

State of New Hampshire  
**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

FOR THE  
FISCAL YEAR  
ENDED JUNE 30, 2015



*Prepared by:*  
NEW HAMPSHIRE DEPARTMENT  
OF ADMINISTRATIVE SERVICES



# Conserving New Hampshire's Fish & Wildlife

**FOR 150 YEARS**



Helene Silver 1958

WILDLIFE BIOLOGIST HELENETTE SILVER



STEVEN'S FIRST WOODCOCK



FISHING DERBY SUCCESS WITH CO. JESSIE SCOTT

In 2015, the New Hampshire Fish and Game Department observed its 150<sup>th</sup> Anniversary, celebrating a legacy dating back to the establishment of the first N.H. Fisheries Commission in 1865.

COVER PHOTO: Scott Bog, by Jillian Kilbourn ©NHFG. This pristine trout pond in the Connecticut Lakes Natural Area is one of many wild places conserved by Fish and Game for the benefit of New Hampshire citizens and visitors.

STATE OF NEW HAMPSHIRE

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**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

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For the Fiscal Year Ended

June 30, 2015



**Prepared by the Department of Administrative Services**

Vicki V. Quiram, Commissioner

**Division of Accounting Services**

Gerard J. Murphy, Comptroller

**and the Bureau of Financial Reporting**

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Catherine L. Bogan

This document and related information can be accessed at <http://admin.state.nh.us/accounting>



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**STATE OF NEW HAMPSHIRE**  
**OFFICE OF THE GOVERNOR**



January 15, 2016

To: The Citizens of the State of New Hampshire and the Honorable Members of the Legislature

I am pleased to accept the Comprehensive Annual Financial Report for the State of New Hampshire for the fiscal year that ended June 30, 2015.

In our work together over the past year, we have made great progress in our efforts to help set the foundation for a new generation of economic growth that will lift all of our people. We enacted a fiscally responsible, bipartisan compromise on the budget that lowered taxes for small businesses while protecting our ability to invest in critical economic priorities, and by carefully managing state agency expenditures and taking preemptive action to protect our budget, we ended Fiscal Year 2015 with a \$62 million surplus, allowing us to strengthen our Rainy Day Fund, which we more than doubled to \$22.3 million.

We also continue to innovate in state government to make it more efficient, working to implement the final recommendations from the Governor's Commission on State Government Innovation, Efficiency and Transparency, which brought together public and private sector stakeholders to identify areas to save taxpayer dollars and improve state services. Many of those initiatives are already underway, including: consolidation of back-office agency functions such as accounts payable, human resources, and payroll; consolidation of smaller State agencies to increase efficiencies and maximize federal revenue; and the development of balanced scorecards by State agencies.

As our country's economy continues to strengthen, New Hampshire remains ahead of the curve in many respects. Our unemployment rate dropped to 3.2 percent in November, the fourth-lowest in the country and the lowest in New England. We have also recently been ranked among the top ten states for best state economy, small-business friendliness and business tax climate, as well as for reading and math scores and leadership in employment and high-wage manufacturing. And thanks to a strengthening economy and our bipartisan commitment to a fiscally responsible, balanced budget, revenues are currently ahead of projections for Fiscal Year 2016 by \$37.1 million, in addition to the strong Fiscal Year 2015 surplus.



Despite this progress, we know that there is much work left to do in order to support job-creating businesses, expand opportunities for middle class families and keep our economy moving in the right direction. We also know that we must continue to strengthen our efforts to combat the heroin and opioid crisis in order to stem – and reverse – the tide of this horrible epidemic and save lives. Time and again, we have proven that in New Hampshire, we can work together to make progress for our people, businesses and communities, and I look forward to continuing that important work with all of you.

With every good wish,

Margaret Wood Hassan  
 Governor



State of New Hampshire  
Selected State Officials  
For the Fiscal Year Ended June 30, 2015

***Executive Branch***

***Governor*** Margaret Wood Hassan

***Executive Council***

Joseph D. Kenney, District 1

Colin Van Ostern, District 2

Christopher T. Sununu, District 3

Christopher C. Pappas, District 4

David K. Wheeler, District 5

***Attorney General***

Joseph A. Foster

***Commissioner of Administrative Services***

Vicki V. Quiram

***Commissioner of the Treasury***

William F. Dwyer

***Secretary of State***

William M. Gardner

***Comptroller***

Gerard J. Murphy

***Judicial Branch***

***Chief Justice of the Supreme Court***

Linda Stewart Dalianis

***Legislative Branch***

***President of the Senate***

Chuck Morse

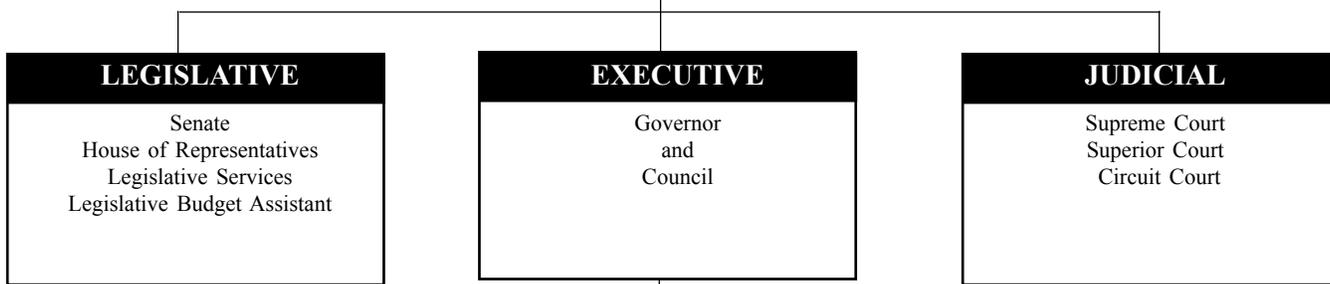
24 Senators

***Speaker of the House of Representatives***

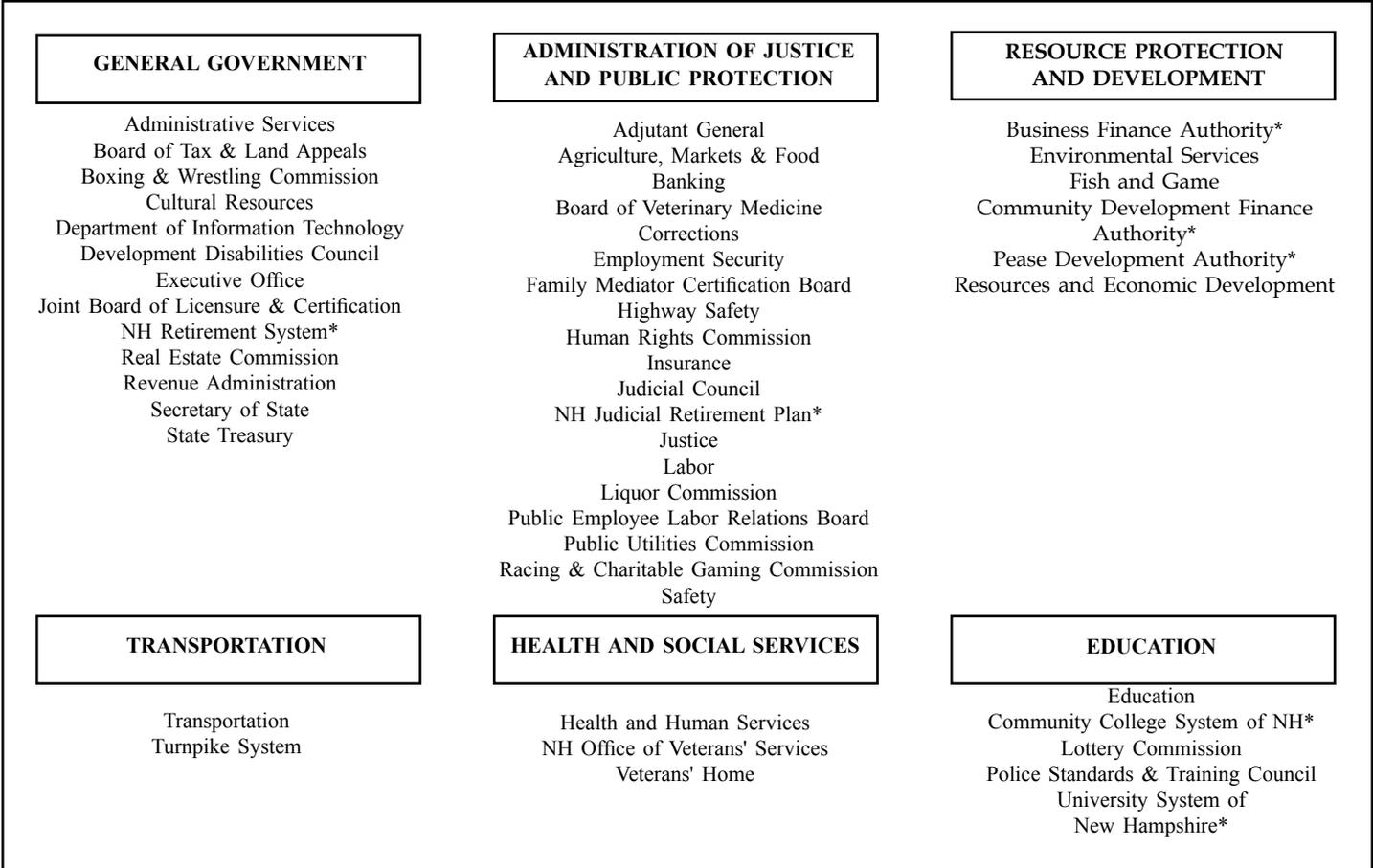
Shawn N. Jasper

400 Representatives

# STATE OF NEW HAMPSHIRE ORGANIZATION CHART



## STATE AGENCIES AND COMPONENT UNITS (\*)





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

**VICKI V. QUIRAM**  
Commissioner  
(603) 271-3201

January 15, 2016

To: The Citizens of New Hampshire,  
Her 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, 2015. 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 a Supreme Court, Superior Court with 11 sites, and a Circuit Court with three divisions, probate, district, and family, with 32 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

- As of October 2015, New Hampshire has regained all the jobs lost during the Great Recession.
- New Hampshire's unemployment rate was significantly less than national average in August 2015 (3.6% vs. 5.1% seasonally adjusted).
- New Hampshire median household income ranked 2<sup>nd</sup> in the country in 2014, or 137% of the national average.
- Real estate transfer tax receipts of \$117 million for fiscal year 2015 were 16.7% higher than the prior year.
- The 188 foreclosure deeds recorded in New Hampshire in July of 2015 was an increase of 37% over foreclosures recorded in July of 2014. The reason for the increase rate as of July is unclear as other economic indicators are not in line with increased foreclosure trends. Single family home sales were up 21% in September 2015 compared to one year prior and the median sales price was up 10 % to \$247,500.
- Total non-farm employment increased by 6,800 jobs from October 2014 to October 2015.

<u>NH Ranking</u>	<u>National Ranking Area</u>	<u>Source</u>
1	State in the Union	Politico
8	Best State Economy	MSN
3	Reading and Math Scores	National Assessment of Educational Progress
2	State for Small Business Friendliness	Thumbtack.com
4	Best State for Working Mothers	WalletHub
7	Business Tax Climate	The Tax Foundation
7	Employment Leader	Business Facilities Magazine
1	State For Girls Well-being	Girl Scout Research Institute
9	High Wage Manufacturing Leader	Business Facilities Magazine
3	Best State to Live	24/7 Wall St.com

The following discussion reflects statements and information about New Hampshire's Economic Outlook based on the most recent New England Economic Partnership (NEEP) forecast, issued in October 2015 by Dennis Delay, Economist for the New Hampshire Center for Public Policy Studies, and N.H. Forecast Manager for NEEP.

Highlights of the October 2015 Forecast:

- The Granite State will add manufacturing jobs at the rate of a 0.2 percent average gain each year. However, it is expected that Granite State manufacturing output will continue to increase much faster in the forecast period, as it has in the past five years.
- Private services employment growth will increase to 2.0 percent annually in the forecast period. The fastest rate of growth (2.7 percent) will occur in Information Services, followed by 2.6 percent annual growth in Leisure & Hospitality jobs, and 2.5 percent average annual growth in Professional and Business Services jobs from 2014 to 2018.
- New Hampshire construction employment has been ramping up since the recession. The pre-recession level for New Hampshire construction jobs was 26,000, so employment in this sector will not increase much above 25,000 in the forecast period, as some of the pre-recession construction employment was due to the housing bubble.

The following chart displays the Actual and Forecasted growth rate in Gross State Product in relation to those of the region and nation (as published by NEEP). This data indicates that the State has experienced a higher growth rate than the national growth rate over the four year period (2010-2014). Partly due to the higher (comparative) growth of prior years, gross State Product for New Hampshire is currently forecasted to be below the growth rates both regionally and nationally over the next five years.

**NEEP Forecast Summary Comparisons**  
**Average Annual Rates of Growth October 2015 Forecast**

	<u>Actual</u> <u>2010-2014</u>	<u>Forecast</u> <u>2014-2018</u>
Gross State Product		
GSP-New Hampshire	3.3	2.5
GSP-New England	1.4	2.6
GDP-United States	1.9	2.8
Total Non-Farm Jobs		
Jobs-New Hampshire	0.9	1.4
Jobs-New England	1.2	1.4
Jobs-United States	1.6	2.1

## Major Initiatives for Fiscal Year 2015:

### State-wide Technology

#### Enterprise Resource Planning

In 2009, an Enterprise Resource Planning (ERP) system was implemented to replace the twenty-five year old mainframe general ledger system. In 2012, the human resources and payroll system that had been in service since 1992 was replaced, and in 2013 the State converted the human resources and payroll functions to the ERP system. NHFirst, the State's ERP system, has (1) reduced costs and delays in associated paperwork, cycle-time for state procurement, payment and revenue collection and (2) replaced a system that had been customized to the point it could no longer be serviced or maintained, was limited and archaic, and presented significant sustainability risk.

More specific examples of efficiencies gained in 2015 due to NHFirst follow. NHFirst enabled the State to streamline the purchasing process by changing a very paper intensive process to all electronic, from the initiation of the requisition through the bidding process, and up to and including issuing a purchase order. With the efficiencies obtained through the new system, the Bureau of Purchasing was able reallocate resources and expand the use of multi-agency service contracts. Centralizing multi-agency service contracts has eliminated the need for each agency to bid and contract for services, resulting in further efficiencies. NHFirst has also allowed the State to implement statewide posting for internal job vacancies, a policy enhancement that was not feasible in the past due to the technology limitations of the previous system. Other efficiency examples are: electronic job postings, applications and hiring; electronic time reporting and online payroll information for employees; and online benefit enrollment and administration.

The State plans to implement additional system upgrades in the future to achieve similar efficiencies in asset management accounting and control and to increase the State's purchasing power by implementing web-based strategic sourcing for suppliers and vendors and thereby increase competitive bidding for State businesses. The strategic sourcing module will further streamline the bidding process by automatically populating a spreadsheet for Request for Bid submissions. The module will also allow vendors to access and make modifications to their vendor information directly without the need for manual intervention. The State will also be expanding its Employee Self Services.

