943	128,259	43,244
Transfers In from Enterprise	274,011	257,086	229,861	235,038	228,098	224,032	222,735	210,743	205,294	209,048
Transfers Out	(7,097)	(6,392)	(70,354)	(30,994)	(81,683)	(112,760)	(131,934)	(148,240)	(128,259)	(43,244)
Refunding Bond Issuance									45,036	
Bond Premiums	6,921	9,282	5,862		29,276	7,672	12,820	26,245	22,846	23,509
Bond/Note Issuance	91,191	116,246	157,492	9,685	147,956	65,793	85,625	201,770	230,000	282,599
Payments to Refunding Bond Escrow Agent		4,005	(55,082)		(108,875)				(49,967)	(168,608)
Installments on Sale of Assets				414	13,765	14,020	24,262	23,316	15,349	30,000
Repayment (Issuance) of BANS									(50,000)	50,000
Capital Lease Acquisition	7,316	3,776	4,882	778	245	128	189	250	626	157
Total Other Financing Sources	379,439	390,395	343,015	245,915	310,465	303,767	340,663	458,027	419,184	426,705
Special Item - Environmental Litigation Settlements				276,457			90,700			
Change in Inventory	1,829	821	824	237	3,370	2,522	(1,882)	(12)	2,013	274,436
Net Change in Fund Balances	\$ 112,420	\$ 146,702	\$ 9,050	\$ 322,553	\$ 26,807	\$ (64,100)	\$ 119,106	\$ 162,273	\$ 2,774	\$ 451,028
Debt Service as a Percentage of Non-Capital Expenditure:	2.4%	2.4%	2.5%	2.8%	3.0%	2.9%	2.8%	2.9%	1.5%	2.2%

* Starting in fiscal year 2013 certain Transportation expenses have been classified as Capital Outlay

**STATE OF NEW HAMPSHIRE
SCHEDULE OF UNRESTRICTED REVENUE - GAAP BASIS
GENERAL FUND
FOR THE LAST TEN YEARS
(Expressed in Thousands)**

	Fiscal Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Beer Tax	\$ 12,836	\$ 12,828	\$ 12,678	\$ 12,850	\$ 12,299	\$ 12,656	\$ 12,689	\$ 12,885	\$ 12,900	\$ 13,065
Board and Care Revenue							26,439	24,487	22,519	22,072
Business Profits Tax	377,984	393,370	317,412	352,788	282,351	271,707	267,062	256,552	248,537	258,633
Business Enterprise Tax	96,819	87,849	83,588	91,304	71,898	73,009	78,293	68,459	63,003	71,744
Estate and Legacy Tax			7	29	8	43	(60)	7	92	48
Insurance Tax	135,069	115,019	121,865	123,448	114,621	95,028	95,405	84,990	84,902	86,804
Securities Revenue	42,617	43,364	44,598	43,703	42,534	40,612	38,137	37,591	37,025	34,231
Interest and Dividends Tax	114,680	105,826	94,287	89,265	96,861	79,811	92,974	83,536	76,597	84,866
Liquor	133,461	136,374	141,063	139,851	138,522	135,889	132,338	127,590	125,718	120,718
Meals and Rentals Tax	340,060	322,476	306,184	292,774	272,682	254,033	241,169	231,776	228,898	228,291
Dog Racing									329	334
Horse Racing									1,005	1,184
Gambling Winning Tax									3,188	2,933
Games of Chance									1,136	1,181
Real Estate Transfer Tax	101,952	99,433	94,497	89,665	78,784	67,093	62,322	52,792	53,987	55,994
Telephone/Communications Tax	41,177	43,448	47,087	52,449	57,308	59,281	57,350	79,320	76,500	80,965
Tobacco Tax	119,749	124,508	128,178	132,395	128,734	130,274	126,233	136,094	129,849	130,521
Tobacco Settlement	4,597	5,912	2,608	1,479	1,917	2,279	23,249	2,510	1,692	4,221
Utilities Tax	3,310	5,940	5,901	5,932	6,039	6,147	6,104	5,929	5,955	5,976
Courts Fines and Fees	13,164	12,956	13,673	13,473	13,375	13,637	12,898	13,853	13,737	13,022
Other:										
Corporate Returns	846	667	646	665	675	710	683	575	754	712
Interstate Vehicle Registrations									2,157	1,132
Corporate Filing Fees	3,158	2,904	3,092	3,272	3,237	2,899	2,937	3,056	3,251	3,016
Interest on Surplus Funds	9,909	4,801	1,684	781	140	270	59	(41)	10	(545)
Reimbursement of Indirect Costs	12,692	11,816	10,006	12,906	9,497	10,390	8,915	9,836	10,800	8,340
Miscellaneous	53,532	62,084	65,266	60,710	59,529	61,835	71,016	63,682	59,444	78,862
Subtotal	1,617,612	1,591,575	1,494,320	1,519,739	1,391,011	1,317,603	1,356,212	1,295,479	1,263,985	1,308,320
Net Medicaid Enhancement Revenues (MER)							69,082	74,832	93,440	98,136
Recoveries	4,390	4,098	8,870	9,061	6,662	4,739	11,324	6,309	27,758	19,854
Subtotal	1,622,002	1,595,673	1,503,190	1,528,800	1,397,673	1,322,342	1,436,618	1,376,620	1,385,183	1,426,310
Total Unrestricted Revenue	\$ 1,622,002	\$ 1,595,673	\$ 1,503,190	\$ 1,528,800	\$ 1,397,673	\$ 1,322,342	\$ 1,436,618	\$ 1,376,620	\$ 1,385,183	\$ 1,426,310

**STATE OF NEW HAMPSHIRE
SCHEDULE OF STATUTORY UNASSIGNED - OTHER FUND BALANCE
GENERAL FUND
FOR THE LAST TEN YEARS
(Expressed in Thousands)**

	Fiscal Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Balance, July 1 (Budgetary Method)	\$157,091	\$ 159,581	\$ 218,442	\$ 192,511	\$ 165,501	\$ 214,070	\$ 183,904	\$ 210,884	\$ 112,355	\$ 24,094
Additions:										
Unrestricted Revenue	1,630,890	1,595,673	1,503,190	1,528,800	1,397,673	1,322,342	1,436,618	1,376,620	1,385,183	1,426,310
Transfer from Other Funds			1,158	783	760	2,589	793	1,952	38,333	9,576
Bonds Authorized and Unissued										
Other Credits	1,434	1,717	441					145	975	6,800
Total Additions	1,632,324	1,597,390	1,504,789	1,529,583	1,398,433	1,324,931	1,437,411	1,378,717	1,424,491	1,442,686
Deductions:										
Appropriations Net of Estimated Revenues:										
General Government	300,270	288,841	302,735	275,201	272,577	259,245	257,703	261,384	282,297	319,116
Administration of Justice and Public Protection	296,072	284,605	277,029	255,233	222,846	217,101	210,595	211,009	221,054	217,743
Resource Protection and Development	39,276	38,085	37,452	32,980	31,444	18,055	27,246	29,693	33,118	38,183
Transportation	11,495	21,085	37,824	975	976	1,077	919	917	1,071	573
Health and Social Services	782,849	745,993	686,866	641,842	586,310	606,356	660,317	660,712	691,787	663,458
Education	219,759	218,964	216,933	217,476	211,330	203,609	168,691	156,406	193,707	201,346
Total Appropriations Net of Estimated Revenues	1,649,721	1,597,573	1,558,839	1,423,707	1,325,483	1,305,443	1,325,471	1,320,121	1,423,034	1,440,419
Less: Lapses	(144,928)	(93,449)	(47,568)	(39,844)	(67,711)	(54,424)	(59,312)	(39,463)	(97,154)	(60,700)
Net Appropriations	1,504,793	1,504,124	1,511,271	1,383,863	1,257,772	1,251,019	1,266,159	1,280,658	1,325,880	1,379,719
Transfers to Other Funds		85,756	45,422	79,213	100,502	122,102	140,134	124,281	50	52,988
Other Debits	7,298			576	135	379	952	758	32	1,452
Designation or Reserve Accounts	5,117	10,000	6,957	40,000	13,014					(79,734)
Total Deductions	1,517,208	1,599,880	1,563,650	1,503,652	1,371,423	1,373,500	1,407,245	1,405,697	1,325,962	1,354,425
Balance, June 30 (Budgetary Method)	272,207	157,091	159,581	218,442	192,511	165,501	214,070	183,904	210,884	112,355
Adjustments:										
Receivables	72,357	75,380	79,327	72,870	81,816	67,887	20,832	17,701	71,238	38,435
Accounts Payable and Accrued Liabilities	(143,158)	(158,076)	(153,152)	(174,771)	(146,699)	(109,457)	(41,401)	(47,685)	(140,427)	(116,599)
Unrestricted Revenue Adjustments	(8,888)									
Transfer from General to Liquor Fund										
Additional Transfers (to) from other Funds/Accounts			(32,660)							
Total Adjustments	(79,689)	(82,696)	(106,485)	(101,901)	(64,883)	(41,570)	(20,569)	(29,984)	(69,189)	(78,164)
Year-End Transfer to/from the Education Trust Fund			(53,096)	(28,052)	(78,628)	(102,041)	(121,324)	(140,084)	(124,023)	31,490
Balance, June 30 (GAAP)	\$192,518	\$ 74,395	\$ 88,489	\$ 49,000	\$ 21,890	\$ 72,177	\$ 13,836	\$ 17,672	\$ 65,681	

