NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN

FINANCIAL STATEMENTS

and

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017 and 2016

With Independent Auditor's Report

NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN

INDEX

	Page(s)
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-5
Statements of Fiduciary Net Position	6
Statements of Changes in Fiduciary Net Position	7
Notes to Financial Statements	8-19
Required Supplementary Information	20-24
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	25-26

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
New Hampshire Judicial Retirement Plan

Report on the Financial Statements

We have audited the accompanying financial statements of the New Hampshire Judicial Retirement Plan (the Plan), which comprise the statements of fiduciary net position as of December 31, 2017 and 2016, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the index.

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.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2017 and 2016, and the changes in its financial position for the years then ended in accordance with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 3 through 5 and the required supplementary information on pages 20 through 24 (collectively, the RSI) be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S generally accepted auditing standards, 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 RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2018 on our consideration of the Plan'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 Plan'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 Plan's internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
July 18, 2018

NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN

Management's Discussion and Analysis (Unaudited)

December 31, 2017 and 2016

Our discussion and analysis of the financial performance of the New Hampshire Judicial Retirement Plan (the Plan) provides an overview of the Plan's financial activities for the years ended December 31, 2017, 2016 and 2015. Please read it in conjunction with the Plan's audited financial statements.

Financial Highlights

- The Plan's total assets, which consist primarily of investments held at fair value, were $57,974,752, $50,182,060 and $46,922,299 as of December 31, 2017, 2016 and 2015, respectively.
- Current liabilities of the Plan for administrative expenses amounted to $43,711, $10,105 and $16,424 as of December 31, 2017, 2016 and 2015, respectively.
- The Plan's fiduciary net position was $57,931,041, $50,171,955 and $46,905,875 as of December 31, 2017, 2016 and 2015, respectively.

Using this Annual Report

This annual report consists of a series of financial statements. The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position provide information about the activities of the Plan and the fiduciary net position. The financial statements also contain actuarial information on the value of Plan assets, accrued liabilities, and the significant actuarial assumptions used in the actuarial valuations.

Reporting on the Plan's Finances as a Whole

One of the most important questions asked about the Plan's finances is, "Is the Plan, as a whole, better or worse off as a result of the year's activities?" The Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position report information about the Plan as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by private-sector retirement plans. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Plan's fiduciary net position and changes in them. You can think of the Plan's fiduciary net position (the difference between assets and liabilities) as one way to measure the Plan's financial health, or financial position. Over time, increases or decreases in the Plan's fiduciary net position are one indicator of whether its financial health is improving or deteriorating.

Another consideration in evaluating the Plan's finances is the fiduciary net position as a percentage of total pension liability. The Plan Activities section of the Management's Discussion and Analysis provides information about the changes to the total pension liability during the year ended December 31, 2017.

Investment Policy

The investment philosophy of the Board of Trustees of the Plan flows from its responsibility as fiduciary with respect to the Plan's 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 the Plan as determined by the Plan's actuary.

The Board's investment policy permits Plan 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 funds-of-funds, subject to certain portfolio restrictions. Asset allocations among various classes are as follows as of December 31, 2017:

	Policy Range	Current Mix
Domestic equity	35% - 45%	43%
International equity	8% - 20%	19%
Fixed income	10% - 33%	18%
Alternatives	0% - 33%	18%*
Cash and cash equivalents	0% - 15%	2%

* The alternatives asset allocation includes an investment redemption receivable of $5,183,341 which reflects the expected proceeds from a pending investment redemption in this asset class. The Plan subsequently received the proceeds and reinvested amounts into an alternative investment.

Plan's Activities

Employer and member contributions to the Plan were $7,090,876, $6,823,570 and $6,133,982 during the years ended December 31, 2017, 2016 and 2015, respectively.

The Plan experienced net investment income during the years ended December 31, 2017 and 2016 of approximately $7.5 million and $2.9 million, respectively, as compared to an investment loss of approximately $0.2 million during the year ended December 31, 2015. The Plan recognized net appreciation (depreciation) in the fair value of investments of approximately $6.7 million, $1.7 million and $(1.4) million during the years ended December 31, 2017, 2016 and 2015, respectively.