#### Business One Stop

The Business One Stop portal is designed to help businesses identify what they need to know to work with state agencies to run a successful business in New Hampshire. Business One Stop creates a single point of entry for businesses to work with the State's regulatory and oversight agencies by identifying what forms or information is required, how long a particular task takes, and providing a point of contact within the agency who is an expert in the field. In fiscal year 2015, agencies engaged in: forms inventory and developing plans, installing software for the

automated forms solution, training agency staff on the process, and working with the Department of Information and Technology (DoIT) on best practices, policies and procedures on how the process works.

The next phase of Business One Stop opened for business in September 2015 that allows businesses to submit forms, applications and required documentation electronically to state government. Additionally, the upgraded online licensing solution is scheduled to go live in April 2016 which will expand how regulatory boards and commissions work with their licensees. In fiscal year 2015 the State increased the number of boards with online licensing capabilities by seven, for a total of 15 professions with online licensing capabilities. The capabilities include online licensing and renewals as well as license lookup and verification.

#### **Expansion of the Virtual Server Environment**

Server virtualization is taking one physical server (or host) and partitioning it into multiple smaller virtual servers' to maximize resources. Software is then used to partition and secure the virtual servers just like they were on their own physical server. The cost benefits of virtualizing are significant. Space and power are saved at the datacenters and less hardware means less hardware maintenance support costs. Furthermore, if a host fails, the virtualization software automatically fails over all of the virtual servers on that host to another host. Expansion of the Virtual Server Environment, will allow the State to continue to provide an increased ability to respond to change, flexible and agile IT service delivery, improved ability to provide high availability of systems and disaster recovery options, and improved efficiencies with computer resources, maintenance, management, and monitoring of servers.

In FY 2015, DoIT has virtualized an additional 193 servers, for a total of 493 virtualized servers to date.

#### **Cyber Security Initiative**

Traditional defenses are insufficient against today's complex and sophisticated cyberattacks. New Hampshire is investing in cyber security to produce a more robust and holistic cybersecurity environment, providing effective protections and preventions to secure citizen information, enhance operations, maintenance functions and controls, and promote consistent statewide response capabilities through collective partnerships. Enterprise security platforms will leverage and integrate with existing security tools to reduce the likelihood of cyber intrusions and lessen the impact of security events, strengthening the overall security posture of the State's data, systems and networks.

The above list outlines only a few of the major technology improvement initiatives currently underway throughout state government; however, there are many additional technology projects being implemented which are intended to improve services provided, generate efficiencies, and enhance the communication of information.

## **Efficiency & Improvement Initiatives**

#### **Innovation Commission**

In May 2013, Governor Hassan issued Executive Order 2013-07 which is an order establishing the Governor's Commission on State Government Innovation, Efficiency and Transparency. The Commission brought together public and private sector stakeholders to identify areas to save taxpayer dollars and improve state services. The Commission produced a report of final recommendations in January 2015. Multiple areas of recommendations of the Commission are already underway including: consolidation of back-office agency business processing functions such as accounts payable; optimization of check-run and digital payment; and development of balanced scorecards.

Four agencies have already begun work on creation/publication of balanced scorecards: Department of Environmental Services, Department of Transportation, Department of Safety, and Department of Revenue Administration. In FY 2016, through the Office of the Governor and the State's LEAN Executive Committee, these agencies will work together to stay on track and create prototypes for other agencies to expand balanced scorecard as measuring tool and to enhance transparency across State government.

The Innovation Commission reported reducing the frequency of check runs, requiring vendors to consolidate invoices, and adopting modern digital payment techniques to improve average daily cash balance and reduce the administrative costs of managing payables. The Departments of Treasury and Administrative Services are working to reduce frequency of checks from daily to weekly vendor payments and migrating vendors from checks to electronic payments, by making ACH payments a requirement of new contracts.

#### **Consolidation of Business Processing Functions**

- **Accounts Payable:** Prior to the issuance of the Innovation Commission report, and pursuant to Chapter 224:85, Laws of 2011, the State continued the implementation of the consolidation of Accounts Payable during FY 2015. As of June 30, 2015, vendor invoices for the majority of Executive Branch Departments were being processed by the State's Shared Services Center (SSC). This process is continuing to change with the implementation of a purchasing card (P-card) program. The Bureau of Purchasing is currently developing user manuals and rules for use of procurement cards by agency personnel. The P-cards are replacing the multi-copy field purchase orders to streamline the State's acquisition process and to take advantage of card rebates. At this time 11 agencies have been issued 193 P-cards, which have replaced the previous, manual, purchase process in 2,731 purchase transactions to date.
- **Human Resources and Payroll:** Pursuant to Chapter 144:28, Laws of 2013, and Chapter 276, Laws of 2015, the State is in the process of consolidating human resource and payroll functions. The replacement of the human resources and payroll system has facilitated the consolidation initiative. With limited resources dedicated to this transition, the Department of Administrative Services created monthly cross-agency Human Resources and Payroll meetings to train HR/payroll staff and standardize procedures. The Department has also created centralized training materials for statewide human resources functions and these resource materials are posted and accessible on SunSpot, the State Intranet. In FY 2016, the Department will continue working on statewide standardization of recruitment, work force developments, training and payable processes.

**Welcome Centers in Hooksett NH**

In fiscal year 2015, the State of New Hampshire completed construction to redevelop the Hooksett Welcome Centers on Interstate 93. This public-private project partnership has provided New Hampshire residents and visitors a wide range of new and improved services, including multiple dining options, an interactive visitors center, a NH Liquor and Wine Outlet store, a country store, a bank and fueling stations. Despite construction occurring through spring of FY 2015, net sales (register sales less discounts) for the year were up six percent over FY 2013, the last year with no construction. With construction completed, year-to-date net sales for FY 2016 are up 11 percent over the same period in FY 2013.

**Capital Projects – Capital Fund**

During fiscal year 2015, the State continued to work on numerous capital projects, including:

- Construction of a new, 224-bed women’s prison (\$38 million allocated in SFY 2014-2015 capital budget, with another \$14 million allocated in the SFY 2016-2017 budget)
- Completed construction of a 10-bed psychiatric crisis unit at New Hampshire Hospital to help alleviate pressure of mental health emergency in hospital emergency rooms.
- Completed construction of a Career and Technical Education center at Pinkerton.
- Engaged in State Park improvements and reconstruction and preservation of Hampton North Beach Seawall and Sherman Adams Building Entrance at the Department of Resources and Economic Development (DRED). DRED was also engaged in projects such as: new bathhouse construction at Jericho State Park, new septic system at Franklin Pierce Homestead, and pavilion re-construction at Monadnock State Park.

The fiscal years 2016-2017 capital budget authorizes nearly \$271 million in capital appropriations, leveraging approximately \$126 million in general fund bonding authority, with the balance from other sources. Approved projects included:

- Over \$14 million at the Community College System for IT infrastructure and critical maintenance, and building and development of HVAC Electrical Technology, Auto Technology, and STEM facilities
- Nearly \$7 million at the Department of Education for renovation of two Career and Technical Education centers
- \$16.6 million at the Judicial Branch for construction of a new county courthouse
- \$13.5 million at the New Hampshire Veterans’ Home to build a 50-bed addition to their Life Enhancement Dementia Unit
- Over \$5 million at the Department of Resources and Economic Development for repairs and improvements at various state parks
- \$1 million at the Department of Environmental Services for IT related to permitting, environmental monitoring, and flood forecasting
- \$19 million for the Pease Development Authority to do an expansion of the Piscataqua River turning basin to allow larger vessels to navigate through Portsmouth Harbor.

**Financial Information****General Fund & Education Trust Fund FY 2013, 2014 & 2015**

(\$ in millions)

	FY 2013	FY 2014			FY 2015		
	Total	General	Education	Total	General	Education	Total
<b>Undesignated Fund Balance, July 1</b>	\$13.8	\$72.2		\$72.2	\$21.9		\$21.9
Unrestricted Revenue	2,275.6	1,322.3	\$850.9	2,173.2	1,397.7	\$869.0	2,266.7
Total Unrestricted Revenue	2,275.6	1,322.3	850.9	2,173.2	1,397.7	869.0	2,266.7
<b>Deductions:</b>							
Appropriations Net of Estimated Revenues	(2,286.9)	(1,305.4)	(959.3)	(2,264.7)	(1,325.3)	(961.3)	(2,286.6)
Less Lapses	61.6	54.4	5.0	59.4	67.7	13.7	81.4
Total Net Appropriations	(2,225.3)	(1,251.0)	(954.3)	(2,205.3)	(1,257.6)	(947.6)	(2,205.2)
<b>GAAP and Other Adjustments</b>	8.1	(18.9)	1.4	(17.5)	(20.5)		(20.5)
<b>Current Year Balance</b>	58.4	52.4	(102.0)	(49.6)	119.6	(78.6)	41.0
<b>Fund Balance Transfers (To)/From:</b>							
Rainy Day					(13.0)		(13.0)
Fish and Game Fund		(0.7)		(0.7)	(0.9)		(0.9)
Education Trust Fund		(102.0)	102.0		(78.6)	78.6	
<b>Undesignated Fund Balance, June 30</b>	\$72.2	\$21.9		\$21.9	\$49.0		\$49.0
<b>Reserved for Rainy Day Account</b>	9.3	9.3		9.3	22.3		22.3
<b>Total Unassigned Fund Balance</b>	\$81.5	\$31.2		\$31.2	\$71.3		\$71.3

**Fiscal Year 2015 Operations**

The fiscal year 2015 budget as adopted in 2013 (the “fiscal year 2015 budget”) assumed the State would start the year with an unassigned general fund surplus of \$26.8 million and a Revenue Stabilization Fund (“Rainy Day Fund”) balance of \$9.3 million. The fiscal year 2015 budget also assumed the State would spend down that surplus during the year and end fiscal year 2015 with only the Rainy Day Fund balance of \$9.3 million.

In June 2015, the Legislature updated certain projections for fiscal year 2015. The unassigned general fund balance at the start of fiscal year

2015 was updated to the actual fiscal year 2014 ending surplus of \$21.9 million. Revenue, expenditures and other estimates were also updated and the State was then-projected to end fiscal year 2015 with an unassigned general fund equity balance of approximately \$49 million which was to be carried forward in the general fund to be used in fiscal year 2016, as set forth in Chapter 276:43, Laws of 2015. In addition, the Rainy Day Fund balance was projected to be increased to \$23.8 million by a \$14.5 million transfer in to the fund.

The actual total general fund unassigned fund balance, comprised of a Rainy Day Fund balance of \$22.3 million and another unassigned fund balance of \$49 million, at June 30, 2015 was \$71.3 million, which was \$62 million above the fiscal year 2015 budget and \$1.5 million below the June 2015 estimate.

Unrestricted revenue for the General and Education Trust Funds received during fiscal year 2015 totaled \$2,266.7 million which was above the fiscal year 2015 budget amount by \$46.9 million, above the June 2015 updated estimates by \$6.7 million and \$93.5 million higher than fiscal year 2014. The revised fiscal year 2015 budget amount for revenue was \$2,219.8 million.

Note: The original fiscal year 2015 budget unrestricted revenue as passed in 2013 included \$73.7 million of Medicaid Enhancement Tax revenue which was redirected to the Department of Health and Human Services as restricted revenue pursuant to Chapter 158, Laws of 2014, which passed in June 2014.

- The net favorable (\$46.9 million) total revenue results as compared to the revised fiscal year 2015 budget resulted from favorable and unfavorable changes within many of the revenue categories. Revenues that performed better than the revised budget included: Meals and Rooms Taxes by \$16 million (6%), Insurance Taxes by \$5.1 million (6%), Tobacco Taxes by \$12.7 million (6%), Real Estate Transfer Taxes by \$15.4 million (16%), and Utility Property Tax by \$5.6 million (16%). Revenues that performed below the revised budget included: Business Taxes by \$6.5 million (1%), Interest and Dividends Taxes by \$1.1 million (1%), and Communications Tax by 5.2 million (8%). The State's other remaining revenue sources combined were approximately \$4.9 million above the revised fiscal year 2015 budget.

- The \$93.5 million increase in revenue as compared to actual fiscal year 2014 revenue resulted primarily from strong performances in taxes typically correlated with overall economic conditions in the state: Over the prior year, Business Taxes increased \$12.1 million (2%), Meals and Rooms Taxes increased \$19.5 million (8%), Real Estate Transfer Taxes increased \$16.8 million (17%), Interest & Dividends Taxes increased \$17.1 million (21%), Insurance Premium Taxes increased \$19.6 million (21%), and all other variances were approximately \$8.4 million favorable (net).

Net General Fund and Education Fund appropriations included in the original fiscal year 2015 budget, \$2,319.4 million, were revised in June 2014 to \$2,245.7 million as a result of Chapter 158, Laws of 2014, which directed 100% of the Medicaid Enhancement Tax to the Department of Health and Human Services as a restricted revenue (\$73.7 million of Medicaid Enhancement Tax revenue was changed from unrestricted to restricted). As compared to the revised fiscal year 2015 budget, total net appropriations in fiscal year 2015 of \$2,205.2 million were approximately \$40.5 million favorable. This favorable variance was due to lapses that were approximately \$29.5 million higher than expected and final appropriations net of estimated revenues that were \$11 million lower than the revised budget. The lower appropriations net of estimated revenues were caused by executive order appropriation reductions of \$18.3 million and timing variances on recognition of budgeted reductions of \$9.3 million which were partially offset by \$16.6 million of appropriations authorized after the passage of the fiscal year 2015 budget. Total net appropriations are reported as approximately \$0.1 million lower than the fiscal year 2014 net appropriations of \$2,205.2 million; however, lapses in fiscal year 2015 were \$22 million higher than in fiscal year 2014. Appropriations net of estimated revenues were \$21.9 million (1%) higher in fiscal year 2015 than those in fiscal year 2014.

Total closing adjustments made in accordance with U.S. generally accepted accounting principles (GAAP) to bring the budgetary accounting basis to the modified accrual accounting basis totaled \$20.5 million for fiscal year 2015. GAAP and other adjustments were not budgeted in fiscal year 2015. The most significant of the GAAP and other adjustments affecting fiscal year 2015 were the result of an increase in the State's share of Medicaid liability required as of June 30, 2015. A General Fund GAAP adjustment of approximately \$26.9 million was required for unpaid liabilities to providers and managed care organizations as well as the incurred but not reported liabilities. Partially offsetting this unfavorable variance was the remaining GAAP and other adjustments which were net favorable by approximately \$6.4 million, including \$3.4 million of additional escheatment revenue. The fiscal year 2015 GAAP and other adjustments were approximately \$3 million higher than fiscal year 2014 (\$17.5 million). Additionally, \$0.9 million was transferred as budgeted to the Fish & Game fund during fiscal year 2015.

Accordingly, in addition to the \$9.3 million in the Rainy Day Fund at the beginning of the year, the State ended the year transferring in another \$13 million for a year end Rainy Day Fund balance total of \$22.3 million. This is in addition to the other \$49 million of unassigned fund balance which will remain in the general fund, for a total unassigned fund balance of \$71.3 million. This was approximately \$62 million more than the budget and approximately \$40.1 million less than the prior year.