Note: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

**STATE OF NEW HAMPSHIRE
SCHEDULE OF STATUTORY FUND BALANCE
EDUCATION TRUST FUND
FOR THE LAST TEN YEARS
(Expressed in Thousands)**

	Fiscal Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Balance July 1	21,433									
Additions										
Unrestricted Revenue										
Statewide Property Tax (2)	363,100	363,149	363,432	363,138	363,353	363,599	363,675	363,121	363,647	363,166
Utility Property Tax	39,519	45,166	41,755	43,256	41,044	35,771	33,249	33,067	32,319	29,929
BPT Increase	95,482	88,858	68,397	74,167	61,076	58,442	56,692	55,309	49,264	57,590
BET Increase	235,317	211,035	168,402	181,032	146,338	146,471	149,718	135,815	129,401	122,157
Meals & Rentals	9,997	9,207	8,557	8,525	8,546	7,697	7,232	7,559	6,643	4,235
Real Estate Tax Increase	50,870	49,726	47,198	44,877	38,799	33,700	31,099	29,196	27,975	28,832
Tobacco Tax Increase	82,731	87,077	90,472	94,658	92,575	89,753	79,631	78,843	96,805	113,004
Tobacco Settlement	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Transfers from Lottery	105,606	87,279	76,120	79,185	77,277	75,414	77,708	70,263	63,460	67,584
Total Revenue	1,022,622	981,497	904,333	928,838	869,008	850,847	839,004	813,173	809,514	826,497
Other Credits (debits)	(2,512)	1,573								
Total Additions	1,020,110	983,070	904,333	928,838	869,008	850,847	839,004	813,173	809,514	826,497
Deductions										
Appropriations										
Adequate Education Grant (1)	548,982	563,972	570,584	570,121	572,711	572,465	577,792	578,204	482,725	336,852
Adequate Education Grant (2)	363,100	363,149	363,432	363,138	363,353	363,599	363,675	363,121	363,647	363,166
Total Grants	912,082	927,121	934,016	933,259	936,064	936,064	941,467	941,325	846,372	700,018
DRA-Property Tax Relief	1,850	1,850	2,150	2,150	2,900	2,887	2,706	1,246	3,300	5,210
DOE-Charter Schools	36,435	34,079	36,993	21,891	22,177	18,905	11,085	5,185	6,407	4,830
DOE-Kindergarten	14,642						1,952	1,952	3,678	3,678
DOE-Fiscal Disparity Grants							5,026	4,266	51,187	39,760
DOE-Education Transition Aid									43,491	43,657
Total Appropriations	965,009	963,050	973,159	957,300	961,141	957,856	962,236	953,974	954,435	797,153
Less Lapses	(2,425)	(1,413)	(15,730)	(410)	(13,505)	(4,968)	(2,272)	(717)	(20,898)	(2,146)
Net Appropriations	962,584	961,637	957,429	956,890	947,636	952,888	959,964	953,257	933,537	795,007
Current Year Balance	57,526	21,433	(53,096)	(28,052)	(78,628)	(102,041)	(120,960)	(140,084)	(124,023)	31,490
End of Year										
Transfers From(To)										
General Fund										
FY 2009										
FY 2010										(31,490)
FY 2011									124,023	
FY 2012								140,084		
FY 2013							120,960			
FY 2014						102,041				
FY 2015					78,628					
FY 2016				28,052						
FY 2017			53,096							
FY 2018										
FY 2019										
Balance, June 30	78,959	21,433								

(1) State Education Grant Disbursed by State

(2) State Education Grant Retained Locally by Cities & Towns

Note: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE
SCHEDULE OF STATUTORY FUND BALANCE
HIGHWAY FUND
FOR THE LAST TEN YEARS
(Expressed in Thousands)**

	Fiscal Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Balance (Deficit) July 1 (Budgetary Method)	\$ 464,930	\$ 521,084	\$ 545,585	\$ 338,578	\$ 350,618	\$ 360,926	\$ 347,198	\$ 205,152	\$ 271,881	\$ (35,361)
Additions:										
Unrestricted Revenue:										
Gasoline Tax	127,644	125,838	124,478	123,791	125,849	124,670	123,337	123,168	124,967	123,741
Motor Vehicle Fees	97,992	97,665	96,009	91,645	117,129	113,831	113,428	112,234	132,132	150,158
Other	644	171	439	745	14,624	15,805	48,453	48,431	43,116	65,597
Total Unrestricted Revenue	226,280	223,674	220,926	216,181	257,602	254,306	285,218	283,833	300,215	339,496
Bonds/Notes Authorized and Unissued (1)				200,000				250,000		240,000
Other Credits	316		14,500	750	2,722	2,800				
Total Additions	226,596	223,674	235,426	416,931	260,324	257,106	285,218	533,833	300,215	579,496
Deductions:										
Appropriations Net of Estimated Revenues	252,902	249,199	244,441	220,963	290,822	279,788	281,626	404,476	394,544	299,552
Less: Appropriation Adjustment ***									3,265	(19,770)
Less: Lapses	(23,464)	(25,896)	(24,993)	(22,979)	(20,621)	(14,488)	(17,051)	(15,674)	(32,859)	(15,249)
Net Appropriations	229,438	223,303	219,448	197,984	270,201	265,300	264,575	388,802	364,950	264,533
Bonds/Notes Authorized and Unissued (1)	38,384	54,769	38,303	9,685						
Other Debits	1,848	1,756	2,176	2,255	2,163	2,114	6,915	2,985	1,994	7,721
Total Deductions	269,670	279,828	259,927	209,924	272,364	267,414	271,490	391,787	366,944	272,254
Balance, June 30 (Budgetary Method)	421,856	464,930	521,084	545,585	338,578	350,618	360,926	347,198	205,152	271,881
Adjustments:										
Receivables	3,206	629	3,180		1,628	2,612	3,300	1,340	2,588	3,911
Bonds/Notes Authorized and Unissued	(353,864)	(392,248)	(447,017)	(485,320)	(295,005)	(295,005)	(295,005)	(295,005)	(160,000)	(240,000)
Accounts Payable and Accrued Liabilities	(30,630)	(29,083)	(28,830)	(24,865)	(29,004)	(25,042)	(22,882)	(18,741)	(27,407)	(26,896)
Total Adjustments	(381,288)	(420,702)	(472,667)	(510,185)	(322,381)	(317,435)	(314,587)	(312,406)	(184,819)	(262,985)
Balance, June 30	\$ 40,568	\$ 44,228	\$ 48,417	\$ 35,400	\$ 16,197	\$ 33,183	\$ 46,339	\$ 34,792	\$ 20,333	\$ 8,896

*** Adjustments where net appropriations for the Consolidated Federal Account is (reduced) increased and transferred to Undesignated Surplus

1) Borrowing Authority per Ch 17, Laws of 2014, and as amended by Ch 276:210 and 276:211, Laws of 2015 (FY 2016); and Ch 228-A:2 for federal highway grant anticipation bonds (Garvee Bonds) as modified by Ch 231:13 Laws of 2010 (FY 2012 and 2010)