Operationally, plan expenses (excluding investment expenses) for the year ended December 31, 2017 were $6,829,136, as compared to $6,431,257 and $5,901,857 for the years ended December 31, 2016 and 2015, respectively. These totals for 2017, 2016 and 2015 include $228,342, $238,866 and $208,062 in administrative expenses and $6,600,794, $6,192,391 and $5,693,795 in benefits paid to retired members and beneficiaries for the years ended December 31, 2017, 2016 and 2015, respectively. A total of 125 judges were active or vested members or retirees at December 31, 2017.

The Plan's total pension liability decreased during 2017 by approximately $1.8 million as compared to an increase of approximately $11.2 million during 2016. The decrease in 2017 is primarily due to economic and demographic actuarial gains offset by an increase in the total pension liability resulting from changes in actuarial assumptions as of December 31, 2017. The increase during 2016 is due to the fact that the service and interest costs exceeded the benefits paid to the members during each of the years ended December 31, 2016 and 2015. Additionally, the impact of the January 1, 2016 actuarial valuation is recognized in the amounts reported as of December 31, 2016. As a result of changes in actuarial assumptions and difference between expected and actual experience, as determined in the January 1, 2016 valuation, the total pension liability increased by $7.6 million. The net pension liability decreased during 2017 by approximately $9.6 million primarily due to the decrease in the total pension liability and investment income of approximately $7.5 million. The net pension liability increased during 2016 by approximately $9.6 million primarily due to the increase in the total pension liability offset by investment income of approximately $7.5 million.

Plan Funding Objectives

The Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. A plan's funded ratio is calculated by dividing its actuarial value of plan assets by the actuarial accrued liability.

The Plan's actuary performed an actuarial valuation as of January 1, 2018. In order to better anticipate future plan experience, the January 1, 2018 valuation reflected changes in assumptions that were adopted by the Board of Trustees.

- The assumed salary scale was changed from 2.75% per year to 1.50% for 2017, 6.78% for 2018, and 2.25% thereafter.
- The assumed cost of living adjustment was changed from 2.25% per year to 6.78% for 2018 and 2.25% thereafter.
- The assumed discount rate was changed from 7.00% to 6.675%.

The combined impact of these changes was to increase the total pension liability by approximately $4.4 million. The Plan's fiduciary net position as a percentage of total pension liability was 60.72% at December 31, 2017 compared to 51.60% and 54.52% at December 31, 2016 and 2015, respectively.

The Plan is exposed to general market risk. If the long-term rate of return on the investments is below the actuarially estimated rate of return, net of investment expenses, the Plan and the State of New Hampshire's required contribution would be negatively affected. In addition to the general market risk, the Plan is subject to non-economic or demographic risk. Deviations from the demographic assumptions, which include rates of retirement, disability and mortality, can result in gains or losses for the Plan and volatility in the contribution rate.

The principal purpose of the actuarial valuation is to set forth an actuarial recommendation of the contribution, or range of contributions, which will properly fund the plan, in accordance with applicable government regulations.

Schedule by Court of Members as of December 31, 2017

	Active or Vested	Terminated Inactive	Retired	Total
Supreme Court	5	-	8	13
Superior Court	21	-	30	51
Circuit Court	32	1	28	61
	58	1	66	125

NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN

Statements of Fiduciary Net Position

December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	**$ 847,699**	$ 1,089,587
Investments, at fair value		
Domestic equity	**24,641,666**	21,801,170
International equity	**10,935,142**	7,014,268
Fixed income	**10,503,280**	9,873,999
Alternatives	**5,204,745**	9,839,942
Total investments	**51,284,833**	48,529,379
Receivables		
Investment redemption	**5,183,341**	-
Employer contributions	**424,514**	391,326
Member contributions	**50,310**	46,717
Dividends	**156,970**	96,032
Recoupment of member benefits	**27,085**	29,019
Total receivables	**5,842,220**	563,094
Total assets	**57,974,752**	50,182,060
LIABILITIES		
Accounts payable and accrued expenses	**43,711**	10,105
Fiduciary net position	**$ 57,931,041**	$ 50,171,955