#### **Highway Fund**

The Highway Fund ended the year with an operating surplus of approximately \$16.2 million as compared to the fiscal year 2015 budget of \$0.3 million and the June 2015 estimate of \$11.6 million. For the June 2015 updated estimates, the highway fund balance at the start of fiscal year 2015 was updated to the actual fiscal year 2014 ending surplus of \$33.2 million, which was \$10.5 million higher than the beginning balance assumed in the fiscal year 2015 budget. The actual highway fund revenues were higher than those in the fiscal year 2015 budget by \$10.7 million and higher than the June 2015 updated estimate by \$1.2 million. The Fiscal Year 2014 revenues included approximately \$14 million of revenue from the Turnpike System related to the I-95 sale transaction that took place back in 2010. The fiscal year 2015 unrestricted highway fund revenues were approximately \$3.3 million higher than Fiscal Year 2014. The favorable variances in beginning balance and unrestricted revenue were partially offset by slight unfavorable variances in net highway fund appropriations and GAAP and other adjustments to result in an actual highway fund surplus of \$16.2 million. As all fund balance within the highway fund is categorized as restricted, the surplus amount is embedded with restricted fund balance. Additional information on the Highway Fund can be found on page 131.

**Fish & Game Fund**

The Fish and Game Fund ended the year with an Undesignated Fund Balance of approximately \$0.4 million versus the original budget as passed in 2013 of essentially \$0. For the June 2015 updated estimates, the fish & game fund balance at the start of fiscal year 2015 was updated to the actual fiscal year 2014 ending surplus of \$1.2 million, which was \$0.8 million higher than the beginning balance assumed in the fiscal year 2015 budget. Fish and Game Fund revenues of \$10 million were slightly unfavorable for the year by approximately \$0.1 million as compared to the fiscal year 2015 budget of \$10.1 million. Unfavorable variances to the fiscal year 2015 budget also occurred in net appropriations and GAAP and other adjustments to result in a favorable year end surplus balance variance of \$0.4 million. A transfer from the general fund was made during fiscal year 2015, as budgeted, in the amount of \$0.9 million. The fish and game surplus balance is embedded within assigned fund balance within the fish and game fund. Additional information regarding the fish and game fund can be found on page 132.

**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, 2015 was \$1,639.5 million. This decrease in unrestricted net position to the current deficit position appears to be primarily the result of the following: 1) \$961.8 million of Other Post Employment Benefit (OPEB) Liabilities outstanding as of June 30, 2015 (see Note 11) 2) 736.5 million of Net Pension Liabilities outstanding as of June 30, 2015 (see note 11) 3) Long-Term debt issued by the State for component unit capital purposes, \$211 million outstanding principal balance as of June 30, 2015 (\$168 million USNH and \$43 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 \$96 million that did not result in a State capital asset.

**General Fund & Education Trust Fund FY 2013, 2014 & 2015**

(\$ in millions)

Revenue Category	FY 2013	FY 2014			FY 2015			FY 2015 Combined
	Total	General	Education	Total	General	Education	Total	Plan
Business Profits Tax	\$323.8	\$271.7	\$58.4	\$330.1	\$282.4	\$61.1	\$343.5	\$340.5
Business Enterprise Tax	228.0	73.0	146.5	219.5	71.9	146.3	218.2	227.7
Subtotal	551.8	344.7	204.9	549.6	354.3	207.4	561.7	568.2
Meals & Rentals Tax	248.4	254.0	7.7	261.7	272.7	8.5	281.2	265.2
Tobacco Tax	205.9	130.3	89.8	220.1	128.7	92.6	221.3	208.6
Liquor Sales and Distribution	132.3	135.9		135.9	138.5		138.5	136.0
Interest & Dividends Tax	93.0	79.8		79.8	96.9		96.9	98.0
Insurance Tax	95.4	95.0		95.0	114.6		114.6	109.5
Communications Tax	57.4	59.3		59.3	57.3		57.3	62.5
Real Estate Transfer Tax	93.4	67.1	33.7	100.8	78.8	38.8	117.6	102.2
Transfers from Lottery Commission	74.3		72.4	72.4		74.3	74.3	77.3
Transfers from Racing & Charitable Gaming Commission	3.4		3.0	3.0		3.0	3.0	3.4
Tobacco Settlement	63.2	2.3	40.0	42.3	1.9	40.0	41.9	44.4
Utility Property Tax	33.2		35.8	35.8		41.0	41.0	35.4
Property Tax Retained Locally	363.7		363.6	363.6		363.4	363.4	363.6
Other	179.8	149.2		149.2	147.3		147.3	140.1
Subtotal	2,195.2	1,317.6	850.9	2,168.5	1,391.0	869.0	2,260.0	2,214.4
Net Medicaid Enhancement								
Revenues	69.1							
Recoveries	11.3	4.7		4.7	6.7		6.7	5.4
Total	\$2,275.6	\$1,322.3	\$850.9	\$2,173.2	\$1,397.7	\$869.0	\$2,266.7	\$2,219.8

**Major Initiatives Expected to Affect the Future Financial Position of the State:****Increase Balance of the Revenue Stabilization Fund:**

The balance of the State's Revenue Stabilization Fund ('Rainy Day Fund') has been \$9.3 million since 2009. This year marks the first increase in the Rainy Day fund balance to \$22.3 million. This amount is less than ideal relative to comparisons to other states and various general guidelines to ensure the State can absorb unpredicted financial challenges, but still represents an increase of 140% for the first time in six years. 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 \$1,000,000, the first 10 percent of those funds shall be transferred to the Rainy Day Fund.

**Business Taxes and Interest & Dividends Taxes:**

During the last few years, several changes have been made to the Business Tax and Interest & Dividend (I&D) tax laws. A list of the more significant changes was provided in the April 2014 Monthly Revenue Focus issued by the Department of Administrative Services at <http://admin.state.nh.us/accounting/FY%2014/Monthly%20Rev%20April.pdf>. The majority of those changes took effect in tax year 2013 or prior and therefore affected revenues starting in State Fiscal Year 2014. In particular, I&D law changes would have mostly taken effect in FY 2014.

The companion bill to the State's budget for FYs 2016-2017, SB 9 also 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, if State Revenues achieve a certain threshold, these rates would see further reductions for tax years ending on or after December 31, 2018.

#### **Medicaid Program:**

- **Managed Care Delivery Model.** Significant changes were made to New Hampshire Medicaid during the 2011 legislative session. Notably, Chapter 125, Laws of 2011 directed the current fee-for-service program be converted to a managed care model effective July 2012 with Medicaid and Children's Health Insurance Program (CHIP) combined into one Medicaid managed care program. The State Plan Amendment (SPA) for this initiative (12-006) was submitted to CMS on March 30, 2012 and was approved on August 24, 2012. The contracts and associated rates for the Medicaid Managed Care model were approved by the federal Centers for Medicare and Medicaid Services on September 18, 2013. The Medicaid Care Management (MCM) program began open enrollment on September 11, 2013 for Step 1 Medicaid recipients with coverage beginning December 1, 2013 (Step 1 included medical services and behavioral health services). Total budgeted appropriations for fiscal years 2014 and 2015 were reduced by \$5.8 million and \$41.6 million respectively (approximately \$2.9 million and \$20.8 million General Funds) related to the conversion from the fee for service model to the managed care model.

As of February 1, 2016, the State anticipates mandatory enrollment in the MCM program of the remaining population that was initially permitted to "opt out" of the program. The inclusion of the so-called mandatory population of approximately 10,000 persons is the first phase of bringing long-term care services into managed care. Managed care contract amendments approved by the Governor and Council on December 16, 2015 established the target date of September 1, 2016 to bring nursing services and certain home care services into managed care. The date for inclusion in MCM for persons served by the developmentally disabled, acquired brain syndrome and in-home supports waivers has not been established.

- **New Hampshire Health Protection Program.** The New Hampshire Health Protection Act, Chapter 3, Laws of 2014 (SB 413), codified at RSA 126-A:5, XXIII-XXVI and RSA 126-A:67 established the New Hampshire Health Protection Program to provide a coordinated strategy to access private insurance coverage for uninsured, low-income citizens with income up to 133 percent of the federal poverty level (FPL) using available, cost-effective health care coverage options for Medicaid newly eligible individuals at the earliest practicable date through December 31, 2016.

As of July 1, 2014, New Hampshire residents began applying for Medicaid insurance coverage to start on August 15, 2014. The initial Program included two transitional programs: a mandatory Health Insurance Premium Program (HIPP) (repealed as of September 1, 2015) under which newly eligible individuals were provided access to cost-effective private employer sponsored insurance (the Program paid the employee's premiums and other costs of coverage) and a voluntary Bridge to Marketplace Program (ending December 31, 2015) under which those non-HIPP eligible were temporarily enrolled in private managed care plans either through the federal marketplace (if determined to be cost-effective) or managed care organizations currently under contract with the State. The final, long-term program, the Premium Assistance Program, under which newly-eligible persons are enrolled in private Qualified Health Plans on the NH Marketplace, is beginning January 1, 2016.

The NH Health Protection Program service costs are funded with 100% federal funds and all payments and reimbursement of federal funds are managed in the NH Health Protection Fund established under 126-A:5-b and administered by the Commissioner of the Department of Health and Human Services. The State received \$203 million in federal funds to provide private health insurance coverage to the expanded Medicaid population. There were approximately 43,577 people enrolled as of October 31, 2015. While costs for are 100% federally funded, administration is matched at 50% and system development and implementation costs are matched at 90% or 75%. It is anticipated legislation will be brought forward in this legislative session to extend the program past its December 31, 2016 sunset date.

- **Future Outlook:**

**Caseloads.** The SFY 2016 budget anticipated a Medicaid caseload decrease of 2 percent starting July 1, 2015. However, the State had not experienced any caseload decrease as of September. It remains to be seen whether the caseloads will decrease later in the year. Any further change in caseload will not impact the Medicaid expenditures for three months, as there is a 3-month lag in payments.

**Transformation Waiver.** New Hampshire has recently received approval from the Centers for Medicare and Medicaid Services (CMS) for a waiver in accordance with Section 1115 of the federal Social Security Act to access new federal funding to help transform its behavioral health delivery system to (1) deliver integrated physical and behavioral health care that better addresses the full range of individuals' needs, (2) expand capacity to address emerging and ongoing behavioral health needs in an appropriate setting, and (3) reduce gaps in care during transitions across care settings by improving coordination across providers and linking patients with community supports.

Under the waiver, New Hampshire will receive federal funds of up to \$30 million per year for five years to make performance-based incentive payments to new regional networks of health care and community service providers (Integrated Delivery Networks) who propose specific projects that will strengthen the capacity of the state's behavioral health system, integrate mental health and substance use disorder (SUD) care with primary care, and lower the long-term growth in health care costs for the state.

The waiver is a critical component of New Hampshire's broader delivery system and Medicaid reform agenda. It has been designed to build upon and strengthen a number of other initiatives underway in New Hampshire, including the expansion of Medicaid to newly eligible adults; the recent move to comprehensive Medicaid managed care (which includes both physical and behavioral health benefits); the State's Health Improvement Plan; the recently awarded State Innovation Model Planning Grant; the Governor's proposal to extend SUD services to the whole Medicaid population in FY 2017; and the State's initiative to reorganize the Department of Health and Human Service around a "whole person" approach to providing services.

**Workforce Development Challenges**

As of June 30, 2015, the estimate is that approximately 33% of the full-time workforce was eligible to retire (at age 60, or “rule of 70”, or using the group II retirement rule). Additionally, projecting out five years, it appears that an additional 20% of the full-time workforce will be eligible to retire. Accordingly, the State is continuing to address the development of the State’s workforce. It is critical that each State Department continues to develop experienced and capable employees who are prepared to assume vital roles as they become available in the future. The Innovation Commission recommended that the Governor appoint a Workforce Strategy Task Force to address the size, composition, compensation, training and development of the State’s workforce. The Department of Administrative Services has begun work to identify the top issues with Workforce Development facing State agencies and is re-initiating the Workforce Development Committee. A statewide team of 14 individuals has been assembled to continue the work that was started in 2008.

**Highway Fund**

The adopted budget for Fiscal Years 2014 and 2015 accelerated the Turnpike System’s payments to the Highway Fund from the sale of a portion of I-95 in fiscal year 2010. Approximately \$14 million was paid during Fiscal Year 2015 and the final payment of \$0.4 million will be paid in Fiscal Year 2016.

The table below sets forth the payments made and scheduled to be made by the Turnpike System to the Highway Funds in the fiscal years since the I-95 sale. The final payment of \$0.4 million is expected to be made in Fiscal Year 2016.

<u>Fiscal Year</u>	<u>Amount</u>
2010	\$30 million
2011	20 million
2012	26 million
2013	26 million
2014	15 million
2015	14 million

**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). The new standard significantly changes 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 the new standards, the State will report a net pension liability associated with pension benefits provided through the NHRS and the NHJRP. Based on GASBS 68, as of June 30, 2015 the State reported a total liability of \$772.3 million for its proportionate share of the net pension liability of the NHRS 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. Certain of the legislative changes have been challenged in court, with the majority of these matters having been resolved (see Note 14 Litigation).

**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. As of December 31, 2014 (most recent valuation), the State’s estimated unfunded actuarial accrued liability (UAAL) was estimated at approximately \$2.1 billion, a slight increase over the previous valuation of \$1.9 billion as of December 31, 2012, largely due to an actuarial experience loss and valuation assumption changes.

Although recent efforts by the State have reduced this UAAL from approximately \$2.3 billion as of December 31, 2010, the State continues to focus on ways to reduce the current and future costs of this benefit. Pursuant to Chapter 144:33, Laws of 2013, a study commission was established to review retiree health care benefits for employees hired after July 1, 2013 in light of the implementation of the Patient Protection and Affordable Care Act and to recommend a cohesive plan outlining cost effective health plan models effective for such new employees. The Commission report which included findings and recommendations was issued to the governor and the Fiscal Committee of the general court on November 15, 2013.

On October 20, 2015 and November 3, 2015 the Fiscal Committee made changes to the Retiree Health Benefit plan design and retiree premium contribution to operate the Retiree Health Program within the Fiscal Year 2016/2017 budgets. In addition, the Department of Administrative Services has begun working with its health care consultants to research long-term retiree health benefit design options for the State of New Hampshire in anticipation of future legislative changes to the Retiree Health Benefit Plan and funding levels.

## 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 at the 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.

Through FY 2015, financial transactions for the various state agencies were recorded in the New Hampshire accounting ERP System, NHFirst. 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 of the State's new ERP system, substantial training was provided by DAS, which served 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 NHFirst 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, 2015.

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 2016.

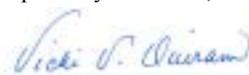
## Certificate of Achievement

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, 2014. This is the sixth consecutive year that the state 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.

## Acknowledgements

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

Respectfully submitted,



Vicki V. Quiram, Commissioner



Government Finance Officers Association

**Certificate of  
Achievement  
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Presented to

**State of New Hampshire**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive style with a prominent initial 'J'.

Executive Director/CEO

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# Financial Section

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**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, 2015, 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, the Lottery Commission and the State Revolving Fund, which represent 35.3% and 76.0% of the assets and revenues of the business-type activities, respectively, and 100%, 98%, and 100% of the assets and revenues of the respective major funds. We also 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 13.3% and 14.2% of the assets and revenues of the aggregate discretely presented component units, respectively. Further, we did not audit the New Hampshire Judicial Retirement Plan and the New Hampshire Public Deposit Investment Pool, which represent 2.2% and 11.4% of the assets and revenues of the aggregate remaining fund information, respectively. Those financial 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, 2015, 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.