Note: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

**STATE OF NEW HAMPSHIRE
SCHEDULE OF STATUTORY FUND BALANCE
FISH AND GAME FUND
FOR THE LAST TEN YEARS
(Expressed in Thousands)**

	Fiscal Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Balance, July 1 (Budgetary Method)	\$ 3,906	\$ 2,898	\$ 2,326	\$ 1,541	\$ 2,187	\$ 2,352	\$ 3,203	\$ 4,238	\$ 5,031	\$ 5,845
Additions:										
Unrestricted Revenue	11,668	11,857	11,624	11,475	10,029	10,594	10,327	10,111	10,087	9,944
Other Credits	2,243	2,017	1,943	2,139	2,400	2,147	1,213	1,543	1,512	1,819
Total Additions	13,911	13,874	13,567	13,614	12,429	12,741	11,540	11,654	11,599	11,763
Deductions:										
Appropriations Net of Estimated Revenues	14,915	14,076	14,742	14,223	14,195	13,709	13,739	13,377	13,677	12,915
Less: Lapses	(1,575)	(1,210)	(1,747)	(1,394)	(1,120)	(803)	(1,523)	(792)	(1,389)	(838)
Net Appropriations	13,340	12,866	12,995	12,829	13,075	12,906	12,216	12,585	12,288	12,077
Other Debits							175	104	104	500
Total Deductions	13,340	12,866	12,995	12,829	13,075	12,906	12,391	12,689	12,392	12,577
Current Year Balance	571	1,008	572	785	(646)	(165)	(851)	(1,035)	(793)	(814)
Balance, June 30 (Budgetary Method)	4,477	3,906	2,898	2,326	1,541	2,187	2,352	3,203	4,238	5,031
Adjustments:										
Receivables	20	12	23	9	46	67	215	290	389	371
Accounts Payable and Accrued Liabilities	(1,682)	(1,251)	(1,169)	(1,261)	(1,186)	(1,019)	(942)	(1,260)	(1,808)	(1,821)
Total Adjustments	(1,662)	(1,239)	(1,146)	(1,252)	(1,140)	(952)	(727)	(970)	(1,419)	(1,450)
Balance, June 30	\$ 2,815	\$ 2,667	\$ 1,752	\$ 1,074	\$ 401	\$ 1,235	\$ 1,625	\$ 2,233	\$ 2,819	\$ 3,581

Note: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

STATE OF NEW HAMPSHIRE
SCHEDULE OF BUSINESS TAX FILERS AND LIABILITY BY TAX PAID LEVEL

Taxes Paid Level	BUSINESS PROFITS TAX - BPT (1)				BUSINESS ENTERPRISE TAX - BET (2)			
	FISCAL YEAR 2019				FISCAL YEAR 2019			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	5,427	31%	\$430,367,647	96%	6,106	15%	\$193,157,985	82%
\$1,000 - \$4,999	5,543	31%	13,994,500	3%	15,409	39%	33,722,998	14%
Under \$1,000	6,696	38%	2,139,282	1%	18,376	46%	8,109,511	4%
	<u>17,666</u>	<u>100%</u>	<u>\$446,501,429</u>	<u>100%</u>	<u>39,891</u>	<u>100%</u>	<u>\$234,990,494</u>	<u>100%</u>
	BUSINESS PROFITS TAX - BPT (1)				BUSINESS ENTERPRISE TAX - BET (2)			
Taxes Paid Level	FISCAL YEAR 2018				FISCAL YEAR 2018			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	\$5,000 and higher	5,319	30%	\$368,736,813	96%	6,025	15%	\$200,060,627
\$1,000 - \$4,999	5,518	31%	13,837,000	4%	15,223	39%	33,273,323	14%
Under \$1,000	6,808	39%	2,147,160	1%	18,088	46%	7,978,451	3%
	<u>17,645</u>	<u>100%</u>	<u>\$384,720,973</u>	<u>100%</u>	<u>39,336</u>	<u>100%</u>	<u>\$241,312,401</u>	<u>100%</u>
	BUSINESS PROFITS TAX - BPT (1)				BUSINESS ENTERPRISE TAX - BET (2)			
Taxes Paid Level	FISCAL YEAR 2017				FISCAL YEAR 2017			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	\$5,000 and higher	4,972	28%	\$368,895,110	96%	5,672	15%	\$180,647,746
\$1,000 - \$4,999	5,602	31%	13,996,173	4%	14,690	38%	31,928,710	14%
Under \$1,000	7,251	41%	2,310,159	1%	17,942	47%	7,856,253	4%
	<u>17,825</u>	<u>100%</u>	<u>\$385,201,442</u>	<u>100%</u>	<u>38,304</u>	<u>100%</u>	<u>\$220,432,709</u>	<u>100%</u>
	BUSINESS PROFITS TAX - BPT (1)				BUSINESS ENTERPRISE TAX - BET (2)			
Taxes Paid Level	FISCAL YEAR 2016				FISCAL YEAR 2016			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	\$5,000 and higher	4,931	27%	\$320,607,315	95%	5,737	15%	\$174,131,265
\$1,000 - \$4,999	5,731	32%	14,207,112	4%	14,876	39%	32,299,066	15%
Under \$1,000	7,511	41%	2,393,663	1%	17,941	46%	7,828,980	4%
	<u>18,173</u>	<u>100%</u>	<u>\$337,208,090</u>	<u>100%</u>	<u>38,554</u>	<u>100%</u>	<u>\$214,259,311</u>	<u>100%</u>
	BUSINESS PROFITS TAX - BPT (1)				BUSINESS ENTERPRISE TAX - BET (2)			
Taxes Paid Level	FISCAL YEAR 2015				FISCAL YEAR 2015			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	\$5,000 and higher	4,411	25%	\$290,929,767	95%	5,137	15%	\$156,574,444
\$1,000 - \$4,999	5,438	31%	13,349,598	4%	13,287	38%	29,013,593	15%
Under \$1,000	7,469	44%	2,362,497	1%	16,691	47%	7,247,986	4%
	<u>17,318</u>	<u>100%</u>	<u>\$306,641,862</u>	<u>100%</u>	<u>35,115</u>	<u>100%</u>	<u>\$192,836,023</u>	<u>100%</u>

Source: New Hampshire Department of Revenue for returns filed in fiscal year 2019.

Notes:

- (1) 8.5% tax assessed on income from conducting business activity within the state. For multi-state businesses, income is apportioned, using a weighted sales factor of 2 and the payroll and property factors. For taxable periods ending on or after December 31, 2016, the BPT rate is reduced to 8.2%.
- (2) 0.75% tax assessed on the enterprise value tax base, which is the sum of all compensation paid or accrued, interest paid or accrued, and dividends paid by the business enterprise, after special adjustments and apportionment. For taxable periods ending on or after December 31, 2016, the BET rate is reduced to .72%.