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

NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN

Statements of Changes in Fiduciary Net Position

Years Ended December 31, 2017 and 2016

	2017	2016
Increase in fiduciary net position attributed to investment income		
Net appreciation in fair value of investments	**$ 6,740,734**	$ 1,722,430
Interest and dividends	**859,266**	1,249,352
	7,600,000	2,971,782
Less investment expenses		
Investment advisor	**60,000**	60,000
Custodial	**42,654**	38,015
	102,654	98,015
Investment income	**7,497,346**	2,873,767
Contributions		
Employer contributions	**6,345,596**	6,096,219
Members' contributions	**745,280**	727,351
Total contributions	**7,090,876**	6,823,570
Deductions attributed to		
Benefits paid to members	**6,600,794**	6,192,391
Administrative expenses	**228,342**	238,866
Total deductions	**6,829,136**	6,431,257
Net increase in fiduciary net position	**7,759,086**	3,266,080
Fiduciary net position		
Beginning of year	**50,171,955**	46,905,875
End of year	**$ 57,931,041**	$ 50,171,955

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

1. Description of Plan

Effective January 1, 2005 New Hampshire Revised Statutes Annotated (RSA) Chapter 100-C established the New Hampshire Judicial Retirement Plan (the Plan) to provide its members and their beneficiaries with retirement, death, and disability benefits. Pursuant to Chapter 311 of the 2003 N.H. Laws (Chapter 311), full time New Hampshire state judges who retired before January 1, 2005, and their surviving spouses and beneficiaries continue to receive retirement benefits pursuant to statutes that otherwise were repealed by Chapter 311 rather than pursuant to RSA Chapter 100-C. The legislature of the State of New Hampshire (the State) may amend the Plan from time to time.

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a single-employer defined benefit plan within the meaning of Section 401(a) of the Internal Revenue Code (IRC) providing disability, death, and retirement protection to members and their families. Participation in the Plan is mandatory for all full-time Supreme, Superior, and Circuit Court judges employed within the State.

Plan membership consisted of the following at December 31:

	2017	2016
Retirees and beneficiaries currently receiving benefits	**66**	65
Terminated inactive members	**1**	1
Active or vested members	**58**	58
Total members	**125**	124

Administration

The Plan is administered by an appointed Board of Trustees that shall consist of 7 members, which is separate from the Board of Trustees of the New Hampshire Retirement System (the Retirement System). The State's governor and executive council shall appoint 2 trustees, one of whom the State's 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 the Plan. The chief justice of the state supreme court shall appoint 3 trustees, at least 2 of whom shall be active members of the Plan and one of whom may be a retired member of the Plan. One member of the state senate and one member of the State house of representatives shall be appointed biennially.

Duties of the Board of Trustees include overseeing investments, approving the actuarial valuation of the Plan (including the actuarial assumptions), interpreting statutory provisions, authorizing benefit payments, and formulating administrative policies and procedures.

Certain daily administrative functions of the Plan have been delegated by the Board of Trustees to the Retirement System and an executive director. The Retirement System processes all requests for retirement, maintains member records, and serves as the Plan's information center. The Plan has one part-time employee.

All employer and member contributions are deposited into separate trust funds that are managed and controlled by the Board of Trustees of the Plan.

Eligibility and Pension Benefits

The Plan applies to all full-time judges of the Supreme, Superior, and Circuit Courts and requires their participation in the Plan as a condition of employment.

Any member of the Plan 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 a retirement benefit of at least 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 the member has over 7 years. Any member who is at least 60 years old with at least 15 years of service is entitled to a retirement benefit of 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.

Upon death, a member's surviving spouse, as long as he or she remains unmarried, is annually entitled to a retirement benefit of 50% of the member's final year's salary. If the deceased member does not have a surviving spouse, a retirement benefit of 50% of the member's final year's salary is equally divided, annually, among the member's children until attaining the age of 18. For purposes of determining the above benefit, the member's final year's salary is equal to compensation earned in the prior 12-month period in which the employee was a member of the Plan. The 12-month period in which the final year's salary is received consists of the final 26 pay periods in which the State has paid the member the member's salary before the member's retirement. Judges who retired before the effective date of the Plan, January 1, 2005, and their surviving spouses receive different benefits pursuant to previous statutes that have been otherwise superseded by RSA Chapter 100-C.

A judge that retired after January 1, 2005 initiated court action claiming eligibility for the pension benefits provided under previous statutes. In addition, six other retirees joined the action with claims for retirement benefits under the repealed statutes. During 2013, the New Hampshire Superior Court (the Court) issued an order, dated June 11, 2013, on the motions for summary judgment of the parties. The Court determined that the petitioners' right to receive retirement benefits pursuant to the statutes that preceded RSA Chapter 100-C was substantially impaired and therefore that RSA Chapter 100-C is unconstitutional as applied to the petitioners.