### ***Emphasis of Matters***

#### *Adoption of New Accounting Pronouncement*

As discussed in note 1 to the financial statements, in 2015, the State adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis, budget to actual schedules, and information about the State's other postemployment benefits, information about the New Hampshire Retirement System and information about the New Hampshire Judicial Retirement Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 required supplementary information 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 January 15, 2016 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 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 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

January 15, 2016

# 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, 2015. 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 at fiscal year ending June 30, 2015 by \$2.0 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, \$1.7 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 decreased by \$768.4 million, or 28%, however, as shown in the Comparative Changes in Net Position table within this report, the net decrease was largely attributable to the effect of the implementation of GASB Statement No. 68 (GASBS 68), *Accounting and Financial Reporting for Pensions*, as described in Note 1 to the financial statements. After adjusting for the \$830.4 million restatement of beginning of year net position for the implementation of GASBS 68, the State's net position increased by \$62.0 million (3.2%) in fiscal year 2015, from \$1,927.4 million on a restated basis, to \$1,989.4 million. Also as reflected in this table, the net position of governmental activities increased by \$9.3 million (1.7%), from \$540.0 million on a restated basis, to \$549.3 million in fiscal year 2015. Net position of the business-type activities showed an increase of \$52.8 million (3.8%) related to fiscal year 2015 activity, from \$1,387.3 million on a restated basis, to \$1,440.1 million. Total expenses for the period were \$332.8 million or 5.5% higher than fiscal year 2014 and total revenues were approximately \$370.5 million or 6.1% higher than fiscal year 2014.

**Non-Current Liabilities:** The State's total non-current liabilities increased by \$890.4 million or 36% during the current fiscal year, and is largely due to the recognition of the State's proportionate share of the New Hampshire Retirement System's net pension liability and the net pension liability associated with the New Hampshire Judicial Retirement Plan upon implementation of GASBS 68. The aggregate net pension liability reflected in the June 30, 2015 non-current liabilities amounted to \$772.3 million. Reported non-current bonded debt decreased \$3.6 million or 0.2%, as payments slightly exceeded new issuances of outstanding debt. Also, an increase in long-term liabilities of \$103.4 million was recorded for other postemployment health benefits in accordance with governmental accounting standards.

### Fund Highlights:

**Governmental funds - Fund Balances:** As of the close of fiscal year 2015, the State's governmental funds reported a combined balance of all funds of \$570.7 million, an increase of \$26.8 million over the prior year. Within the governmental funds, fund balances for the general fund and the combined non-major governmental funds increased by \$38.8 million and \$24.2 million, respectively. This increase was partially offset by a decrease of fund balance of \$35.4 million in the highway fund. The increase in the general fund was driven by a \$40.1 million increase in unassigned fund balance, as the year ended with an unassigned fund balance of \$71.3 million (including revenue stabilization balance of \$22.3 million). The increase in the general fund unassigned fund balance was due to higher unrestricted revenue as compared to the planned amount along with lower than expected unrestricted net appropriations, achieved mainly through higher than expected lapses of appropriation. The fund balance changes in the highway fund and the combined non-major governmental funds were caused by the timing of project expenditures in the respective 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 the 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 28 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 30, 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 Commission),
- 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 33 through 36.

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 34 and 36.

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 Fund and Permanent Funds) are provided in the combining statements found on pages 100 and 101.

**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 38 through 41.

**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 43-44 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,
- Investment Trust Fund** which accounts for the activity of the external investment pool known as the New Hampshire Public Deposit Investment Pool (NHPDIP),
- Private-Purpose Trust Funds** which account for the activity of trust arrangements under which principal and income benefit individuals, private organizations, or other governments, 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 46 and 47.

### 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 49.

### 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 a schedule of funding progress for the state's Other Postemployment Benefit Plan are presented.

### 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 (government and business-type activities) totaled \$2.0 billion as of June 30, 2015 which was 28% lower than the net position as of June 30, 2014, largely due to the effect of the implementation of GASBS 68. After adjusting for the \$830.4 million restatement of beginning of year net position for the implementation of GASBS 68, the State's net position increased by \$62.0 million (3.2%) in fiscal year 2015, from \$1,927.4 million on a restated basis, to \$1,989.4 million.

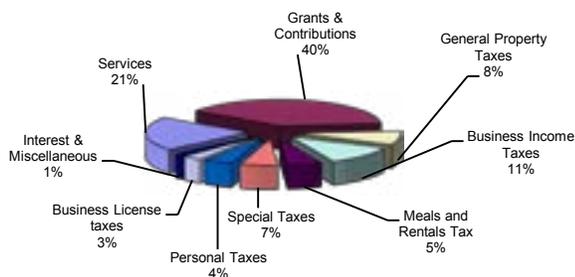
	<b>Comparative Net Position as of June 30, 2015 and 2014</b>					
	<b>(In Thousands)</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	2015	2014	2015	2014	2015	2014
Current assets	\$1,252,790	\$1,174,835	\$831,809	\$777,158	\$2,084,599	\$1,951,993
Capital assets	2,805,945	2,752,656	903,188	914,386	3,709,133	3,667,042
Other assets	59,957	74,271	350,631	316,241	410,588	390,512
<b>Total assets</b>	<b>4,118,692</b>	<b>4,001,762</b>	<b>2,085,628</b>	<b>2,007,785</b>	<b>6,204,320</b>	<b>6,009,547</b>
<b>Total deferred outflows of resources</b>	<b>82,861</b>	<b>10,540</b>	<b>5,527</b>	<b>3,009</b>	<b>88,388</b>	<b>13,549</b>
Noncurrent liabilities	2,856,960	2,037,301	508,999	438,287	3,365,959	2,475,588
Current liabilities	693,150	643,356	136,818	146,369	829,968	789,725
<b>Total liabilities</b>	<b>3,550,110</b>	<b>2,680,657</b>	<b>645,817</b>	<b>584,656</b>	<b>4,195,927</b>	<b>3,265,313</b>
<b>Total deferred inflows of resources</b>	<b>102,162</b>		<b>5,231</b>		<b>107,393</b>	
Net Position:						
Net Investment in capital assets	2,036,066	2,013,107	485,461	462,660	2,521,527	2,475,767
Restricted	152,702	108,658	965,691	929,609	1,118,393	1,038,267
Unrestricted	(1,639,487)	(790,120)	(11,045)	33,869	(1,650,532)	(756,251)
<b>Total net position</b>	<b>\$549,281</b>	<b>\$1,331,645</b>	<b>\$1,440,107</b>	<b>\$1,426,138</b>	<b>\$1,989,388</b>	<b>\$2,757,783</b>

**Comparative Changes in Net Position  
For Fiscal Years Ending June 30, 2015 and 2014  
(In Thousands)**

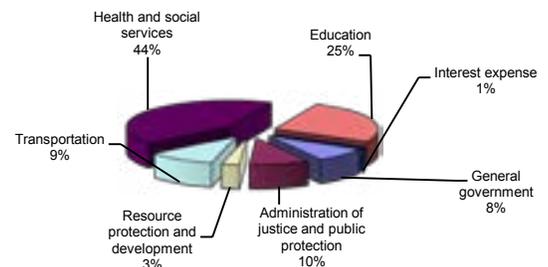
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$1,023,256	\$1,019,353	\$1,173,923	\$1,204,640	\$2,197,179	\$2,223,993
Operating grants & contributions	1,895,332	1,641,790	46,986	36,876	1,942,318	1,678,666
Capital grants & contributions	197,400	218,351	74	3,108	197,474	221,459
General revenues:						
General Property Taxes	408,678	398,419			408,678	398,419
Business Income Taxes	564,562	546,829			564,562	546,829
Meals and Rentals Tax	280,792	263,050			280,792	263,050
Special taxes	370,000	290,020			370,000	290,020
Personal taxes	221,501	219,903			221,501	219,903
Business license taxes	181,278	145,658			181,278	145,658
Interest	15,172	16,343			15,172	16,343
Miscellaneous	47,846	52,005			47,846	52,005
<b>Total revenues</b>	<b>5,205,817</b>	<b>4,811,721</b>	<b>1,220,983</b>	<b>1,244,624</b>	<b>6,426,800</b>	<b>6,056,345</b>
<b>Expenses</b>						
General government	442,490	425,806			442,490	425,806
Administration of justice and public protection	528,840	480,720			528,840	480,720
Resource protection and development	156,795	140,316			156,795	140,316
Transportation	501,461	541,058			501,461	541,058
Health and social services	2,406,752	2,153,341			2,406,752	2,153,341
Education	1,346,431	1,335,566			1,346,431	1,335,566
Interest Expense	41,877	31,548			41,877	31,548
Turnpike System			116,372	90,243	116,372	90,243
Liquor Commission			497,091	482,158	497,091	482,158
Lottery Commission			210,254	205,052	210,254	205,052
SRF Fund			22,962	21,541	22,962	21,541
Unemployment Compensation			93,450	124,654	93,450	124,654
<b>Total expenses</b>	<b>5,424,646</b>	<b>5,108,355</b>	<b>940,129</b>	<b>923,648</b>	<b>6,364,775</b>	<b>6,032,003</b>
Increase/ (decrease) in net position before transfers and other items	(218,829)	(296,634)	280,854	320,976	62,025	24,342
Transfers & Other Items	228,098	216,154	(228,098)	(216,154)		
Increase/ (decrease) in net position	9,269	(80,480)	52,756	104,822	62,025	24,342
Net position - July 1	1,331,645	1,412,125	1,426,138	1,321,316	2,757,783	2,733,441
Cumulative effect of implementation of GASBS 68	(791,633)		(38,787)		(830,420)	
Net position, end of year	\$549,281	\$1,331,645	\$1,440,107	\$1,426,138	\$1,989,388	\$2,757,783

Note: The 2014 amounts in the above tables do not reflect restated values for the effect of the implementation of GASBS 68.

**Governmental Activities - Revenues  
Fiscal Year Ending June 30, 2015**



**Governmental Activities - Expenses  
Fiscal Year Ending June 30, 2015**



**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 \$45.7 million from prior year. This increase was the result of a net increase in capital assets of \$42.1 million during the year, which partially utilized prior year bond proceeds, combined with a decrease in capital related debt of \$3.6 million. 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 (\$1,118.4 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 \$80.1 million from prior year due largely to increases in assets restricted for Unemployment Benefits, Health and Social Services and for Environmental Loan Programs within the State Revolving Fund.

**Unrestricted Net Position:** The deficit in the State's unrestricted net position is \$1.7 billion which is up \$894.3 million from the deficit of \$756.3 million from the previous year. The largest component of the deficit is due to the cumulative effect of the implementation of GASBS 68, specifically the net pension liability recorded as of June 30, 2015 of \$772.3 million. Another significant component of the deficit is attributable to net other postemployment benefit obligations, which at June 30, 2015 were \$961.8 million, up from \$858.4 million as of June 30, 2014.

### Changes in Net Position

The State's total net position increased by \$62.0 million, or 3.2%, from current fiscal year activities. Total revenues were \$6,426.8 million, an increase of \$370.5 million (6.1%) as compared to the prior year, and total reported expenses were \$6,364.8 million, an increase of \$332.8 million (5.5%) as compared to the prior year. The increase in revenues surpassed the increase in expenses, attributing to the increase in net position.

More than half of the State's revenue (68%) is from program revenue, consisting of charges for goods and 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 \$212.9 million and general revenues were higher by \$157.6 million.

The State's expenses cover a range of services. The largest expenses were for Health and Social Services and Education, which accounted for 44% and 25% of total expenses, respectively.

### Analysis of Changes in Revenues and Expenses For Fiscal Year Ending June 30, 2015 Compared to 2014 (\$ In Millions)

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	\$Change	% Change	\$Change	% Change	\$Change	% Change
<b>Revenues</b>						
Program revenues:						
Charges for services	4.0	0.4%	(30.7)	-2.5%	(26.7)	-1.2%
Operating grants & contributions	253.5	15.4%	10.1	27.4%	263.6	15.7%
Capital grants & contributions	(21.0)	-9.6%	(3.0)	-96.8%	(24.0)	-10.8%
General revenues:						
General Property Taxes	10.3	2.6%			10.3	2.6%
Business Income taxes	17.7	3.2%			17.7	3.2%
Meals and Rental Taxes	17.7	6.7%			17.7	6.7%
Special taxes	80.0	27.6%			80.0	27.6%
Personal taxes	1.6	0.7%			1.6	0.7%
Business License taxes	35.6	24.4%			35.6	24.4%
Interest	(1.1)	-6.7%			(1.1)	-6.7%
Miscellaneous	(4.2)	-8.1%			(4.2)	-8.1%
<b>Total revenues</b>	<b>394.1</b>	<b>8.2%</b>	<b>(23.6)</b>	<b>-1.9%</b>	<b>370.5</b>	<b>6.1%</b>
<b>Expenses</b>						
General government	16.7	3.9%			16.7	3.9%
Administration of justice and public protection	48.1	10.0%			48.1	10.0%
Resource protection and development	16.5	11.8%			16.5	11.8%
Transportation	(39.6)	-7.3%			(39.6)	-7.3%
Health and social services	253.4	11.8%			253.4	11.8%
Education	10.9	0.8%			10.9	0.8%
Interest Expense	10.3	32.7%			10.3	32.7%
Turnpike System			26.1	28.9%	26.1	28.9%
Liquor Commission			14.9	3.1%	14.9	3.1%
Lottery Commission			5.2	2.5%	5.2	2.5%
SRF Fund			1.5	7.0%	1.5	7.0%
Unemployment Compensation			(31.2)	-25.0%	(31.2)	-25.0%
<b>Total expenses</b>	<b>316.3</b>	<b>6.2%</b>	<b>16.5</b>	<b>1.8%</b>	<b>332.8</b>	<b>5.5%</b>

**Governmental Activities**

Governmental activities decreased the State's net position by \$218.8 million, before transfers and other items. Revenues increased by \$394.1 million or 8.2% from the prior year to total \$5.2 billion. Total program revenue, consisting of charges for goods and services, and federal and local grants, increased \$236.5 million or 8.2%, while taxes and other revenues increased \$157.6 million or 8.2%. Reported expenses increased \$316.3 million or 6.2%. The rise in program revenues was driven largely by an increase in federal grants, with the largest increase relating to federal funding for newly eligible Medicaid patients through the New Hampshire Health Protection Program. Also driving the increase in program revenues was an increase in the Medicaid Enhancement Tax, which is paid to the State by hospitals in New Hampshire and is based on certain revenues that those hospitals receive. The increase in general revenues was due largely to the improvement of economic conditions within the State, as these revenues consist of statewide property taxes, business profits tax, business enterprise tax, real estate transfer, tobacco, meals and rentals, and interest and dividends tax. The increase in expenses is primarily due to corresponding spending associated with the increase in federal grant revenue, including the New Hampshire Health Protection Program.