STATE OF NEW HAMPSHIRE
SCHEDULE OF BUSINESS TAX FILERS AND LIABILITY BY TAX PAID LEVEL-CONTINUED

BUSINESS PROFITS TAX - BPT (1)					BUSINESS ENTERPRISE TAX - BET (2)			
FISCAL YEAR 2014								
Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	4,372	28%	\$271,994,585	95%	4,880	14%	\$149,798,466	81%
\$1,000 - \$4,999	4,774	30%	11,957,829	4%	12,746	36%	27,953,266	15%
Under \$1,000	6,719	42%	2,096,314	1%	17,574	50%	7,658,106	4%
	<u>15,865</u>	<u>100%</u>	<u>\$286,048,728</u>	<u>100%</u>	<u>35,200</u>	<u>100%</u>	<u>\$185,409,838</u>	<u>100%</u>
BUSINESS PROFITS TAX - BPT (1)					BUSINESS ENTERPRISE TAX - BET (2)			
FISCAL YEAR 2013								
Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	3,887	28%	\$253,821,210	95%	4,280	13%	\$123,490,726	79%
\$1,000 - \$4,999	4,144	30%	10,417,345	4%	11,082	34%	24,325,884	16%
Under \$1,000	5,768	42%	1,787,678	1%	17,341	53%	7,489,885	5%
	<u>13,799</u>	<u>100%</u>	<u>\$266,026,233</u>	<u>100%</u>	<u>32,703</u>	<u>100%</u>	<u>\$155,306,495</u>	<u>100%</u>
BUSINESS PROFITS TAX - BPT (1)					BUSINESS ENTERPRISE TAX - BET (2)			
FISCAL YEAR 2012								
Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	3,387	29%	\$274,094,492	96%	4,192	14%	\$137,013,178	82%
\$1,000 - \$4,999	3,481	30%	8,654,992	3%	10,293	34%	22,629,897	14%
Under \$1,000	4,667	41%	1,468,084	1%	15,570	52%	6,793,835	4%
	<u>11,535</u>	<u>100%</u>	<u>\$284,217,568</u>	<u>100%</u>	<u>30,055</u>	<u>100%</u>	<u>\$166,436,910</u>	<u>100%</u>
BUSINESS PROFITS TAX - BPT (1)					BUSINESS ENTERPRISE TAX - BET (2)			
FISCAL YEAR 2011								
Taxes Paid Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	3,098	27%	\$255,854,875	96%	4,259	13%	\$132,712,620	81%
\$1,000 - \$4,999	3,588	32%	8,927,856	3%	10,928	34%	24,075,510	15%
Under \$1,000	4,689	41%	1,443,410	1%	16,511	52%	7,255,736	4%
	<u>11,375</u>	<u>100%</u>	<u>\$266,226,141</u>	<u>100%</u>	<u>31,698</u>	<u>100%</u>	<u>\$164,043,866</u>	<u>100%</u>
BUSINESS PROFITS TAX - BPT (1)					BUSINESS ENTERPRISE TAX - BET (2)			
FISCAL YEAR 2010								
Taxes	Number	Percentage	Tax	Percentage	Number	Percentage	Tax	Percentage
\$5,000 and higher	3,432	28%	\$222,632,541	95%	4,803	13%	\$147,567,184	81%
\$1,000 - \$4,999	3,904	31%	9,691,312	4%	12,428	34%	27,137,353	15%
Under \$1,000	5,133	41%	1,583,730	1%	19,105	53%	8,470,491	5%
	<u>12,469</u>	<u>100%</u>	<u>\$233,907,583</u>	<u>100%</u>	<u>36,336</u>	<u>100%</u>	<u>\$183,175,028</u>	<u>100%</u>

Source: New Hampshire Department of Revenue for returns filed in fiscal year 2019.

Notes:

- (1) 8.5% tax assessed on income from conducting business activity within the state. For multi-state businesses, income is apportioned, using a weighted sales factor of 2 and the payroll and property factors. For taxable periods ending on or after December 31, 2016, the BPT rate is reduced to 8.2%.
- (2) 0.75% tax assessed on the enterprise value tax base, which is the sum of all compensation paid or accrued, interest paid or accrued, and dividends paid by the business enterprise, after special adjustments and apportionment. For taxable periods ending on or after December 31, 2016, the BET rate is reduced to .72%.

**STATE OF NEW HAMPSHIRE
SCHEDULE OF STATEWIDE PROPERTY TAX FOR TOP TEN CITIES/TOWNS
PAST TEN YEARS
IN THOUSANDS**

<u>FISCAL YEAR 2019</u>				<u>FISCAL YEAR 2018</u>			
<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>	<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>
Nashua	1	\$ 9,387,947	\$ 20,372	Manchester	1	\$ 8,961,231	\$ 20,252
Manchester	2	9,269,403	20,115	Nashua	2	8,941,748	20,208
Portsmouth	3	5,485,902	11,904	Portsmouth	3	4,946,069	11,178
Salem	4	4,690,229	10,178	Salem	4	4,378,738	9,896
Bedford	5	3,844,676	8,343	Bedford	5	3,789,846	8,565
Concord	6	3,588,188	7,786	Concord	6	3,575,793	8,081
Londonderry	7	3,309,629	7,182	Hampton	7	3,144,741	7,107
Hampton	8	3,298,701	7,158	Merrimack	8	3,100,982	7,008
Merrimack	9	3,250,903	7,054	Londonderry	9	3,079,137	6,959
Dover	10	3,200,557	6,945	Dover	10	3,050,547	6,894

<u>FISCAL YEAR 2017</u>				<u>FISCAL YEAR 2016</u>			
<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>	<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>
Manchester	1	\$ 8,507,370	\$ 19,950	Manchester	1	\$8,249,264	\$ 19,963
Nashua	2	8,479,052	19,883	Nashua	2	8,199,653	19,843
Portsmouth	3	4,721,069	11,071	Portsmouth	3	4,332,376	10,484
Salem	4	4,392,768	10,301	Salem	4	3,904,389	9,449
Bedford	5	3,533,420	8,286	Concord	5	3,633,314	8,793
Concord	6	3,504,068	8,217	Bedford	6	3,365,822	8,145
Merrimack	7	2,977,493	6,982	Merrimack	7	2,844,904	6,885
Hampton	8	2,954,791	6,929	Moultonborough	8	2,835,839	6,863
Dover	9	2,918,672	6,844	Dover	9	2,805,753	6,790
Londonderry	10	2,891,077	6,780	Hampton	10	2,797,166	6,769

<u>FISCAL YEAR 2015</u>				<u>FISCAL YEAR 2014</u>			
<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>	<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>
Manchester	1	\$7,945,116	\$ 19,703	Manchester	1	\$8,271,099	\$ 20,140
Nashua	2	7,762,983	19,252	Nashua	2	8,078,318	19,671
Portsmouth	3	4,084,567	10,130	Portsmouth	3	4,001,646	9,744
Salem	4	3,638,768	9,024	Salem	4	3,773,697	9,189
Concord	5	3,470,796	8,608	Bedford	5	3,339,209	8,131
Bedford	6	3,171,866	7,866	Concord	6	3,298,380	8,032
Merrimack	7	2,770,580	6,871	Moultonborough	7	2,921,008	7,113
Moultonborough	8	2,744,585	6,807	Merrimack	8	2,732,089	6,653
Hampton	9	2,720,904	6,748	Hampton	9	2,725,165	6,636
Dover	10	2,705,723	6,710	Dover	10	2,683,306	6,534

Source: New Hampshire Department of Revenue, warrants for Tax Year 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010

Notes: The rate per \$1,000 of equalized value for fiscal years 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010 were \$2.17, \$2.26, \$2.34, \$2.42, \$2.48, \$2.44, \$2.325, \$2.19, \$2.135 and \$2.14 respectively

**STATE OF NEW HAMPSHIRE
SCHEDULE OF STATEWIDE PROPERTY TAX FOR TOP TEN CITIES/TOWNS
PAST TEN YEARS-CONTINUED
IN THOUSANDS**

<u>FISCAL YEAR 2013</u>				<u>FISCAL YEAR 2012</u>			
<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>	<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>
Nashua	1	\$8,359,563	\$ 19,979	Manchester	1	\$8,468,243	\$ 19,689
Manchester	2	8,318,781	19,882	Nashua	2	8,445,914	19,637
Portsmouth	3	3,916,815	9,361	Portsmouth	3	4,019,021	9,344
Salem	4	3,804,887	9,094	Salem	4	3,856,296	8,966
Concord	5	3,439,148	8,220	Concord	5	3,595,843	8,360
Bedford	6	3,220,569	7,697	Bedford	6	3,320,248	7,720
Moultonborough	7	2,887,538	6,901	Moultonborough	7	2,981,086	6,931
Merrimack	8	2,827,160	6,757	Merrimack	8	2,960,156	6,882
Hampton	9	2,774,185	6,630	Hampton	9	2,853,982	6,636
Londonderry	10	2,753,614	6,581	Dover	10	2,748,387	6,390