The Court gave the petitioners 30 days to make an election to continue receiving benefits pursuant to RSA Chapter 100-C or to receive them pursuant to the previous retirement statutes. The Court determined that if the petitioners elect to receive the benefits pursuant to the previous statutes, the calculation of the benefits is to be made retroactively from the dates of their retirement. The Court further determined that if the petitioners so elect, they shall receive no credit for the amount of retirement contributions that they have paid to the Plan pursuant to RSA Chapter 100-C. Finally, the Court determined that the Plan is not entitled to an order requiring the State to pay the Plan for the amount of liability incurred by the Plan as a result of the Court's order. The impact of the Court's order is reflected in the January 1, 2016 actuarial valuation.

Because the petitioners have been receiving more retirement benefits pursuant to RSA Chapter 100-C than they would have received pursuant to the previous retirement statutes, the Plan has calculated the exact amounts of such excess benefits and advised the petitioners that they must pay the amounts of the excess benefits if they elect to receive benefits pursuant to the previous retirement statutes. As of December 31, 2017 and 2016, the recoupment of member benefits due was $27,085 and $29,019, respectively.

Disability Retirement

Regardless of a member's length of service, any member who becomes permanently and totally disabled may apply for retirement. Upon certification of disability by a Board designated physician, a member is deemed retired and receives a benefit equal to 70% of the final year's salary. As of December 31, 2017 and 2016, there was one member receiving disability benefits.

Cost of Living Adjustments

Benefits for members already in benefit payment status as of January 1, 2005 (pre-plan members, also known as non-contributory retirees) will increase at the same rate as increases in the compensation currently payable for the judicial position last held by the member.

The Board of Trustees may award impermanent supplemental benefits to retiring contributing members at its discretion if the aggregate benefits do not exceed $50,000. The Board of Trustees may grant supplemental benefits exceeding $50,000 per year in the aggregate only if the Plan's annuity accumulation fund earns at a level greater than the actuarial assumed rate of return approved by the Board of Trustees, the Plan is at least 90% funded for that calendar year, and the Fiscal Committee of the General Court approves the benefit upon recommendation of the Board of Trustees.

During the years ended December 31, 2017 and 2016, the Board of Trustees elected to implement a cost of living adjustment benefit for inflation to members that retired after January 1, 2005 of $50,000 on a pro rata basis to the members and beneficiaries of the Plan, weighted by the number of days from the retirement date of each member through June 30, 2017 and 2016.

Plan Termination

If the Plan is ever discontinued, members' vested retirement benefits will be paid from the Plan assets to the extent of available assets and in accordance with applicable law. Members without vested retirement benefits will have their contributions returned to them to the extent of available assets.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared in accordance with the standards of the Governmental Accounting Standards Board. The financial statements are prepared on an accrual basis of accounting. Contributions are recorded in the period in which the contributions are due. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Use of Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the total pension liability at the date of the financial statements. Actual results could differ from those estimates.

Investments

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 the Plan 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 the Plan flows from its responsibility as fiduciary with respect to the Plan's 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 the Plan as determined by the Plan's actuary.

The Board's investment policy permits Plan 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, 2017:

	Target	Policy Range	Current Mix
Large cap equities	39.075%		
Small cap equities	5.900%		
Domestic equity	44.975%	35% - 45%	43%
International equity	19.200%	8% - 20%	19%
U.S Government bonds	9.275%		
Core fixed income	12.500%		
Fixed income	21.775%	10% - 33%	18%
U.S REITs	1.475%		
Alternatives	10.000%		
Alternatives	11.475%	0% - 33%	18%*
Cash and cash equivalents	2.575%	0% - 15%	2%

* The alternatives asset allocation includes an investment redemption receivable of $5,183,341 which reflects the expected proceeds from a pending investment redemption in this asset class. The Plan subsequently received the proceeds and reinvested amounts into an alternative investment.

For the years ended December 31, 2017 and 2016, the annual money-weighted rate of return on investments, net of investment expenses, was 15.01% and 6.14%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Risks and Uncertainties

The Plan invests in various securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Plan contributions are made and the actuarial present value of accumulated plan benefits is reported based on certain assumptions pertaining to interest rates, inflation rates, and member demographics, all of which are subject to change.

Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

3. Investments

The investment managers have discretionary investment powers within guidelines developed by the Board of Trustees. The following table presents the net appreciation (depreciation), including realized and unrealized, in fair value of the Plan's investments during the years ended December 31, 2017 and 2016:

	2017	2016
Domestic equity	**$ 3,824,318**	$ 1,818,342
International equity	**2,238,991**	37,268
Fixed income	**129,281**	(125,144)
Alternatives	**548,144**	(8,036)
	$ 6,740,734	$ 1,722,430

The following table presents the fair value of investments held that represent 5% or more of the Plan's fiduciary net position as of December 31, 2017 and 2016:

	2017	2016
Vanguard Institutional Index Fund	**$ 8,591,897**	$ 7,054,706
Schwab Fundamental US Large Co Index	**9,334,088**	7,050,533
Metropolitan West Total Return Bond I Fund	**7,362,924**	7,273,133
American Funds EuroPacific Gr R6	**7,875,651**	6,075,932
Weatherlow Offshore Fund LTD	**N/A**	4,902,567
Lighthouse Diversified Fund LTD	**5,204,745**	4,937,375
DFA Small Cap Fund	**3,352,927**	3,051,800
T. Rowe Price Institutional Large Cap Fund	**3,362,753**	N/A

N/A - Not applicable in the year in question.

Prior to December 31, 2017, the Plan submitted a request for redemption from the Weatherlow Offshore Fund LTD, one of the Plan's alternative investments. The balance expected to be collected through the redemption process was $5,183,341 at December 31, 2017 and has been reported as investment redemption receivable on the Statement of Fiduciary Net Position. Subsequent to December 31, 2017, the Plan received the balance of the investment redemption receivable.

Fair Value

The Plan 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. The Plan has the following recurring fair value measurements as of December 31, 2017 and 2016:

		Fair Value Measurements as of December 31, 2017 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)	Unfunded Commitments
Investments at Fair Value						
Domestic equity	$ 24,641,666	$ 24,641,666	$ -	$ -	$ -	$ -
International equity	10,935,142	10,935,142	-	-	-	-
Fixed income	10,503,280	10,503,280	-	-	-	-
Alternatives	5,204,745	-	-	-	5,204,745	-
	$ 51,284,833	$ 46,080,088	$ -	$ -	$ 5,204,745	$ -

		Fair Value Measurements as of December 31, 2016 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)	Unfunded Commitments
Investments at Fair Value						
Domestic equity	$ 21,801,170	$ 21,801,170	$ -	$ -	$ -	$ -
International equity	7,014,268	7,014,268	-	-	-	-
Fixed income	9,873,999	9,873,999	-	-	-	-
Alternatives	9,839,942	-	-	-	9,839,942	-
	$ 48,529,379	$ 38,689,437	$ -	$ -	$ 9,839,942	$ -

The Plan's alternative investments valued at NAV are subject to redemption restrictions. At December 31, 2017, the alternative investment at NAV is subject to monthly redemption with 90 days' notice. The alternative investment seeks consistent stable returns by allocation of the fund's assets to a wide range of alternative investment strategies across the global financial markets.The fund's assets are managed primarily through investments in other corporations and other investment vehicles, as well as indirectly through segregated portfolio companies.

4. Contributions

The Plan's Board of Trustees sets the contribution rates which are fixed on the basis of the liabilities of the Plan with respect to its members, as determined by the actuarial valuation. Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension fund obligation.

All eligible judges are required to contribute 10% of their salaries to the Plan until they become eligible for a service retirement equal to 75% of their final year's salary. If a member ceases employment for reasons other than retirement or death, the Plan refunds accumulated member contributions with accrued interest within three months after a written request has been received. Interest is calculated at rates determined by the Board of Trustees from time to time. The State was required to contribute 70.9% of the members' salary through June 30, 2017. Effective July 1, 2017, the State's required contribution rate was increased to 75.4% of the members' salary.

5. Income Tax Status

The Plan received a determination letter, dated May 25, 2004, from the Internal Revenue Service stating that the Plan is qualified under Section 401(a) of the IRC and, therefore, was exempt from Federal income taxes under provisions of Section 501(a) of the IRC. The Plan has been amended subsequent to receiving the determination letter. However, the Plan's administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

6. Deposit and Investment Risk Disclosure

Custodial Credit Risk – Deposits

At times, the Plan may maintain cash balances in excess of the amount insured by the Federal Deposit Insurance Corporation. The Plan has not experienced any losses in such accounts. The Plan 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, the Plan 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 the Plan and are held by either the counterparty, or the counterparty’s trust department or agency, but not in the Plan’s name.