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 below. 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 \$280.9 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 \$152.1 million, an increase of \$3.4 million (2.3%) from the prior year, which was transferred to the General Fund to fund the general operations of the State. The Lottery Commission net income before transfers of \$77.2 million was an increase of \$1.7 million (2.2%) as compared to the prior year. The increases in net income at both the Liquor Commission and the Lottery Commission were mostly attributable to higher sales, largely attributable to new outlet stores and renovated highway welcome centers. Additionally, the Turnpike System generated net income before transfers of \$11.5 million, down from \$35.2 million in the prior year, with the decrease coming from the recognition of a capital asset impairment expense. The operations of the Unemployment Compensation fund yielded an increase in net position of \$6.5 million, which is down from an increase of \$35.4 million in the prior year, as a result of lower current year revenue brought on by a decrease in employer contribution rates. The operations of the State Revolving Fund yielded an increase in net position of \$33.6 million, which was comparable to the \$34.0 from the prior year.

**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 \$26.8 million in fiscal year 2015. A deficiency of revenues under expenditures of \$287.0 million was funded by \$310.5 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, 2015 is \$336.2 million. The general fund unassigned fund balance, comprised of the Revenue Stabilization (Rainy Day fund) amount of \$22.3 million and other fund balance of \$49.0 million ended the year at \$71.3 million, an increase of \$40.1 million from the prior year. As discussed further in the Budgetary analysis section, the increase in unassigned fund balance was a result of an approximate \$18 million in budgetary excess of revenues over expenditures, due to both savings of fiscal year 2015 appropriations and revenues coming in higher than plan. In accordance with House Bill 2 (HB2), Chapter 276 Laws of 2015, \$49 million of the budgetary surplus remains as general fund unassigned fund balance for the period ended June 30, 2015.

Revenues in the general fund were \$3,734.7 million, \$350.1 million (10.3%) higher than the prior year, the increase largely the result of increases in Special Taxes and Federal Grants received during fiscal year 2015. Expenditures increased by \$303.0 million (8.7%) to \$3,768.7 million, which was primarily the result of the increase in Health and Social Services expenditures. Both revenue and expenditures were higher during fiscal year 2015 due to new health and social services' federally-funded programs implemented during the year, with the New Hampshire Health Protection Program as the main driver for both increases.

**Education Fund**

The education fund, before year-end transfers from other funds, had a deficit balance of \$156.7 million. Approximately \$77.3 million was transferred from the Enterprise funds and the general fund made a transfer from unassigned fund balance for the remaining \$78.6 million to bring the education assigned fund balance to \$4.3 million at June 30, 2015. The remaining fund balance within the education fund primarily represents the remaining fiscal year 2015 appropriations available for Charter Schools.

**Highway Fund**

The highway fund ended the year with a restricted fund balance of \$125.7 million. As the highway fund revenues include revenues primarily restricted by the Constitution or the Federal Government, the remaining spendable fund balance as of June 30, 2015 has been classified as restricted. This is a decrease of approximately \$38.1 million from the fiscal year 2014 spendable fund balance of \$163.8 million, which was driven largely by the timing of project expenditures.

**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 87.

**General Fund:**

The net increase from the original budget of \$4,122.1 million to the final budget of \$4,667.6 million is \$545.5 million and represents additional appropriations issued and budget reductions recorded (HB2), after July 1, 2014 primarily in the following categories of government: Health & Social Services (\$468 million), Justice & Public Protection (\$52 million) and Resource Protection and Development (\$10 million). The budget increase is due largely to appropriations for federal programs not part of the adopted operating budget, including the New Hampshire Health Protection Program.

Actual total revenue was less than the final budget by approximately \$673.3 million which was primarily the result of lower federal grant revenues. The federal grant revenue unfavorable variance of \$526.1 million was due primarily to the timing of program expenditures. Total actual expenditures were approximately \$901.3 million lower than the final budget primarily within the Department of Health & Human Services, the Department of Environmental Services, the Department of Education, and the Department of Safety. Again this variance was largely due to the timing of program expenditures.

**Education Trust Fund:**

Actual total revenue was greater than the final budget by approximately \$6.5 million which was due primarily to improving economic conditions. Total actual expenditures were approximately \$13.9 million lower than the budget primarily due to lower than expected adequate education aid payments to local school districts, driven by lower student attendance. As a result, the transfer from the general fund required to cover the deficit in the education trust fund was \$20.8 million less than the budgeted amount.

**Highway Fund:**

The net increase from the original budget of \$955.5 million to the final budget of \$1,026.1 million is \$70.6 million and represents additional appropriations issued and budget reductions recorded (HB2), after July 1, 2014 primarily in the Transportation category of government. Actual total revenue was less than the final budget by approximately \$473.9 million which was primarily the result of lower federal grant revenues. The federal grant revenue unfavorable variance of \$393.0 million was due primarily to the timing of program expenditures. Total actual expenditures were approximately \$451.1 million lower than the final budget primarily within Transportation. Again this variance was largely due to the timing of program expenditures.

**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, 2015, amounted to \$6.8 billion, with accumulated depreciation amounts of \$3.1 billion, leaving a net book value of \$3.7 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 \$2.2 billion, representing a \$0.1 billion increase from the prior year.

During fiscal year 2015, many capital projects were started, in process and/or completed. Some of the State's larger fiscal year 2014/2015 capital projects included the following along with the approximate fiscal year 2015 expenditures (budgetary basis):

- Construction of a new, 224-bed women's prison (\$38 million allocated in SFY 2014-2015 capital budget, with another \$14 million allocated in the SFY 2016-2017 budget)
- Completed construction of a 10-bed psychiatric crisis unit at New Hampshire Hospital to help alleviate pressure of mental health emergency in hospital emergency rooms.
- Completed construction of a Career and Technical Education center at Pinkerton.
- Engaged in State Park improvements and reconstruction and preservation of Hampton North Beach Seawall and Sherman Adams Building Entrance at the Department of Resources and Economic Development. The Department was also engaged in projects such as: new bathhouse construction at Jericho State Park, new septic system at Franklin Pierce Homestead, and pavilion re-construction at Monadnock State Park.

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, 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 bonded debt outstanding of \$1,490.5 million. Of this amount, \$906.4 million are general obligation bonds, which are backed by the full faith and credit of the State and \$155.9 million are Federal Highway Grant Anticipation Bonds (GARVEE). The remainder of the State's bonded debt is Turnpike revenue bonds, which are secured by the specified revenue sources within the Turnpike System.

On June 24, 2015, \$45.8 million of “new money” Turnpike Revenue Bonds were issued to finance various capital projects of the System. The bonds were sold competitively and generated an overall true-interest-cost of 2.08%. These bonds were structured to have a relatively short final maturity compared to historical practice, with a term of less than eight years (October 1, 2022), significantly minimizing the amount of interest paid by the Turnpike System over the life of the bonds. Total outstanding debt of the Turnpike System as of June 30, 2015 was \$428.2 million.

On April 2, 2015, the State issued \$6.2 million of general obligation capital improvement bonds. The bonds were sold via private placement to the New Hampshire Municipal Bond Bank (NHMBB). The proceeds are being used to finance various capital projects of the State. The NHMBB holds the bonds as investments in its Debt Service Reserve Fund.

The State issued its \$89.9 million General Obligation Refunding Bonds, 2014 Series A (the “2014 Series A Refunding Bonds”) on December 10, 2014 for the current and advanced refunding of outstanding general obligation debt of the State. The Series A Refunding Bonds were sold through a negotiated sale to both retail and institutional investors and resulted in an overall true-interest-cost of 2.29% with net present value savings to the State of \$7.6 million.

The State issued its \$55.0 million General Obligation Capital Improvement Bonds 2014 Series B (the “2014 Series B Bonds”) on December 11, 2014 through a competitive sale and resulted in an overall true-interest-cost to the State of 2.64% and coupons ranging from 2.5% to 5.0%. The Series B Bonds were issued to fund all or a portion of various capital projects.

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 emerging from recession with some 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 in this recession than many other states in the region and the nation. The State’s preliminary October 2015 unemployment rate of 3.3% (seasonally adjusted) continues to be below the national average of 5.0%.

*Fiscal Year 2016 Revenue Performance for the four months ended November 30, 2015:*

Unrestricted revenue for the General and Education Trust Funds received for fiscal 2016 (cash basis) totaled \$661.3 million, which was above plan by \$31.1 million, or 4.9%, and above the prior year by \$45.6 million, or 7.4%.

Some of the stronger revenue categories contributing to these favorable results include the following:

- Business Taxes - \$17.6 million (11.9%) above plan and \$22.0 million (15.4%) above prior year.
- Meals and Rentals Tax - \$5.5 million (3.9%) above plan and \$10.5 million (7.8%) above prior year.
- Tobacco Tax - \$8.2 million (8.5%) above plan and \$8.6 million (9.0%) above prior year.
- Real Estate Transfer Tax - \$6.0 million (10.1%) above plan and \$10.7 million (19.5%) above prior year.

Some of the unfavorable revenue categories significantly offsetting the above favorable results include the following:

- Communications Taxes - \$2.4 million (9.6%) below plan and \$2.3 million (9.2%) below prior year. million (7.8%) above prior year.
- Other Miscellaneous Revenues - \$2.4 million (13.3%) below plan and \$5.1 million (24.5%) below prior year however, a significant portion of this net increase is primarily deemed to be related to the timing of the receipt of the revenue.

On an annual basis, the fiscal year 2016 General and Education Funds revenue Plan of \$2,291.1 million is approximately \$24.4 million higher (1.1%) than the actual revenue realized in fiscal year 2015 (\$2,266.7 million).

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.

A more comprehensive 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, 2015**  
**(Expressed in Thousands)**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$463,327	\$49,680	\$513,007	\$94,679
Cash and Cash Equivalents-Restricted	112,332	583,986	696,318	17,704
Investments				166,745
Investments - Restricted		70,493	70,493	
Receivables (Net of Allowances for Uncollectibles)	601,996	14,295	616,291	51,208
Other Receivables-Restricted	46,834	48,820	95,654	
Internal Balances Receivable (Payable)	4,951	(4,951)		
Internal Notes Receivable (Payable)	414	(414)		
Inventories	22,936	65,254	88,190	
Other Current Assets		67	67	12,057
Other Current Assets-Restricted		4,579	4,579	
Total Current Assets	1,252,790	831,809	2,084,599	342,393
<b>Noncurrent Assets:</b>				
Receivables (Net of Allowances for Uncollectibles)	13,720		13,720	53,101
Other Receivables-Restricted	4,981	346,479	351,460	
Investments	19,823		19,823	699,780
Investments-Restricted	21,433		21,433	
Other Assets				74,147
Other Assets-Restricted		4,152	4,152	
<b>Capital Assets:</b>				
Land & Land Improvements	657,542	108,438	765,980	30,073
Buildings & Building Improvements	794,021	40,415	834,436	1,848,449
Equipment & Computer Software	366,181	55,327	421,508	149,527
Construction in Progress	215,048	114,605	329,653	91,100
Infrastructure	3,524,721	951,176	4,475,897	
Less: Allowance for Depreciation	(2,751,568)	(366,773)	(3,118,341)	(915,747)
Net Capital Assets	2,805,945	903,188	3,709,133	1,203,402
Total Noncurrent Assets	2,865,902	1,253,819	4,119,721	2,030,430
Total Assets	4,118,692	2,085,628	6,204,320	2,372,823
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	82,861	5,527	88,388	44,593

**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**  
**(Expressed in Thousands)**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b><u>LIABILITIES</u></b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$375,753	\$70,958	\$446,711	\$67,064
Accrued Payroll	33,348	3,184	36,532	5,824
Unearned Revenue	89,577	13,805	103,382	36,492
Unclaimed Property & Prizes	16,916	749	17,665	
General Obligation Bonds Payable	90,094	3,331	93,425	
Federal Highway Grant Anticipation Bond Payable	11,800		11,800	
Claims & Compensated Absences Payable	49,949	1,720	51,669	9,647
Other Liabilities	25,713	23,616	49,329	17,465
Revenue Bonds Payable		19,455	19,455	53,678
Total Current Liabilities	693,150	136,818	829,968	190,170
<b>Noncurrent Liabilities:</b>				
General Obligation Bonds Payable, Net	871,740	26,915	898,655	
Federal Highway Grant Anticipation Bond Payable	154,561		154,561	
Revenue Bonds Payable, Net		434,830	434,830	448,702
Claims & Compensated Absences Payable	83,179	6,884	90,063	34,596
Postemployment Benefits Payable	961,817		961,817	47,505
Derivative Instruments - Interest Rate Swaps				30,390
Net Pension Liability	736,499	35,845	772,344	61,947
Other Noncurrent Liabilities	49,164	4,525	53,689	74,203
Total Noncurrent Liabilities	2,856,960	508,999	3,365,959	697,343
Total Liabilities	3,550,110	645,817	4,195,927	887,513
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	102,162	5,231	107,393	11,083
<b><u>NET POSITION</u></b>				
Net Investment in Capital Assets	2,036,066	485,461	2,521,527	770,878
Restricted for Debt Repayments		56,580	56,580	
Restricted for Uninsured Risks		3,006	3,006	
Restricted for Unemployment Benefits	8,391	291,083	299,474	
Restricted for Permanent Funds-Expendable	10,951		10,951	
Restricted for Permanent Funds-Non-Expendable	11,019		11,019	
Restricted for Prize Awards - MUSL & Tri-State		4,152	4,152	
Restricted for Environmental Remediation	78,762		78,762	
Restricted for Environmental Loan Programs	5,151	610,870	616,021	
Restricted for Health and Social Services	38,428		38,428	
Restricted Component Unit Net Position				464,172
Unrestricted Net Position (Deficit)	(1,639,487)	(11,045)	(1,650,532)	283,770
Total Net Position	\$549,281	\$1,440,107	\$1,989,388	\$1,518,820

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

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**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(Expressed in Thousands)**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b><u>PRIMARY GOVERNMENT</u></b>				
<b>Governmental Activities:</b>				
General Government	\$442,490	\$273,145	\$39,859	
Administration of Justice & Public Protection	528,840	358,571	82,194	\$29
Resource Protection and Development	156,795	86,294	39,254	
Transportation	501,461	28,470	6,578	197,371
Health and Social Services	2,406,752	271,752	1,540,909	
Education	1,346,431	5,024	186,538	
Interest Expense	41,877			
Total Governmental Activities	5,424,646	1,023,256	1,895,332	197,400
<b>Business-type Activities:</b>				
Turnpike System	116,372	127,781		74
Liquor Commission	497,091	649,154		
Lottery Commission	210,254	287,453		
SRF Fund	22,962	9,605	46,986	
Unemployment Compensation	93,450	99,930		
Total Business-type Activities	940,129	1,173,923	46,986	74
Total Primary Government	6,364,775	2,197,179	1,942,318	197,474
<b><u>COMPONENT UNITS</u></b>				
University System of New Hampshire	804,363	557,885	160,445	2,520
Non-Major Component Units	165,527	105,513	13,863	209
Total Component Units	\$969,890	\$663,398	\$174,308	\$2,729

**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
<b>Net Position - July 1 - Restated (note 1)</b>
<b>Net Position - June 30</b>

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**Net (Expenses) Revenues and Changes in Net Position**