<u>FISCAL YEAR 2011</u>				<u>FISCAL YEAR 2010</u>			
<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>	<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>
Manchester	1	\$9,494,627	\$ 20,793	Manchester	1	\$9,972,707	\$ 21,292
Nashua	2	8,918,557	19,532	Nashua	2	9,274,502	19,801
Salem	3	4,613,130	10,103	Salem	3	4,571,586	9,760
Portsmouth	4	4,127,075	9,038	Portsmouth	4	3,956,463	8,447
Concord	5	3,867,377	8,470	Concord	5	3,939,198	8,410
Bedford	6	3,470,959	7,601	Bedford	6	3,565,764	7,613
Merrimack	7	3,065,810	6,714	Merrimack	7	3,200,777	6,834
Londonderry	8	3,051,443	6,683	Hampton	8	3,134,405	6,692
Hampton	9	3,017,992	6,609	Moultonborough	9	3,054,026	6,520
Dover	10	2,994,728	6,558	Londonderry	10	3,052,210	6,516

Source: New Hampshire Department of Revenue, warrants for Tax Year 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010

Notes: The rate per \$1,000 of equalized value for fiscal years 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010 were \$2.17, \$2.26, \$2.34, \$2.42, \$2.48, \$2.44, \$2.325, \$2.19, \$2.135 and \$2.14 respectively

**STATE OF NEW HAMPSHIRE
SCHEDULE OF SALES BY TOP TEN STATE LIQUOR RETAIL LOCATIONS
PAST TEN FISCAL YEARS
IN MILLIONS**

Location	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Nashua	\$32.2	\$28.3	\$26.5	\$18.5	\$18.3	\$18.9	\$19.0	\$18.3	\$19.4	\$17.8
Hampton - North	30.4	30.7	32.0	34.2	33.5	33.3	32.4	31.3	31.2	29.8
Salem	27.6	28.5	25.2	25.8	23.3	23.4	23.1	22.0	22.2	21.6
Portsmouth Traffic Circle	25.0	22.4	23.7	24.5	24.6	24.7	24.2	23.9	23.4	22.8
Hampton - South	23.9	24.4	25.8	29.6	29.4	29.2	28.7	27.1	27.3	26.4
Nashua	23.5	21.4	16.9	16.9	18.0	18.0	17.9	16.8	14.2	14.1
Hooksett - North	19.0	19.4	20.3	21.2	19.7	18.1	19.1	18.9	18.7	17.8
Hooksett - South	15.6	16.0	16.4	17.5	17.5	16.2	16.0	14.8	14.9	14.2
Manchester	15.2	13.9								
Bedford	14.9	16.4	17.0							
Londonderry			15.4							
West Lebanon				14.2	13.7	13.1	12.6	11.5	11.3	11.2
Keene				14.8	11.9	11.0	10.6	10.1	9.7	9.7
Total	\$227.3	\$221.4	\$219.2	\$217.2	\$209.9	\$205.9	\$203.6	\$194.7	\$192.3	\$185.4

Source: NH State Liquor Commission

**STATE OF NEW HAMPSHIRE
SCHEDULE OF RATIOS OF OUTSTANDING DEBT BY TYPE
PAST TEN FISCAL YEARS
(Expressed in Thousands, except per capita)**

Fiscal Year	Governmental Activities					Business-Type Activities					Percentage of Personal Income	Per Capita
	General Obligation Bonds	Federal Highway Grant Anticipation Bonds	Notes Payable	Bond Anticipation Notes	Capital Leases	General Obligation Bonds	Revenue Bonds	Capital Leases	Total Primary Government			
2019	\$ 662,580	\$ 105,100	\$ 141,141		\$ 15,662	\$ 49,362	\$ 350,585	\$ 183	\$ 1,324,613	1.5%	\$ 974	
2018	808,028	122,907	102,757		9,444	42,943	380,542	254	1,466,875	1.7%	1,092	
2017	829,432	137,985	47,989		6,528	37,910	401,280		1,461,124	1.8%	1,092	
2016	862,887	152,468	9,685		1,945	26,915	431,982	353	1,486,235	1.9%	1,113	
2015	961,834	166,361			1,597	30,246	454,285	379	1,614,702	2.2%	1,214	
2014	986,656	179,744			1,944	28,276	426,656	397	1,623,673	2.3%	1,225	
2013	999,015	192,902			2,402	12,347	442,627	412	1,649,705	2.5%	1,247	
2012	1,007,530	194,995			2,856		343,791	424	1,549,596	2.5%	1,171	
2011	987,408	80,000			3,305		361,440	538	1,432,691	2.4%	1,087	
2010	859,400			50,000	3,377	584	378,240	237	1,291,838	2.2%	982	

Notes: Details regarding the state's debt can be found in Note 5 of the financial statements.
See Schedule of Demographic and Economic Statistics for personal income and population data.

**STATE OF NEW HAMPSHIRE
SCHEDULE OF RATIOS OF GENERAL BONDED DEBT OUTSTANDING
PAST TEN FISCAL YEARS**

(Expressed in Thousands)

Fiscal Year	(1)	(2)	(3)	Ratio Of General Long-Term Debt to Assessed Value	General Long-Term Debt Per Capita
	Population	Assessed Value	General Long-Term Debt		
2019	1,360	\$191,736,489	\$711,942	0.37	\$ 523
2018	1,356	194,656,334	850,972	0.44	628
2017	1,343	182,759,870	867,342	0.47	646
2016	1,335	173,365,434	889,802	0.51	667
2015	1,331	166,808,092	992,080	0.59	745
2014	1,327	160,572,109	1,014,932	0.63	765
2013	*	1,323	1,023,114	0.66	773
2012		1,321	1,007,530	0.66	763
2011		1,318	987,408	0.64	749
2010		1,316	859,984	0.55	653

Source: (1) U.S. Dept. of Commerce, Bureau of Census, reflects the most current available data for all years represented (2019 estimated).
(2) New Hampshire Department of Revenue Administration (2019 estimated). Equalization evaluation.
(3) Includes all General Obligation Bonds Payable of the Primary Government.

* 2013 debt balance restated for effects of accounting change.

**STATE OF NEW HAMPSHIRE
SCHEDULE OF PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Expressed in Thousands)**

Turnpike System Revenue Bonds

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available For Debt Service	Revenue Bond Debt Service Requirements	Revenue Bond Coverage Ratio	G.O. Bond Debt Service Requirements	Renewal & Replacement	Total	All Obligations Coverage Ratio
2019	\$149,881	\$44,118 (1)	\$105,763	\$41,330 (2)	2.56		\$14,270	\$55,600	1.90 (3)
2018	137,421	48,673 (1)	88,748	41,343 (2)	2.15		12,820	\$54,163	1.64 (3)
2017	133,046	49,903 (1)	83,143	41,345 (2)	2.01		9,600	50,945	1.63 (3)
2016	132,725	43,023 (1)	89,702	41,333 (2)	2.17		9,700	51,033	1.76 (3)
2015	124,412	44,361 (1)	80,051	39,091 (2)	2.06		8,900	47,991	1.68 (4)
2014	119,373	42,469 (1)	76,904	36,031 (2)	2.13		9,800	45,831	1.68 (4)
2013	118,027	42,213 (1)	75,814	36,950 (2)	2.05		9,800	46,750	1.62 (4)
2012	118,856 (5)	40,653 (1)	78,203	33,328	2.35		9,200	42,528	1.84 (4)
2011	119,314	42,339 (1)	76,975	33,745	2.28	599	9,800	44,144	1.74 (4)
2010	119,407	40,171 (1)	79,236	29,656	2.67	669	9,600	39,925	1.98

- Fiscal years 2006 through 2019 calculations of Direct Operating Expenses deduct the entire amount of current year depreciation expense (Turnpikes, Federal, & Highway match portions). Prior year calculations reflect the historical practice of deducting only the Turnpikes portion of depreciation expense.
- For fiscal years 2013 through 2019, the debt service requirement consists of total payments to the Debt Service Account as required by the bond resolution. Debt service requirement calculations in the previous fiscal years consisted of the actual principal and interest paid during the fiscal year. Debt service reflects reduced Build America Bonds subsidy payments resulting from federal sequestration.
- Unaudited toll covenant calculations indicate adequate toll revenues for fiscal year 2019. The revenue bond coverage ratio was satisfied at 2.56 for the 1.2 times test. The all obligations coverage ratio was satisfied at 1.90 for the 1.0 times test, as calculated by the Department.
- During fiscal year 2016, a note payable of \$418 thousand (including interest) was made to the State Highway Fund. This payment was final payment to the State Highway Fund for the I-95 Piscataqua River Bridge Acquisition. The Turnpike System's unrestricted cash balance at June 30, 2011-2016 was deemed more than sufficient to satisfy the Note Payable to the State Highway Fund and accordingly, the Note Payable to State Highway Fund was not included in the all obligations ratio for fiscal years 2011 through 2016.
- Gross Revenues less Federal revenue of \$1.3 million.