The Plan does not have a written policy in place to address custodial credit risk on investments. As of December 31, 2017 and 2016, the Plan’s investments included in the statements of fiduciary net position were exposed to custodial credit risk. The investments were held by the counterparty, not in the name of the Plan.

Concentration of Credit Risk

The Plan'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 the Plan. 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. The Plan's fixed income investments are in mutual funds for which ratings are not available.

7. Net Pension Liability

The total pension liability as of December 31, 2017 and 2016 was determined by actuarial valuations as of January 1, 2018 and 2016, respectively, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement dates of December 31, 2017 and 2016, respectively.

The following table presents the components of the net pension liability as of December 31, as determined by the actuary:

	2017	2016
Total pension liability	**$ 95,412,247**	$ 97,241,787
Fiduciary net position	**57,931,041**	50,171,955
Net pension liability	**$ 37,481,206**	$ 47,069,832
Fiduciary net position as a percentage of total pension liability	**60.72%**	51.60%

Actuarial Assumptions

The assumptions shown below have been adopted by the Plan's Board of Trustees in connection with the January 1, 2018 actuarial valuation. There have been no significant changes between the valuation date and the measurement date. Unless noted below, assumptions were not changed from the January 1, 2016 valuation and December 31, 2016 measurement date.

Valuation Timing	Actuarially determined contribution rates are calculated as of January 1, 18 and 30 months prior to the ends of the fiscal years in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Level percent or level dollar	Level dollar
Closed, open or layered periods	Closed
Amortization period at	
January 1, 2016	24 years
January 1, 2018	22 years
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	+/- 20%
Measurement Dates	December 31, 2017 and 2016
Investment Rate of Return	6.675% at December 31, 2017 7.0% at December 31, 2016
Inflation	2.75%
Salary Increases	1.50% for 2017, 6.78% for 2018 and 2.25% thereafter at December 31, 2017 2.25% at December 31, 2016
Mortality	RP-2000 Mortality Tables for Employees and Healthy Annuitants with generational projection per Scale BB
Actuarial Funding Method	Entry age normal cost method
Cost of Living Adjustments	6.78% for 2018 and 2.25% thereafter at December 31, 2017 2.25% at December 31, 2016
Disabled Life Mortality	RP-2000 Disabled Mortality Table
Turnover	None

Rate of Retirement	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 ages 60 and 65 15% are assumed to retire at each age between ages 66 and 69
Expenses	None

The Plan has not had a formal actuarial experience study performed.

Single Discount Rate

A single discount rate of 6.675% was used to measure the total pension liability as of December 31, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 6.675%, which is reported net of the inflation assumption used to obtain the real weighted returns shown above. The projection of cash flows used to determine the single 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 the actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

The following presents the net pension liability as of December 31, 2017, calculated using the discount rate of 6.675%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (5.675%)	Current Discount Rate (6.675%)	1% Increase (7.675%)
Net pension liability	$ 46,342,762	$ 37,481,206	$ 29,280,161

Long-Term Expected Real Rate of Return

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The following table presents the weighted average long-term expected geometric real rate of return:

	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Large cap equities	39.075%	3.13%
Small cap equities	5.900%	3.62%
International equity	19.200%	4.11%
Core fixed income	12.500%	2.29%
U.S Goverment bonds	9.275%	2.92%
U.S REITs	1.475%	3.27%
Alternatives	10.000%	1.66%
Cash and cash equivalents	2.575%	0.27%
Assumed inflation - mean		2.75%
Assumed inflation - standard deviation		1.85%
Portfolio real mean return		3.20%
Portfolio nominal mean return		6.02%
Portfolio standard deviation		11.32%
Investment consultant's margin for active management		50 - 70 basis points
Long-term expected rate of return		**6.675%**

REQUIRED SUPPLEMENTARY INFORMATION

NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN

Required Supplementary Information (Unaudited)