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**Primary Government**


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Governmental Activities	Business-Type Activities	Total	Component Units
\$(129,486)		\$(129,486)	
(88,046)		(88,046)	
(31,247)		(31,247)	
(269,042)		(269,042)	
(594,091)		(594,091)	
(1,154,869)		(1,154,869)	
(41,877)		(41,877)	
(2,308,658)		(2,308,658)	
	\$11,483	11,483	
	152,063	152,063	
	77,199	77,199	
	33,629	33,629	
	6,480	6,480	
	280,854	280,854	
(2,308,658)	280,854	(2,027,804)	
			(83,513)
			(45,942)
			\$(129,455)
408,678		408,678	
564,562		564,562	
280,792		280,792	
370,000		370,000	
221,501		221,501	
181,278		181,278	
15,172		15,172	32,982
47,846		47,846	
			128,309
228,098	(228,098)		
2,317,927	(228,098)	2,089,829	161,291
9,269	52,756	62,025	31,836
540,012	1,387,351	1,927,363	1,486,984
\$549,281	\$1,440,107	\$1,989,388	\$1,518,820

# 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 American Recovery and Reinvestment Act 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, 2015**  
**(Expressed in Thousands)**

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$341,820	\$118,168		\$70,645	\$530,633
Investments	19,823			21,433	41,256
Receivables (Net of Allowances for Uncollectibles)	500,075	61,166	\$73,705	7,876	642,822
Internal Note Receivable		414			414
Due from Other Funds	14,897	345		799	16,041
Inventories	5,145	17,074		717	22,936
Loan Receivables	18,716				18,716
Total Assets	\$900,476	\$197,167	\$73,705	\$101,470	\$1,272,818
<b><u>LIABILITIES</u></b>					
Accounts Payable	\$317,804	\$40,569	\$2,387	\$13,377	\$374,137
Accrued Payroll	26,087	6,601		660	33,348
Due to Other Funds		674	10,416		11,090
Unearned Revenue	84,657	4,920			89,577
Unclaimed Property	16,916				16,916
Other Liabilities	6,096				6,096
Total Liabilities	451,560	52,764	12,803	14,037	531,164
<b>DEFERRED INFLOWS OF RESOURCES</b>	112,715	1,662	56,600		170,977
<b><u>FUND BALANCES</u></b>					
Nonspendable:					
Inventories	5,145	17,074		717	22,936
Permanent Fund Principal				11,019	11,019
Restricted	195,546	125,667		73,447	394,660
Committed	37,553			1,733	39,286
Assigned	26,631		4,302	517	31,450
Unassigned:					
Revenue Stabilization	22,326				22,326
Other	49,000				49,000
Total Fund Balances	336,201	142,741	4,302	87,433	570,677
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$900,476	\$197,167	\$73,705	\$101,470	\$1,272,818

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

**STATE OF NEW HAMPSHIRE**  
**RECONCILIATION OF THE BALANCE SHEET-**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**  
**(Expressed in Thousands)**

Total fund balances for governmental funds		\$570,677
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		2,805,945
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.		170,977
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.		26,242
Net deferred outflows of resources related to deferred losses on refunding of bonds payable are not reported in the funds.		15,845
Certain liabilities are not payable by current available resources and therefore are not reported in the funds:		
Compensated Absences, Workers Compensation	(109,967)	
Net Pension Liabilities, net of deferred amounts	(771,645)	
Other Postemployment Benefits	(961,817)	
Pollution Remediation Obligation	(49,898)	
Capital Lease Obligations	(1,597)	
Bond Payables	(1,128,195)	
Litigation Payable	(3,100)	
Advance Construction Commitments to Municipalities	(1,348)	
Interest Payable and Other Liabilities	(12,838)	(3,040,405)
Net Position of Governmental Activities		<u>\$549,281</u>

**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(Expressed in Thousands)**

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General Property Taxes	\$183		\$404,396		\$404,579
Special Taxes	955,890		254,759		1,210,649
Personal Taxes	128,725		92,575		221,300
Business License Taxes	23,697	\$181,278			204,975
Non-Business License Taxes	114,852	87,234		\$8,611	210,697
Fees	157,177	23,294		2,476	182,947
Fines, Penalties and Interest	6,402	7,416	2	154	13,974
Grants from Federal Government	1,714,734	181,023		39,212	1,934,969
Grants from Private and Local Sources	167,400	3,983		277	171,660
Rents and Leases	1,077	149			1,226
Interest, Premiums and Discounts	16,212			456	16,668
Sale of Commodities	13,707	10,876		210	24,793
Sale of Service	27,551	4,769			32,320
Assessments	60,653				60,653
Grants from Other Agencies	53,784	11,648		5,536	70,968
Miscellaneous	292,628	6,148	40,000	2,964	341,740
Total Revenues	3,734,672	517,818	791,732	59,896	5,104,118
<b>EXPENDITURES</b>					
Current:					
General Government	322,006		1,667		323,673
Administration of Justice and Public Protection	387,964	87,586		51	475,601
Resource Protection and Development	119,000	1,694		27,164	147,858
Transportation	14,063	332,955			347,018
Health and Social Services	2,390,860			572	2,391,432
Education	396,501		946,737		1,343,238
Debt Service	119,889	31,916		457	152,262
Capital Outlay	18,459	113,417		78,188	210,064
Total Expenditures	3,768,742	567,568	948,404	106,432	5,391,146
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,070)	(49,750)	(156,672)	(46,536)	(287,028)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	760		78,628	2,295	81,683
Transfers in from Enterprise Funds	150,821		77,277		228,098
Transfers Out	(79,520)	(2,163)			(81,683)
Capital Lease Acquisition	245				245
Installments on Sale of Assets		13,765			13,765
Payments to Refunding Agent				(108,875)	(108,875)
Bond Premiums				29,276	29,276
Bond Issuance				147,956	147,956
Total Other Financing Sources	72,306	11,602	155,905	70,652	310,465
Net Change in Fund Balances	38,236	(38,148)	(767)	24,116	23,437
Fund Balances - July 1	297,421	178,167	5,069	63,213	543,870
Change in Inventory	544	2,722		104	3,370
Fund Balances - June 30	\$336,201	\$142,741	\$4,302	\$87,433	\$570,677

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, 2015  
(Expressed in Thousands)**

Net change in fund balances - total governmental funds, including change in inventory \$26,807

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 (10,059)

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	12,700	
Buildings & Building Improvements	5,611	
Equipment & Computer Software	15,774	
Construction in Progress	13,254	
Infrastructure	85,904	
Accumulated Depreciation, Net of Disposals	<u>(79,954)</u>	53,289

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. (7,937)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond 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 proceeds exceeded repayments.

Bond Proceeds & Premiums Received	(177,232)	
Repayment of Bond Principal & Interest	207,088	
Increase in Unamortized Loss on Refunding	6,282	
Accretion of Bonds Payable	(569)	
Accrued Interest & Amortization	<u>8,282</u>	43,851

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	(4,116)	
Other Postemployment Benefits	(103,448)	
Net Pension Liability, Net of Deferred Amounts	19,988	
Pollution Remediation Obligation	(11,883)	
Capital Lease Obligation	347	
Advance Construction Commitments to Municipalities	964	
Litigation and Other Obligation	<u>1,466</u>	(96,682)

Change in net position of governmental activities \$9,269

# Proprietary Fund Financial Statements

## *Enterprise Funds:*

**Turnpike System:** *The State constructs, maintains, and operates transportation toll facilities. The Turnpike System presently consists of 90.6 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 617 total lane miles. 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 race-tracks, 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 Commission activities are included in this fund. This net income is transferred to the Education 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 Administration 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, 2015  
(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		
<b>ASSETS</b>							
<b>Current Assets:</b>							
Cash and Cash Equivalents	\$47,920	\$749	\$1,011			\$49,680	\$45,026
Cash and Cash Equivalents-Restricted	38,905			\$257,867	\$287,214	583,986	
Investments - Restricted	70,493					70,493	
Receivables (Net of Allowances for Uncollectibles)	6,121	6,850	1,324			14,295	5,993
Other Receivables-Restricted				23,574	25,246	48,820	
Due from Other Funds						403	
Inventories	1,819	62,901	534			65,254	
Other Current Assets	20		47			67	
Other Current Assets-Restricted				4,579		4,579	
Total Current Assets	165,278	70,500	3,319	286,020	312,460	837,577	51,019
<b>Noncurrent Assets:</b>							
Other Receivables-Restricted				346,479		346,479	
<b>Capital Assets:</b>							
Land & Land Improvements	105,642	2,796				108,438	
Buildings & Building Improvements	6,613	33,802				40,415	
Equipment & Computer Software	48,798	5,899	630			55,327	
Construction in Progress	114,171	434				114,605	
Infrastructure	951,176					951,176	
Less: Allowance for Depreciation & Amortization	(349,014)	(17,339)	(420)			(366,773)	
Net Capital Assets	877,386	25,592	210			903,188	
Other Assets - Restricted			4,152			4,152	
Total Noncurrent Assets	877,386	25,592	4,362	346,479		1,253,819	
Total Assets	1,042,664	96,092	7,681	632,499	312,460	2,091,396	51,019
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
	3,107	1,700	300	420		5,527	
<b>LIABILITIES</b>							
<b>Current Liabilities:</b>							
Accounts Payable	9,315	59,583	1,018	1,042		70,958	1,616
Accrued Payroll	818	1,813	215	338		3,184	
Due to Other Funds	345	1,517			3,492	5,354	
Unearned Revenue	10,495	2,295	1,015			13,805	
Unclaimed Prizes			749			749	
General Obligation Bonds Payable		1,056		2,275		3,331	
Revenue Bonds Payable-Current	19,455					19,455	
Note Payable to Highway Fund	414					414	
Accrued Interest Payable	5,445	128				5,573	
Claims & Compensated Absences Payable	422	857	160	281		1,720	23,161
Other Liabilities	151			7	17,885	18,043	
Total Current Liabilities	46,860	67,249	3,157	3,943	21,377	142,586	24,777
<b>Noncurrent Liabilities:</b>							
General Obligation Bonds Payable		14,780		12,135		26,915	
Revenue Bonds Payable	434,830					434,830	
Note Payable to Highway Fund							
Claims & Compensated Absences Payable	2,273	3,267	455	889		6,884	
Net Pension Liability	9,369	18,641	3,400	4,435		35,845	
Other Noncurrent Liabilities	4,205	320				4,525	
Total Noncurrent Liabilities	450,677	37,008	3,855	17,459		508,999	
Total Liabilities	497,537	104,257	7,012	21,402	21,377	651,585	24,777
<b>DEFERRED INFLOWS OF RESOURCES</b>							
	1,367	2,721	496	647		5,231	
<b>NET POSITION</b>							
Net Investment in Capital Assets	474,775	10,476	210			485,461	
Restricted for Debt Repayments	56,580					56,580	
Restricted for Uninsured Risks	3,006					3,006	
Restricted for Prize Awards - MUSL & Tri-State			4,152			4,152	
Restricted for Environmental Loans				604,230		604,230	
Restricted for SRF Programs				6,640		6,640	
Restricted for Unemployment Benefits					291,083	291,083	
Unrestricted Net Position (Deficit)	12,506	(19,662)	(3,889)			(11,045)	26,242
Total Net Position	\$546,867	\$(9,186)	\$473	\$610,870	\$291,083	\$1,440,107	\$26,242

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, 2015  
(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		
<b>OPERATING REVENUES</b>							
Charges for Sales and Services		\$631,067	\$287,399	\$9,235	\$93,302	\$1,021,003	\$264,760
Toll Revenue Pledged for							
Repaying Revenue Bonds	\$124,412					124,412	
Total Operating Revenue	124,412	631,067	287,399	9,235	93,302	1,145,415	264,760
<b>OPERATING EXPENSES</b>							
Cost of Sales and Services		445,650				445,650	
Lottery Prize Awards			200,472			200,472	
Unemployment Insurance Benefits					93,450	93,450	
Principal Forgiveness				6,621		6,621	
Insurance Claims							252,242
Administration	51,904	49,384	9,717	9,272		120,277	20,455
Impairment of Capital Assets	27,675					27,675	
Depreciation	22,398	1,463	65			23,926	
Total Operating Expenses	101,977	496,497	210,254	15,893	93,450	918,071	272,697
Operating Income (Loss)	22,435	134,570	77,145	(6,658)	(148)	227,344	(7,937)
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Licenses		4,583				4,583	
Beer Taxes		12,299				12,299	
Investment Income	87		54	370	6,628	7,139	
Miscellaneous	2,892	1,205		(6,738)		(2,641)	
Federal Grant Revenue				46,986		46,986	
Interest on Bonds	(14,005)	(594)		(331)		(14,930)	
Total Nonoperating Revenues (Expenses)	(11,026)	17,493	54	40,287	6,628	53,436	
Income Before Capital Grant Contributions	11,409	152,063	77,199	33,629	6,480	280,780	(7,937)
Capital Contributions and Grants	74					74	
Income Before Transfers	11,483	152,063	77,199	33,629	6,480	280,854	(7,937)
Transfers (To) From Governmental Funds		(150,821)	(77,277)			(228,098)	
Change in Net Position	11,483	1,242	(78)	33,629	6,480	52,756	(7,937)
Net Position (Deficit)- July 1 - Restated (note 1)	535,384	(10,428)	551	577,241	284,603	1,387,351	34,179
Net Position (Deficit) - June 30	\$546,867	\$(9,186)	\$473	\$610,870	\$291,083	\$1,440,107	\$26,242

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, 2015  
(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		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from Federal and Local Agencies				\$5,375	\$1,770	\$7,145	
Receipts from Customers	\$123,794	\$633,325	\$145,840		101,093	1,004,052	\$47,797
Receipts from Interfund Charges							214,716
Payments to Employees	(16,418)	(28,525)	(4,834)			(49,777)	
Payments to Suppliers	(32,956)	(474,127)	(10,853)	(6,886)		(524,822)	(20,936)
Payments to Prize Winners			(54,527)			(54,527)	
Payments for Insurance Claims					(94,711)	(94,711)	(248,757)
Payments for Interfund Services		(4,934)	(71)	(1,010)		(6,015)	
Net Cash Provided by (Used for) Operating Activities	74,420	125,739	75,555	(2,521)	8,152	281,345	(7,180)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers to Other Funds		(151,755)	(76,921)			(228,676)	
Receipts from Federal Agencies				46,985		46,985	
Other Contributions				(6,738)		(6,738)	
Interest Paid on Bonds				(331)		(331)	
Principal Paid on Bonds				(2,275)		(2,275)	
Proceeds from Collection of Licenses and Beer Tax		16,882				16,882	
Net Cash Provided by (Used for) Noncapital and Related Financing Activities		(134,873)	(76,921)	37,641		(174,153)	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition, Disposal, Sale and Construction of Capital Assets	(31,876)	(2,652)	2			(34,526)	
Interest Paid on Bonds	(20,987)	(594)				(21,581)	
Principal Paid on Bonds	(22,925)	(756)				(23,681)	
Principal Paid on Notes	(13,765)					(13,765)	
Net Proceeds from Issuance of Bonds	52,612	5,000				57,612	
Net Receipts from Agent on Refunding Bonds							
Payments for Underwriter Discount/Premium	(390)					(390)	
Receipts from Federal Agencies	2,879					2,879	
Net Cash Provided by (Used for) Capital and Related Financing Activities	(34,452)	998	2			(33,452)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Investment Proceeds	29,994					29,994	
Purchase of Investment	(67,498)					(67,498)	
Receipts from Borrowers				40,039		40,039	
Payments to Borrowers				(64,812)		(64,812)	
Interest and Other Income	87	1,115	36	371	6,628	8,237	
Net Cash Provided by (Used for) Investing Activities	(37,417)	1,115	36	(24,402)	6,628	(54,040)	
Net Increase in Cash & Cash Equivalents	2,551	(7,021)	(1,328)	10,718	14,780	19,700	(7,180)
Cash and Cash Equivalents - July 1	84,274	7,770	2,339	247,149	272,434	613,966	52,206
Cash and Cash Equivalents - June 30	\$86,825	\$749	\$1,011	\$257,867	\$287,214	\$633,666	\$45,026