See accompanying Independent Auditors' Report

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE
SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS
PAST TEN YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Population (in thousands)	1,360	1,356	1,343	1,335	1,331	1,327	1,323	1,321	1,318	1,316
% Change	0.3%	1.0%	0.6 %	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	—%
Total Personal Income (in millions)*	\$ 87,124	\$ 83,293	\$77,309	\$ 77,848	\$ 72,948	\$ 70,519	\$ 66,379	\$ 62,150	\$ 60,480	\$ 57,898
% Change	4.6%	7.7%	(0.7)%	6.7%	3.4%	6.2%	6.8%	2.8%	4.5%	3.7%
Per Capita Personal Income*	\$ 63,800	\$ 61,405	\$57,574	\$ 58,322	\$ 54,817	\$ 53,149	\$ 50,156	\$ 47,058	\$ 45,881	\$ 43,968
% Change	3.9%	6.7%	(1.3)%	6.4%	3.1%	6.0%	6.6%	2.6%	4.4%	3.7%
Unemployment Rate**	2.5%	2.7%	2.9 %	2.8%	3.8%	4.4%	5.1%	5.1%	4.9%	5.9%

Source: US Department of Commerce, Bureau of Census

* NH Department of Employment Security, Economic and Labor Market Information Bureau, NH Vital Signs

** NH Department of Employment Security, Economic and Labor Market Information Bureau, Economic Conditions Seasonally Adjusted June Estimated - October Issue

**STATE OF NEW HAMPSHIRE
SCHEDULE OF BUILDING PERMITS FOR HOUSING UNITS
FOR CALENDAR YEAR 2019**

**Building Permits Issued
By Number of Units**

<u>Calendar Year</u>	<u>Single Family</u>	<u>Multi- Family</u>	<u>Total</u>
2019	2,321	1,514	3,835
2018	2,659	1,326	3,985
2017	2,888	881	3,769
2016	2,627	724	3,351
2015	1,910	1,201	3,111
2014	2,187	1,165	3,352
2013	2,136	652	2,788
2012	1,682	614	2,296
2011	1,606	740	2,346
2010	1,890	780	2,670

Source: U.S. Department of Commerce, Bureau of the Census.
Current year data annualized on activity through October 2019

**STATE OF NEW HAMPSHIRE
SCHEDULE OF PRINCIPAL (LARGEST) EMPLOYERS
LAST TEN YEARS**

	2019				2018		
	Employees	Rank	Percentage of Total State Employment		Employees	Rank	Percentage of Total State Employment
Employer				Employer			
1. State of New Hampshire	17,051	1	2.19%	1. State of New Hampshire	17,050	1	2.34%
2. Dartmouth-Hitchcock Medical Center	9,790	2	1.26%	2. Dartmouth-Hitchcock Medical Center	9,100	2	1.25%
3. Demoulas & Market Basket	9,000	3	1.15%	3. Demoulas & Market Basket	9,000	3	1.24%
4. Wal-Mart Stores Inc.	7,896	4	1.01%	4. Wal-Mart Stores Inc.	7,886	4	1.08%
5. BAE Systems	6,000	5	0.77%	5. University of New Hampshire	6,542	5	0.90%
6. Hannaford Brothers	5,300	6	0.68%	6. Fidelity Investments	5,700	6	0.78%
7. Fidelity Investments	5,200	7	0.67%	7. BAE Systems	5,400	7	0.74%
8. Liberty Mutual-Northern N.E. Division	5,058	8	0.65%	8. Liberty Mutual-Northern N.E. Division	5,058	8	0.70%
9. Elliot Hospital	4,000	9	0.51%	9. Hannaford Brothers	4,900	9	0.67%
10. Dartmouth College	3,741	10	0.48%	10. Elliot Hospital	3,800	10	0.52%
Total	73,036		9.37%	Total	74,436		10.22%
	2017				2016		
	Employees	Rank	Percentage of Total State Employment		Employees	Rank	Percentage of Total State Employment
Employer				Employer			
1. State of New Hampshire	16,970	1	2.32%	1. State of New Hampshire	17,071	1	2.38%
2. Dartmouth-Hitchcock Medical Center	9,100	2	1.25%	2. Dartmouth-Hitchcock Medical Center	9,100	2	1.27%
3. Demoulas & Market Basket	9,000	3	1.23%	3. Demoulas & Market Basket	9,000	3	1.25%
4. Wal-Mart Stores Inc.	7,886	4	1.08%	4. Wal-Mart Stores Inc.	7,886	4	1.10%
5. University of New Hampshire	6,188	5	0.85%	5. University of New Hampshire	6,284	5	0.88%
6. Fidelity Investments	5,700	6	0.78%	6. Fidelity Investments	5,400	6	0.75%
7. Liberty Mutual-Northern N.E. Division	5,058	7	0.69%	7. Liberty Mutual-Northern N.E. Division	4,924	7	0.69%
8. BAE Systems	5,000	8	0.68%	8. Hannaford Brothers	4,900	8	0.68%
9. Hannaford Brothers	4,900	9	0.67%	9. BAE Systems	4,500	9	0.63%
10. Elliot Hospital	3,682	10	0.50%	10. Elliot Hospital	3,724	10	0.52%
Total	73,484		10.05%	Total	72,789		10.15%
	2015				2014		
	Employees	Rank	Percentage of Total State Employment		Employees	Rank	Percentage of Total State Employment
Employer				Employer			
1. State of New Hampshire	17,756	1	2.50%	1. State of New Hampshire	17,754	1	2.53%
2. Demoulas & Market Basket	9,000	2	1.26%	2. Demoulas & Market Basket	9,000	2	1.28%
3. Dartmouth-Hitchcock Medical Center	8,852	3	1.24%	3. Wal-Mart Stores Inc.	7,886	3	1.12%
4. Wal-Mart Stores Inc.	7,886	4	1.11%	4. Dartmouth-Hitchcock Medical Center	6,404	4	0.91%
5. University of New Hampshire	6,256	5	0.88%	5. University of New Hampshire	6,079	5	0.86%
6. Fidelity Investments	5,400	6	0.76%	6. Fidelity Investments	5,400	6	0.77%
7. Hannaford Brothers	4,900	7	0.69%	7. Hannaford Brothers	4,900	7	0.70%
8. Liberty Mutual-Northern N.E. Division	4,700	8	0.66%	8. Liberty Mutual-Northern N.E. Division	4,700	8	0.67%
9. BAE Systems	4,500	9	0.63%	9. BAE Systems	4,500	9	0.64%
10. Elliot Hospital	4,000	10	0.56%	10. Elliot Hospital	4,000	10	0.57%
Total	73,250		10.29%	Total	70,623		10.05%

Source: New Hampshire Business Review/ Book of Lists 2019
 Provided by USNH
 Schedule of State Employees by Function (page 160)
 NHES Economic and Labor Market Information Bureau