Schedule of Changes in the Net Pension Liability for the Year Ended December 31

	2017	2016	2015	2014
Total pension liability				
Service cost	**$ 3,512,944**	$ 3,248,419	$ 2,692,382	$ 2,351,410
Interest	**6,825,711**	6,567,593	5,642,039	5,648,294
Differences between expected and actual experience	**(10,002,893)**	3,773,085	-	-
Changes of assumptions	**4,435,492**	3,805,991	-	-
Benefits paid to members	**(6,600,794)**	(6,192,391)	(5,693,795)	(5,775,053)
Net change in pension liability	**(1,829,540)**	11,202,697	2,640,626	2,224,651
Total pension liability, beginning of year	**97,241,787**	86,039,090	83,398,464	81,173,813
Total pension liability, end of year	**$ 95,412,247**	$ 97,241,787	$ 86,039,090	$ 83,398,464
Plan fiduciary net position				
Employer contributions	**$ 6,345,596**	$ 6,096,219	$ 5,469,814	$ 4,923,252
Members' contributions	**745,280**	727,351	664,168	635,394
Investment income (loss)	**7,497,346**	2,873,767	(249,704)	2,758,921
Benefits paid to members	**(6,600,794)**	(6,192,391)	(5,693,795)	(5,775,053)
Administrative expenses	**(228,342)**	(238,866)	(208,062)	(202,701)
Net change in plan fiduciary net position	**7,759,086**	3,266,080	(17,579)	2,339,813
Plan fiduciary net position, beginning of year	**50,171,955**	46,905,875	46,923,454	44,583,641
Plan fiduciary net position, end of year	**$ 57,931,041**	$ 50,171,955	$ 46,905,875	$ 46,923,454
Net pension liability	**$ 37,481,206**	$ 47,069,832	$ 39,133,215	$ 36,475,010
Plan fiduciary net position as a percentage of the total pension liability	**60.72%**	51.60%	54.52%	56.26%
Covered payroll	**$ 8,358,564**	$ 8,525,419	$ 8,030,804	$ 7,535,344
Net pension liability as a percentage of covered payroll	**448.42%**	552.11%	487.29%	484.05%

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

NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions

Year Ended December 31	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2017	$ 6,345,596	$ 6,345,596	$ -	$ 8,358,564	75.92%
2016	6,096,219	6,096,219	-	8,525,419	71.51%
2015	5,469,814	5,469,814	-	8,030,804	68.11%
2014	4,923,252	4,923,252	-	7,535,344	65.34%

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

Schedule of Investment Returns

Year Ended December 31	Annual Money-Weighted Rate of Return Net of Investment Expense
2017	15.01%
2016	6.14%
2015	-0.40%
2014	6.80%

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

Actuarial Valuation Method

The Board of Trustees employs an independent actuarial firm to estimate the actuarial present value of accumulated plan benefits and to determine future contribution rates. The most recent actuarial valuation was performed as of January 1, 2018.

The actuarial valuation method used is the entry age normal cost method. Recommended annual contributions until the accrued liability is completely funded consist of two pieces: normal cost and a payment towards the unfunded accrued liability.

Normal cost is determined by calculating the present value of future benefits for present active members that will become payable as the result of death, disability, retirement, or termination. This cost is then spread as a level percentage of earnings from entry age to termination as an active member.

The unfunded actuarial liability is the accrued liability less the actuarial value of assets. The unfunded actuarial liability is amortized as a level dollar over a decreasing number of years. As of January 1, 2010, the amortization period was extended to 30 years to reflect an amendment to RSA 100-C13.

The actuarial value of plan assets is calculated by spreading recognition of gains and losses over five years, plus an additional write-up (or write-down) as necessary so that the final adjusted value is within 20% of fair value. For the first year (January 1, 2005), the actuarial value of assets equals the anticipated proceeds of the pension obligation bond of $42,800,000.

Actuarial Assumptions

The assumptions shown below have been adopted by the Plan's Board of Trustees in connection with the January 1, 2018 actuarial valuation. There have been no significant changes between the valuation date and the measurement date. Unless noted below, assumptions were not changed from the January 1, 2016 valuation and December 31, 2016 measurement date.

Valuation Timing	Actuarially determined contribution rates are calculated as of January 1, 18 and 30 months prior to the ends of the fiscal years in which the contributions are reported.
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Smoothing period	5 years
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Turnover	None

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Expenses	None

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
New Hampshire Judicial Retirement Plan

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of fiduciary net position of the New Hampshire Judicial Retirement Plan (the Plan) as of December 31, 2017, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated July 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Trustees
New Hampshire Judicial Retirement Plan

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
July 18, 2018