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, 2015  
(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		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>							
Operating Income (Loss)	\$22,435	\$134,570	\$77,145	\$(6,658)	\$(148)	\$227,344	\$(7,937)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation	22,398	1,463	65			23,926	
Impairment of Capital Assets	27,675					27,675	
Principal Forgiveness				6,621		6,621	
Interest Income on Loans				(3,090)		(3,090)	
Miscellaneous Income	375					375	
Change in Operating Assets and Liabilities:							
Change in Receivables/Loans	(626)	2,151	2,230	(258)	8,318	11,815	(2,247)
Change in Inventories	(415)	(8,459)	245			(8,629)	
Change in Other Current Assets			(15)	1,882		1,867	
Change in Restricted Deposits-MUSL			78			78	
Change in Accounts Payable and Other Accruals	2,776	(3,579)	(554)	(881)	(18)	(2,256)	(481)
Change in Claims Payable			(3,524)			(3,524)	3,485
Change in Unearned Revenue	34	102	(32)			104	
Change in Net Pension Liability, Net of Deferred Amounts	(232)	(509)	(83)	(137)		(961)	
Net Cash Provided by (Used In) Operating Activities	\$74,420	\$125,739	\$75,555	\$(2,521)	\$8,152	\$281,345	\$(7,180)
<b>Turnpike Non-Cash Capital and Related Financing Activities:</b>							
Capital Contributions	\$39						
<b>Liquor Non-Cash Capital and Related Financing Activities:</b>							
During fiscal year 2015, the State's Capital Projects Fund paid Construction in Progress		\$799					
<b>SRF Non-Cash Investing Activities:</b>							
Principal Forgiveness				\$6,621			

## 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. The 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. NHPDIP's investment detail and audited financial statements can be obtained by visiting [www.nhpdip.com](http://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 judgements 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, 2015**  
**(Expressed in Thousands)**

	Pension Trust Funds	Private-purpose Trust Funds	Investment Trust Fund	Agency Funds
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$5,706	\$5,582		\$14,039
Receivables:				
Due from Employers	40,889			
Due from Group I Teacher OPEB Plan	13,724			
Due from Plan Members	21,140			
Due from Brokers for Securities Sold	10,825			
Interest and Dividends	17,594		\$3	
Other	2,526			
Total Receivables	106,698			3
Investments at Fair Value:				
Cash & Cash Equivalents	171,369		44,955	
Equity Investments	4,248,329			
Fixed Income Investments	1,669,129		78,170	
Commercial Real Estate	676,603			
Alternative Investments	741,200			
Other Investments		3,610		19
Total Investments	7,506,630	3,610	123,125	19
Other Assets	160			
Total Assets	7,619,194	9,192	123,128	14,058
<b><u>LIABILITIES</u></b>				
Management Fees and Other Payables	9,090		1,313	
Due to Group II Police & Fire OPEB Plan	4,309			
Due to Group I Political Subdivision OPEB Plan	9,184			
Due to Group I State Employee OPEB Plan	231			
Due to Brokers for Securities Purchased	19,401			
Custodial Funds Payable				14,058
Total Liabilities	42,215		1,313	14,058
<b><u>NET POSITION</u></b>				
Net Position Restricted for Pension and Other Post Employment Benefits (OPEB)	\$7,576,979			
Net Position Held in Trust for Benefits & Other Purposes		\$9,192	\$121,815	
<b>RECONCILIATION OF NET POSITION:</b>				
Employees' Pension Benefits	\$7,556,849			
Employees' Postemployment Healthcare Benefits	20,130			
Net Position for Pool Participants in External Investment Pool			\$121,815	
Other Purposes		\$9,192		
Net Position Restricted for Pension and Other Post Employment Benefits (OPEB)	\$7,576,979			
Net Position Held in Trust for Benefits & Other Purposes		\$9,192	\$121,815	

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

**STATE OF NEW HAMPSHIRE  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Expressed in Thousands)**

	Pension Trust Funds	Private-purpose Trust Funds	Investment Trust Fund
<b><u>ADDITIONS</u></b>			
<b>Contributions:</b>			
Employer	\$386,132		
Plan Members	204,698		
From Participants		\$31,940	\$144,641
Total Contributions	590,830	31,940	144,641
<b>Investment Income:</b>			
From Investing Activities:			
Net Appreciation in Fair Value of Investments	124,886		
Interest Income	53,615	94	
Dividends	79,895		
Alternative Investment Income	9,785		
Net Increase in Joint Value from Investment Income			16
Other	10,406	613	
Gross Income from Investing Activities	278,587	707	16
<b>Less: Investment Activity Expenses:</b>			
Investment Management Fees	22,820		
Custodial Fees	712		
Investment Advisor Fees	641		
Investment Administrative Expense	730		
Total Investment Activity Expenses	24,903		
Total Net Income from Investing Activities	253,684	707	16
Interest Income	1,113		
<b>Total Additions</b>	<b>845,627</b>	<b>32,647</b>	<b>144,657</b>
<b><u>DEDUCTIONS</u></b>			
Benefits/Distributions to Participants	690,286	18,726	16
Refunds of Contributions	26,442		
Administrative Expense	7,819		
Professional Fees	1,323		
Interest Expense	1,113		
Other	310	15,699	217,772
<b>Total Deductions</b>	<b>727,293</b>	<b>34,425</b>	<b>217,788</b>
<b>Change in Net Position</b>	<b>118,334</b>	<b>(1,778)</b>	<b>(73,131)</b>
Net Position - July 1	7,458,645	10,970	194,946
<b>Net Position - June 30</b>	<b>\$7,576,979</b>	<b>\$9,192</b>	<b>\$121,815</b>

## **Component Units Financial Statements**

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(Expressed in Thousands)**

	University System of New Hampshire	Non-Major Component Units	Total
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$80,439	\$14,240	\$94,679
Cash and Cash Equivalents - Restricted		17,704	17,704
Operating Investments	156,720	10,025	166,745
Accounts Receivable	19,213	2,930	22,143
Other Receivables	2,912	5,101	8,013
Notes Receivable - Current Portion	4,445	16,607	21,052
Prepaid Expenses & Other	9,302	2,755	12,057
Total Current Assets	<u>273,031</u>	<u>69,362</u>	<u>342,393</u>
Noncurrent Assets:			
Investments	680,300	19,480	699,780
Notes & Other Receivables	25,961	27,140	53,101
Other Assets	69,141	5,006	74,147
Capital Assets:			
Land & Land Improvements	15,789	14,284	30,073
Building & Building Improvements	1,555,154	293,295	1,848,449
Equipment	118,717	30,810	149,527
Construction in Progress	67,490	23,610	91,100
Less: Accumulated Depreciation	(747,565)	(168,182)	(915,747)
Net Capital Assets	<u>1,009,585</u>	<u>193,817</u>	<u>1,203,402</u>
Total Noncurrent Assets	<u>1,784,987</u>	<u>245,443</u>	<u>2,030,430</u>
Total Assets	<u>2,058,018</u>	<u>314,805</u>	<u>2,372,823</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	36,532	8,061	44,593
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts Payable	62,414	4,650	67,064
Accrued Salaries and Wages		5,824	5,824
Accrued Employee Benefits - Current	9,615	32	9,647
Other Payables & Accrued Expenses		5,717	5,717
Other Liabilities	6,189	5,559	11,748
Deposits and Unearned Revenues	34,131	2,361	36,492
Long Term Debt - Current Portion	51,773	1,905	53,678
Total Current Liabilities	<u>164,122</u>	<u>26,048</u>	<u>190,170</u>
Noncurrent Liabilities:			
Revenue Bonds Payable	448,702		448,702
Accrued Employee Benefits	34,596		34,596
Postemployment Medical Benefits	47,505		47,505
Derivative Instruments - Interest Rate Swaps	30,390		30,390
Net Pension Liability		61,947	61,947
Other Long Term Debt	18,878	55,325	74,203
Total Noncurrent Liabilities	<u>580,071</u>	<u>117,272</u>	<u>697,343</u>
Total Liabilities	<u>744,193</u>	<u>143,320</u>	<u>887,513</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		11,083	11,083
<b><u>NET POSITION</u></b>			
Net investment in Capital Assets	598,331	172,547	770,878
Restricted:			
Nonexpendable	245,180		245,180
Expendable	168,141	50,851	218,992
Unrestricted Net Position (Deficit)	338,705	(54,935)	283,770
Total Net Position	<u>\$1,350,357</u>	<u>\$168,463</u>	<u>\$1,518,820</u>

STATE OF NEW HAMPSHIRE  
 COMBINING STATEMENT OF ACTIVITIES  
 COMPONENT UNITS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Expressed in Thousands)

	University System of New Hampshire	Non-Major Component Units	Total
<b>Expenses</b>	\$804,363	\$165,527	\$969,890
<b>Program Revenues:</b>			
Charges for Services:			
Tuition & Fees	472,340	68,849	541,189
Student Financial Aid	(149,069)	(721)	(149,790)
Sales, Services, & Other Revenue	234,614	37,385	271,999
Operating Grants & Contributions	160,445	13,863	174,308
Capital Grants & Contributions	2,520	209	2,729
Total Program Revenues	720,850	119,585	840,435
Net Expenses	(83,513)	(45,942)	(129,455)
Interest & Investment Income	32,492	490	32,982
Payments from State of New Hampshire	83,067	45,242	128,309
Change in Net Position	32,046	(210)	31,836
<b>Net Position - July 1 - Restated (note 1)</b>	1,318,311	168,673	1,486,984
<b>Net Position - June 30</b>	\$1,350,357	\$168,463	\$1,518,820

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# NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

## 1. 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 (GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary 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 financials can be obtained by contacting USNH at 18 Garrison Avenue, Durham, NH 03824.

#### 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 as of June 30, 2015, 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 as of June 30, 2015, 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.

With the establishment of the CCSNH, certain net assets of the primary government attributable to the CCSNH, were transferred. Included in the transfer were only those capital assets and related bonds payable which were deemed self-funded by the CCSNH. During fiscal year 2012, all remaining capital assets attributable to CCSNH were transferred pursuant to Chapter 199 Laws of 2011 and as of June 30,

2015, the debt retained by the State for CCSNH assets was approximately \$24.3 million. 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 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 and 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 supervises the operations of NHJRP.

NHJRP is deemed to be fiscally dependent on the State because of the State's contributions toward the NHJRP unfunded accrued liabilities and employee member contribution rates are set through State statute.

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 benefit to or impose 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
- Nuclear Decommissioning Trust

## **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 inter-governmental 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, other 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 and maintenance of the State's public highways and the supervision of traffic thereon.

*Education Fund:* In fiscal year 2000, 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 *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 *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 *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 Fund Types**

*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 Types**

*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 The NHJRP are component units of the State.

*Investment Trust Fund* - accounts for the transactions, assets, liabilities and fund equity of the external investment pool.

*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, 2015, and for the year then ended, except for the New Hampshire Judicial Retirement Plan which is as of December 31, 2014.

## **D. CASH EQUIVALENTS**

For the purposes of 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 stated at cost.

## **E. INVESTMENTS**

Investments are reported at fair value except for investments of the investment trust fund, which are reported using the amortized cost method of valuation provided that amortized cost approximates the fair value of a security.

## **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 (CWSRF) and safe drinking water systems (DWSRF). Loans are funded by federal grants from programs by the U.S. Environmental Protection Administration, 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 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 estimated fair market value at the date of donation.

Equipment is capitalized when the cost of individual items exceed \$10,000, and all other capital assets are capitalized when the cost of individual items or projects exceed \$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 the proprietary fund financial statements, unearned revenue is recognized when cash, receivables or other assets are recorded prior to their being earned.

## 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, 2015.

## K. COMPENSATED ABSENCES

All full-time State employees in classified service earn annual and sick leave. At the end of each fiscal year, 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 LIFO (last in first out) basis, which assumes employees use their most recent earned leave first. The accrued liability for annual leave does not exceed the maximum cumulative balance allowed which ranges from 32 to 50 days based on years of service. The accrual for sick leave is made to the extent 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. NET PENSION LIABILITY

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the NHRS and the NHJRP, and additions to/deductions from their respective fiduciary net positions have been determined on the same basis as they are reported by NHRS and NHJRP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

## M. 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, such as an appropriation or legislation. 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: Revenue Stabilization Account (the "Rainy Day Fund") in the general fund reported as unassigned fund balance. See Note 15 for additional information about fund balances and the stabilization account.

## N. 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 straight-line 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.

## O. 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. 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.

## P. 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 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 Assets, except for the amounts due between governmental and business-type activities.

## Q. 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.

## R. 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 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 departmental level.

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

#### S. 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.

#### T. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended June 30, 2015, the State adopted the following new accounting standards issued by the GASB:

GASBS No. 68, *Accounting and Financial Reporting for Pensions*, (GASBS 68) was issued as an amendment to GASBS No. 27 and GASBS No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, was issued as an amendment to GASBS 68. The new standards significantly change 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 the new standards, the State will report a net pension liability and related amounts of deferred outflows of resources and deferred inflows of resources associated with pension benefits provided through the NHRS and the NHJRP. As shown below, the State has restated net position as of July 1, 2014 for the effect of implementation of the new standards. Refer also to Note 11 for more information on the State's participation in these pension plans.

(Expressed in Thousands)	Governmental Activities	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Business-type Activities	Non-major Component Units	Component Units
Net Position, as previously reported	\$1,331,645	\$545,522	\$9,743	\$4,230	\$582,040	\$1,426,138	\$231,326	\$1,549,637
Less: GASBS 68 Implementation Adjustment	(791,633)	(10,138)	(20,171)	(3,679)	(4,799)	(38,787)	(62,653)	(62,653)
Net Position, as restated	\$540,012	\$535,384	\$(10,428)	\$551	\$577,241	\$1,387,351	\$168,673	\$1,486,984

GASBS No. 69, *Government Combinations and Disposals of Government Operations*, (GASBS 69) was effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Adoption of GASBS 69 did not require modification of the financial statements.

#### U. 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.

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

### PRIMARY GOVERNMENT

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 statement of financial position under the captions "Cash and Cash Equivalents" and "Investments". Cash and investments of the New Hampshire Retirement System and the New Hampshire Judicial Retirement Plan are excluded from this footnote and can be obtained from their respective audited financial statements.