**STATE OF NEW HAMPSHIRE
SCHEDULE OF OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	2019	2018	2017	2016	2015
General Government					
Secretary of State					
<i>Domestic Registrations:</i>					
Limited Liability Company	13,075	12,320	7,810	8,930	8,040
Trade Name	7,388	7,676	6,145	6,781	7,039
Corporation	960	962	550	843	881
Other	6,932	7,060	754	776	808
<i>Foreign Registrations:</i>					
Corporation	1,722	1,639	1,237	1,333	1,217
Limited Liability Company	1,971	1,696	1,162	1,273	1,044
Other	199	183	157	237	176
Administration of Justice & Public Protection					
Department of Safety					
<i>Troop Station Personnel:</i>					
Headquarters - Merrimack	257	244	251	375	300
Troop A - Rockingham/Strafford	40	43	41	46	47
Troop B - Hillsborough	41	39	39	37	39
Troop C - Cheshire/Sullivan	33	34	31	35	31
Troop D - Merrimack	41	42	36	39	43
Troop E - Belknap/Carroll	26	25	27	28	31
Troop F - Coos/Grafton	46	50	47	45	45
Troop G - Merrimack	61	54	45	48	50
Department of Corrections					
<i>Number of Prison Inmates:</i>					
NH State Prison/Men - Concord	1,368	1,378	1,468	1,416	1,487
NH Correctional Facility for Women - Concord	180	162	155	155	177
Lakes Region Facility - Laconia					
Northern NH Correctional Facility - Berlin	644	636	666	662	690
SPU/RTU & Transitional Housing	356	388	391	385	401
Resource Protection & Development					
Department of Natural and Cultural Resources					
<i>Number of visitors at top 10 state parks:</i>					
Seacoast Parking Meters	439,852	429,684	450,698	460,569	427,644
Franconia Notch State Park	434,855	433,762	433,990	337,846	421,898
Hampton Beach South	124,230	107,508	120,011	156,770	158,447
Wallis Sands Beach	59,532	96,281	154,676	157,722	183,087
Monadnock	81,918	81,068	97,795	93,446	86,674
Wellington	46,030	52,529	49,897	54,908	54,679
Pawtuckaway	45,324	47,116	49,045	78,762	51,105
Mt. Sunapee Beach	NA	39,771	39,177	45,099	49,513
Odiorne Point	44,292	37,281	35,641	35,249	NA
Miller	31,393	28,461	NA	NA	NA
Echo Lake - North Conway	57,022	NA	35,342	35,107	38,359

Source: The State Departments of Secretary of State, Safety, Corrections, and Natural and Cultural Resources.

STATE OF NEW HAMPSHIRE
 SCHEDULE OF OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS - CONTINUED

2014	2013	2012	2011	2010
8,093	7,300	7,022	6,543	6,052
7,039	6,463	6,929	6,987	7,323
957	893	1,019	1,000	1,093
759	677	325	250	267
1,230	1,265	1,297	1,293	1,458
1,111	1,024	969	860	879
145	184	54	43	57
294	246	228	228	220
49	44	40	39	43
52	38	43	48	52
32	30	29	30	33
42	39	39	36	41
33	29	28	33	34
48	41	45	48	47
56	56	58	62	67
1,531	1,485	1,439	1,361	1,467
176	165	140	108	120
673	649	625	600	745
411	396	376	375	365
427,166	NA	NA	NA	NA
402,147	NA	NA	NA	NA
107,979	140,884	107,813	95,073	52,908
86,120	102,644	106,822	74,398	64,200
67,349				
45,081	41,643	46,426	40,143	29,974
65,400	88,076	69,808	82,566	82,247
39,015	50,059	68,486	43,766	34,555
NA	26,554	22,173	17,626	18,173
NA	NA	NA	NA	NA
NA	NA	NA	NA	NA

Source: The State Departments of Secretary of State, Safety, Corrections, and Natural and Cultural Resources.

**STATE OF NEW HAMPSHIRE
SCHEDULE OF OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - CONTINUED**

	2019	2018	2017	2016	2015
Department of Environmental Services					
Dollars disbursed by program:					
SRF - Clean water	\$ 63,385,233	\$62,020,770	\$44,638,628	\$31,743,515	\$41,037,753
SRF - Drinking water	16,887,734	13,995,591	15,096,193	20,348,204	14,023,139
SRF - Brownfields					480,000
Landfills	476,036	658,248	776,245	792,116	886,850
Drinking Water Grants*	701,865	791,421	797,661	876,822	1,073,438
Water supply land					
Waste water	6,257,397	7,598,938	6,415,792	5,711,222	6,610,139
Aquatic weed	509,165	497,729	593,419	405,650	510,435
Household hazardous waste	185,172	194,790	154,436	190,786	193,371
Aquatic Resources Mitigation Grants	2,204,409	1,353,672	2,267,840	903,464	939,304
Transportation					
Department of Safety					
Number of motor vehicle registrations by county: (Monthly Average)					
Belknap	81,946	80,593	79,110	77,716	74,716
Carroll	72,489	70,773	69,642	68,102	65,765
Cheshire	84,707	84,001	82,895	82,282	80,043
Coos	38,495	38,287	37,752	37,635	36,572
Grafton	100,618	99,807	98,270	97,573	94,431
Hillsborough	436,771	429,970	424,865	418,637	402,662
Merrimack	177,885	175,722	172,738	170,436	164,776
Rockingham	375,808	370,467	362,933	357,608	344,888
Strafford	128,304	126,815	124,306	121,871	117,297
Sullivan	51,959	51,560	50,841	50,175	48,557
Other (Indeterminable)					
Health & Social Services					
Department of Health & Human Services					
Number of caseloads by program:					
Medical assistance - average monthly caseload	179,791	184,411	186,381	184,946	169,312
TANF Caseloads	3,434	3,233	2,351	2,466	2,862
Nursing services for elderly (excludes services in home)	3,995	4,100	4,112	4,222	4,241
Child & family services - DCYF Referrals	1,511	1,485	1,322	1,235	1,261
Food stamps - June monthly average	39,054	43,007	45,541	47,391	51,113
Developmental Service - Unduplicated Count	10,590	10,393	9,964	10,016	9,867
Education					
Community College System of New Hampshire					
Enrollment	9,818	10,451	11,152	11,503	12,650
University System of New Hampshire					
Enrollment	26,998	27,333	26,371	26,692	26,887

(1) FY 2013 and 2014 include Children Health Insurance Program (CHIP). FY 2014 includes the effects of the Affordable Care Act.

* SFY 12-13 Biennium Marine Patrol was transferred into State Police. Marine Patrol utilizes a PT workforce during the summer season

STATE OF NEW HAMPSHIRE
SCHEDULE OF OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - CONTINUED

2014	2013	2012	2011	2010
\$32,505,870	\$26,328,832	\$30,684,368	\$58,275,067	\$42,797,121
9,067,835	7,221,886	10,912,295	23,863,570	24,873,672
	155,599		9,632	671,906
1,080,206	899,812	927,658	894,703	981,070
1,170,679	1,131,618	1,184,996	1,149,844	1,101,760
				113,167
6,519,872	3,327,666	5,199,986	5,902,524	6,463,894
468,542	408,127	355,444	245,440	205,616
180,894	172,735	144,638	193,979	162,623
1,779,393	1,193,010	942,458	702,036	
74,878	74,357	73,783	73,375	74,260
66,197	65,452	65,174	65,188	66,233
81,040	80,682	80,688	80,754	81,759
37,448	37,402	37,848	38,130	38,809
95,246	94,473	93,698	93,572	94,470
404,672	400,820	396,361	393,992	394,162
165,341	164,053	162,502	161,291	163,368
344,681	341,038	336,713	333,198	334,903
117,779	116,395	115,230	115,322	116,165
49,132	48,939	48,906	48,969	49,810
99,364	84,200	77,952	77,378	75,751
3,146	3,453	4,422	5,117	5,335
4,350	4,323	4,400	4,268	4,357
1,200	1,177	1,189	1,140	1,113
53,155	55,192	56,962	54,735	51,401
9,562	9,612	9,568	9,873	
11,119	11,150	11,141	11,129	11,782
26,846	26,597	26,906	26,732	26,843

Source: The State Departments of Environmental Services, Safety, Health and Human Services, Community College System of New Hampshire and the University of New Hampshire.

**STATE OF NEW HAMPSHIRE
SCHEDULE OF STATE EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(Includes all active employees eligible payment at June 30th and does not include vacant positions)**

Full-Time Employees	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Department of Information Technology	322	325	326	300	304	318	327	326	337	353
Department of Administrative Services	292	292	271	277	278	283	276	281	304	312
Department of Revenue Administration	141	142	133	136	128	138	117	118	165	177
Legislative Services	123	129	128	128	127	125	126	130	136	142
All other	222	204	304	315	278	218	270	213	234	240
Administration of Justice and Public Protection										
Department of Safety	1,086	1,075	1,048	1,022	1,014	1,015	992	1,011	1,026	1,065
Department of Corrections	790	777	771	770	800	766	782	792	810	856
Judicial Branch	591	584	570	539	532	531	531	526	595	634
Department of Employment Security	223	230	238	251	269	272	276	283	374	357
Liquor Commission	325	329	316	308	306	301	310	286	286	301
Adjutant General	127	119	125	112	113	115	123	123	113	121
All other	435	448	445	439	450	449	434	440	471	480
Resource Protection and Development										
Department of Environmental Services	419	418	342	333	367	427	421	413	429	469
Department of Natural and Cultural Resources	600	574	211	221	205	205	202	205	187	192
Fish and Game	177	173	174	175	182	179	179	182	185	186
All other	65	60	5	5	5	6	7	6	6	13
Transportation										
Department of Transportation	1,549	1,567	1,546	1,540	1,500	1,493	1,537	1,560	1,632	1,677
Health and Social Services										
Department of Health and Human Services:										
New Hampshire Hospital	530	517	521	527	543	549	538	534	627	704
Office of Commissioner	375	379	356	366	351	307	303	565	564	565
Division of Children and Youth*						1		347	347	336
Human Services*	728	723	706	685	685	714	712			
Division of Transitional Assistance	400	406	417	409	429	419	380	332	334	318
New Hampshire Veteran's Home	298	317	327	329	324	308	320	325	319	323
Division of Juvenile Justice Services*						5	4	258	260	290
Office of Health Management	248	235	229	220	220	225	230	241	226	232
All other	390	402	397	398	422	449	454	399	407	410
Education										
Department of Education	229	229	244	247	235	234	243	250	256	263
All other	79	78	78	75	60	59	60	71	85	87
State Total	10,764	10,732	10,228	10,127	10,127	10,111	10,154	10,217	10,715	11,103
Part-Time and Temporary Employees										
General Government	956	909	910	902	807	780	794	720	708	726
Administration of Justice and Public Protection	4,126	4,118	4,145	4,203	4,260	4,358	4,197	4,206	3,915	3,971
Resource Protection and Development	663	753	1,138	1,201	1,696	1,559	1,932	1,790	1,477	1,697
Transportation	207	201	228	271	297	315	287	331	422	463
Health and Social Services	312	310	284	328	520	579	512	533	511	453
Education	23	27	37	39	49	52	45	70	72	74
State Total	6,287	6,318	6,742	6,944	7,629	7,643	7,767	7,650	7,105	7,384
Grand Total:	17,051	17,050	16,970	17,071	17,756	17,754	17,921	17,867	17,820	18,487

Source: The Department of Administrative Services, Division of Accounting Services.

* SFY 13 and 14 Changes are due to new agencies being created and reorganization as part of FY14 budget

**STATE OF NEW HAMPSHIRE
SCHEDULE OF CAPITAL ASSET BALANCES BY FUNCTION
GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(Amounts in Thousands)**

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Land & Land Improvements										
General Government	\$ 8,302	\$ 8,302	\$ 8,298	\$ 7,981	\$ 7,981	\$ 7,750	\$ 7,426	\$ 7,146	\$ 7,146	\$ 7,146
Administration of Justice & Public Protection	52,871	51,511	50,841	46,528	40,259	36,674	35,569	33,699	32,428	27,751
Resource Protection & Development	304,517	297,083	295,721	292,252	280,161	272,770	264,721	257,174	246,188	238,131
Transportation	322,321	318,187	316,896	328,127	324,930	323,494	316,148	327,014	324,422	319,476
Health & Social Services	5,422	5,422	4,895	4,103	4,085	4,029	4,033	4,033	4,033	4,033
Education	700	126	126	126	126	126	143	143	4,658	4,194
Building & Building Improvements										
General Government	\$ 240,029	\$ 207,957	\$ 205,309	\$ 203,501	\$ 202,659	\$ 203,274	\$ 204,064	\$ 200,014	\$ 183,461	\$ 180,055
Administration of Justice & Public Protection	400,405	394,611	347,001	292,989	282,085	277,380	250,817	248,211	243,616	219,953
Resource Protection & Development	85,332	82,535	80,193	79,826	78,364	76,393	76,554	71,097	70,864	65,954
Transportation	85,917	85,597	80,907	74,149	73,716	74,867	73,119	71,987	68,833	69,589
Health & Social Services	157,736	147,990	145,339	145,374	140,569	139,964	129,965	126,442	125,948	119,742
Education	16,687	16,687	16,716	16,671	16,628	16,531	16,531	16,532	121,375	110,142
Equipment and Computer Software										
General Government	\$ 55,729	\$ 49,356	\$ 46,439	\$ 45,152	\$ 41,400	\$ 37,713	\$ 38,617	\$ 32,814	\$ 29,636	\$ 29,419
Administration of Justice & Public Protection	127,313	122,116	117,634	106,242	102,282	98,681	99,106	95,659	91,114	97,380
Resource Protection & Development	26,085	25,525	24,570	20,637	19,902	18,919	20,132	19,421	20,006	19,543
Transportation	140,007	135,620	134,952	124,954	116,791	112,012	111,654	105,003	91,472	77,851
Health & Social Services	168,433	121,866	103,146	98,033	82,471	79,855	69,170	57,043	55,441	55,286
Education	3,284	3,284	3,319	3,335	3,335	3,226	3,201	3,344	11,058	10,018
Infrastructure										
Transportation	\$3,970,238	\$3,854,870	\$3,756,810	\$3,678,096	\$3,524,721	\$3,438,817	\$3,350,208	\$3,199,307	\$3,032,547	\$3,036,174

STATE OF NEW HAMPSHIRE
ACKNOWLEDGEMENTS



REPORT PREPARED BY THE DIVISION OF ACCOUNTING SERVICES

SPECIAL APPRECIATION is given to all accounting and budget personnel within the Department and throughout the State, whose extra efforts in providing accurate and timely financial information contributed to the success of this report.

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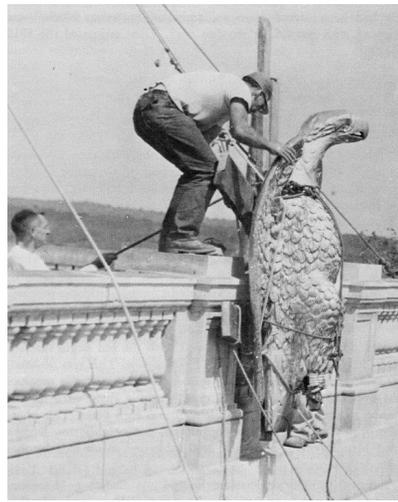
NEW HAMPSHIRE STATE HOUSE

The “People’s House”

New Hampshire’s original State House, made of wood, was located in Portsmouth. Built in 1758, the building served as the seat of New Hampshire’s colonial government. In 1774, the seat of government was moved to Exeter. In 1808, Concord was selected as the permanent seat of state government. In 1814, the General Court began debating three locations for building the new State House – Hopkinton, Salisbury, or Concord. The legislature decided on Concord.



The current NH State House, made of Concord granite from what is now Swenson quarries, was designed in 1814. Construction began in 1816 and was completed in 1819, with additions in 1866 and 1910. The building was made large enough to hold the General Court, the Secretary of State, the State Treasurer, the State Library, the General Court, and the Governor and Council. Later, it housed the Supreme Court and other state agencies. The first session of the General Court in this building began in 1819.



The State House is the oldest state capitol in which both houses of the legislature meet in their original chambers.

The House Chamber houses the largest legislative body in the United States, with 400 members.



Photo courtesy of Sullivan Creative

NH State House Bicentennial Commission: (Front Row) Virginia Drew, Tammy Wright, Doug Scamman, Karen Wadsworth, Renny Cushing, Shawn Jasper, Steve Shurtleff, Karen Rantamaki, Dave Scanlan, Eileen Kelly (Back Row) Donald Manning, Jennifer Smith, Paul Smith, Pat Myers, Terry Pfaff, Michael York, Mike Connor, Stephen Berwick, Mike Rollo, Matt Newton, Pam Smarling (Members not pictured) David Welch, David Watters, Chuck Morse, James Bassett, James Bouley, Beverly Hollingworth

The State House Bicentennial Commission was created by House Bill 1559 in 2014. For more information on the Commission and the State House Bicentennial, please visit <https://nhstatehouse200.com>



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<http://das.nh.gov/accounting/reports.asp>