### 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) were 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.

As of June 30, 2015, the State's carrying value for deposits was \$904 million. The table below details the state's bank balances at June 30, 2015 exposed to custodial credit risk (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	\$1,000	\$839,955	\$226		\$8,732	\$63
Money Market	4,964	19,749	31,284			10,960
Savings Accounts	250		10,047		3,566	
CDs		3,006	30,753			
<b>Total</b>	<b>\$6,214</b>	<b>\$862,710</b>	<b>\$72,310</b>	<b>\$0</b>	<b>\$12,298</b>	<b>\$11,023</b>

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

### INVESTMENTS:

The State Treasury has adopted policies to ensure reasonable rates of return on investments while minimizing risk factors. Approved investments are defined in statute (RSA 6:8, 387:6, 387:6-a, and 387:14). Additionally, investment guidelines exist for operating funds as well as trust and custodial funds. All investments will be denominated in U.S. dollars.

(Fair values in thousands)		
Treasury Investments by Type	Governmental & Business Type	Fiduciary
Stocks	\$20,338	
Corporate Bonds	1,242	
US Treasury	435	
US Government Agencies	106,409	
Municipal Bonds	81	
Equity Open Ended Mutual Funds	13,774	\$1,231
Fixed Income Open Ended Mutual Funds	4,587	2,355
Unemployment Compensation External Pool (special issue bonds guaranteed by US government)	287,960	
NH Public Deposit Investment Pool (Internal investment held by NHH patient agency fund)	14	43
External Portion of NH Public Deposit Investment Pool		123,125
<b>Totals</b>	<b>\$434,840</b>	<b>\$126,754</b>

The table below reconciles the cash, cash equivalents, and investments in the financial statements to the footnote (expressed in thousands):

Reconciliation Between Financial Statements and Footnote						
		Unrestricted		Restricted		Total
		Cash and Cash Equivalents	Investments	Cash and Cash Equivalents	Investments	
<b>Per Statement of Net Position</b>	Primary Government	\$513,007	\$19,823	\$696,318	\$91,926	\$1,321,074
<b>Per Statement of Fiduciary Net Position</b>	Private Purpose	5,582	3,610			9,192
	Investment Trust		123,125			123,125
	Agency Funds	14,039	19			14,058
	<b>Total per Financial Statements</b>	<b>\$532,628</b>	<b>\$146,577</b>	<b>\$696,318</b>	<b>\$91,926</b>	<b>\$1,467,449</b>
				Per Footnote		
				Cash On Hand		\$1,831
				Carrying Amount of Deposits		904,024
				Treasury Investments		561,594
				<b>Total Per Footnote</b>		<b>\$1,467,449</b>

### Repurchase Agreements:

Repurchase agreements must be executed through a New Hampshire or Massachusetts bank with assets in excess of \$500 million and has either the strongest rating as measured by Veribanc, Inc. or has a long term debt rating of AA- or better as rated by Standard and Poor's and Fitch or Aa3 or better as rated by Moody's. Repurchase agreements may also be executed through any of the primary government security dealers as designated by the Federal Reserve.

**Custodial Credit Risk:** The State's repurchase agreements are all with banking institutions and therefore subject to custodial credit risk. The custodial credit risk is the risk that in the event of a bank failure, the State's deposits may not be recovered.

**Interest Rate Risk:** Term Repurchase Agreements are also subject to interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of the state's investments. The State measures its interest rate risk using the weighted average maturity method (WAM). The State's WAM is dollar weighted in terms of years.

As of June 30, 2015, the State did not have any repurchase agreements outstanding.

### Stocks:

The State's policy relative to operating funds and mitigation of concentration of credit risk does not permit investing in stocks. 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. There is no concentration, custodial or credit risk to the State for amounts held in the State's abandoned property program.

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

**Concentration Risk:** The risk of loss attributed to the magnitude of the State's investment in a single issuer. The top 10 issuers as of June 30, 2015 are noted below (expressed in thousands):

Name / Issuer	Governmental Activities			% of Total Stock
	Aband. Property	Permanent Funds	Total	
Metlife Inc	\$3,383	\$15	\$3,398	16.4%
AT&T Inc	935	33	968	4.7%
The Walt Disney Co	888		888	4.3%
Apple Inc.	446	171	617	3.0%
Prudential Financial Inc	597		597	2.9%
CSX Corp	506		506	2.4%
The Chubb Corp	470		470	2.3%
Verizon Communications	429	33	462	2.2%
Stanley Black & Decker	444		444	2.1%
Rockwell Collins Inc	342	82	424	2.0%

**Custodial Risk:** The custodial 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. All the State's stocks are uninsured, registered in the State's name and held by the custodian. Custodial credit quality with respect to investments is mitigated primarily through selection criteria aimed at investing only with high quality institutions where default is extremely unlikely.

### **New Hampshire Public Deposit Investment Pool (NHPDIP):**

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. 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. NHPDIP's investment detail and audited financial statements can be obtained by visiting [www.nhpdip.com](http://www.nhpdip.com) or contacting the Client Services Team at 1-844-4NH-PDIP.

**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, securities issued by the US Treasury and Government Agencies, fixed income mutual funds.

**Credit Risk:** The risk that the issuer will not fulfill its obligations. The State invests in grade securities which are defined as those with a grade B or higher. Obligations of the US Government or obligations backed by the US 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 5 years. Trust and custodial funds manage and monitor interest rate risk primarily through a weighted average maturity approach (WAM). 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.

<b>2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED</b>
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<b>Credit Risk and Interest Rate Risk (expressed in thousands)</b>						
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	\$1,242		4.0			
US Treasury	435		4.7			
US Government Agencies	106,409		9.4			
Fixed Income Open Ended Mutual Funds		\$4,587	4.6		\$2,355	8.0
Municipal Bonds	81		4.7			
Unemployment Compensation Fund Pool (special issue bonds guaranteed by US govt)		287,960	1.0			

The State's corporate issuers at June 30, 2015 are listed below (expressed in thousands):

Issuer	Governmental & Business Type	
	Fair Value	% of Total
General Elec Cap Corp	\$151	12%
BB&T Corp	110	9%
Berkshire Hathaway	103	8%
Oracle Corp	102	8%
National Rural Utils Coop	101	8%
Apple Inc	101	8%
Shell Intl Fin	101	8%
Bank of America Corp	100	8%
Qualcomm Inc.	99	8%
Costco Wholesale Corp	99	8%
Ebay Inc	99	8%
Cargill Inc	76	6%
	\$1,242	100%

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

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

#### Cash and Cash Equivalents

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. Cash and cash equivalents at June 30 consisted of the following (expressed in thousands):

	2015
Cash & Repurchase agreements	\$20,970
Money Market Funds	59,469
Total Cash & Cash Equivalents	<u>\$80,439</u>

Included in the cash and repurchase agreements balances at June 30, 2015 were \$18,067 in repurchase agreements, and \$2,903 in cash. Repurchase agreements were limited to overnight investments only.

#### Investments

Investments include debt proceeds held by others for construction purposes, long-term operating investments, and endowment and similar investments of the campuses and affiliated entities. Investments are monitored by management and the respective governing boards of USNH and its affiliated entities. The carrying amount of these financial instruments approximates fair value.

#### Short-term investments:

Short-term investments are highly liquid amounts held to support specific current liabilities. The components of operating investments at June 30 are summarized below (expressed in thousands):

	<u>Balance</u>	<u>Weighted Average Maturity</u>
Obligations of the U.S. Government	\$3,063	5-10 years
Certificates of Deposit and Money Market Funds	18,864	Less than 1 year
Other Mutual Funds	134,578	1-5 years
Other Accounts	215	Less than 1 year
Total:	<u>\$156,720</u>	

Cash, cash equivalents and short-term investments are generally uninsured and uncollateralized against custodial credit risk. The related mutual funds are not rated.

#### Endowment and Similar Investments:

Endowment and similar investments are amounts invested primarily with the objective to achieve a long-term rate of return sufficient to fund a portion of annual operating activities and to preserve purchasing power of the investments in perpetuity. The balances consisted of the following as of June 30, 2015 (expressed in thousands):

Money Market Funds	\$14,863
Other Mutual Funds	214,922
Fixed Income Securities	21,309
Commingled Funds	392,832
Common/Preferred Stocks	16,748
Other Investments	19,626
Total Endowment and Similar Investments	<u>\$680,300</u>

The fair value of investments is based on quoted market prices when available. The estimated fair value of investments without traditional markets (eq. private equity and non-marketable real assets) is based on valuations provided by primary fund managers and reviewed by management. 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. Flexible capital investments include various hedge funds holding long/short positions, and investing in special situations, relative value and other strategies. As of June 30, 2015 and 2014, fixed income securities have weighted average maturities up to 30 years and carried ratings ranging from AAA to A3. The mutual fund investments held in the endowment pools are not rated.

Unfunded commitments with various private equity and similar alternative investment funds total \$15,894,000 for USNH and \$10,905,000 for UNHF at June 30, 2015. This compares to \$15,586,000 and \$8,214,000, respectively, at June 30, 2014.

<b>3. RECEIVABLES AND OTHER RECEIVABLES-RESTRICTED</b>
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The following is a breakdown of receivables at June 30, 2015 (expressed in thousands):

	Governmental	Business-Type	Total	Major Component Unit
<b>Short Term Receivables</b>				
Taxes:				
Meals and Rooms	\$35,356		\$35,356	
Business Taxes	140,868		140,868	
Tobacco	12,241		12,241	
Real Estate Transfer	14,685		14,685	
Interest & Dividends	29,966		29,966	
Communications	4,503		4,503	
Utility Property Tax	20,000		20,000	
Gasoline Road Toll	10,755		10,755	
Subtotal	268,374		268,374	
Other Receivables:				
Turnpike System		\$6,121	6,121	
Liquor Commission		6,850	6,850	
Lottery Commission		1,324	1,324	
Unemployment Trust Fund		25,246	25,246	
Internal Service Fund	5,993		5,993	
Federal Grants	309,376		309,376	\$15,570
Local Grants	39,148		39,148	
Miscellaneous	70,232		70,232	6,547
Short Term Portion Of SRF Loans Receivable		23,574	23,574	
Short Term Portion Of Note/Pledge Receivable				7,357
Subtotal	424,749	63,115	487,864	29,474
Total Current Receivables (Gross)	693,123	63,115	756,238	29,474
<b>Long Term Receivables</b>				
SRF Loans Receivable		346,479	346,479	
Miscellaneous	18,701		18,701	
Note/Pledge Receivable				31,987
Total Long Term Receivables (Gross)	18,701	346,479	365,180	31,987
<b>Allowance for Doubtful Accounts</b>	(44,293)		(44,293)	(8,930)
Total Receivables (Net)	\$667,531	\$409,594	\$1,077,125	\$52,531

**State Revolving Fund:**

Business-type activities includes 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, and amounts recorded as principal forgiveness during FY2015 totaled \$6.6 million.

**Unearned Revenue:**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. As of June 30, 2015, unearned revenue reported in governmental funds was \$89.6 million, and in business-type activities was \$13.8 million.

#### 4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2015, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land	\$536,625	\$8,874	\$(3,853)	\$541,646
Construction in Progress	201,794	107,792	(94,538)	215,048
Work in Progress Computer Software	51,875	5,132	(334)	56,673
Total Capital Assets not being depreciated	790,294	121,798	(98,725)	813,367
Other Capital Assets:				
Equipment & Computer Software	298,533	19,995	(9,020)	309,508
Buildings & Building Improvements	788,410	9,435	(3,824)	794,021
Land Improvements	108,216	8,760	(1,080)	115,896
Infrastructure	3,438,817	89,059	(3,155)	3,524,721
Total Other Capital Assets	4,633,976	127,249	(17,079)	4,744,146
Less accumulated depreciation for:				
Equipment & Computer Software	(263,443)	(17,465)	7,367	(273,541)
Buildings & Building Improvements	(371,642)	(21,400)	2,231	(390,811)
Land Improvements	(92,296)	(2,305)	218	(94,383)
Infrastructure	(1,944,233)	(51,493)	2,893	(1,992,833)
Total Accumulated Depreciation	(2,671,614)	(92,663)	12,709	(2,751,568)
Other Capital Assets, Net	1,962,362	34,586	(4,370)	1,992,578
Governmental Activities Capital Assets, Net	\$2,752,656	\$156,384	\$(103,095)	\$2,805,945
<b>Business-Type Activities:</b>				
<b>Turnpike System:</b>				
Capital Assets not being depreciated:				
Land	\$114,405	\$28	\$(10,763)	\$103,670
Construction in Progress	161,515	37,175	(84,519)	114,171
Total Capital Assets not being depreciated	275,920	37,203	(95,282)	217,841
Other Capital Assets:				
Equipment and Computer Software	48,805	530	(537)	48,798
Buildings & Building Improvements	6,438	175		6,613
Land Improvements		1,972		1,972
Infrastructure	890,738	81,608	(21,170)	951,176
Total Other Capital Assets	945,981	84,285	(21,707)	1,008,559
Less accumulated depreciation for:				
Equipment	(40,205)	(3,369)	538	(43,036)
Buildings & Building Improvements	(2,290)	(167)		(2,457)
Land Improvements		(98)		(98)
Infrastructure	(288,909)	(18,764)	4,250	(303,423)
Total Accumulated Depreciation	(331,404)	(22,398)	4,788	(349,014)
Turnpike Capital Assets, Net	\$890,497	\$99,090	\$(112,201)	\$877,386
<b>Liquor Commission:</b>				
Capital Assets not being depreciated:				
Land	\$2,080			\$2,080
Construction In Progress	7,007	\$404	\$(6,977)	434
Total Capital Assets not being depreciated	9,087	404	(6,977)	2,514
Other Capital Assets:				
Equipment	5,206	904	(211)	5,899
Buildings & Building Improvements	26,895	8,917	(2,010)	33,802
Land Improvements	998	51	(333)	716
Total Other Capital Assets	33,099	9,872	(2,554)	40,417
Less accumulated depreciation for:				
Equipment	(4,709)	(405)	273	(4,841)
Buildings & Building Improvements	(12,769)	(1,055)	1,992	(11,832)
Land Improvements	(1,077)	(3)	414	(666)
Total Accumulated Depreciation	(18,555)	(1,463)	2,679	(17,339)
Liquor Capital Assets, Net	23,631	8,813	(6,852)	25,592
<b>Lottery Commission:</b>				
Equipment	625	17	(12)	630
Less Accumulated Depreciation for Equipment:	(367)	(65)	12	(420)
Lottery Capital Assets, Net	\$258	\$(48)		\$210

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

<b>Governmental Activities:</b>	
General Government	\$7,812
Administration of Justice and Public Protection	12,735
Resource Protection and Development	4,897
Transportation	62,055
Health and Social Services	4,487
Education	677
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$92,663</b>

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 required 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):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Land and Land Improvements	\$13,387	\$2,402		\$15,789
Building and Building Improvements	1,551,468	41,759	\$(38,073)	1,555,154
Equipment	110,455	11,603	(3,341)	118,717
Construction in Progress	37,784	79,509	(49,803)	67,490
Subtotal	<u>\$1,713,094</u>	<u>\$135,273</u>	<u>\$(91,217)</u>	<u>\$1,757,150</u>
Less: Accumulated Depreciation	(730,818)	(55,976)	39,229	(747,565)
Total	<u>\$982,276</u>	<u>\$79,297</u>	<u>\$(51,988)</u>	<u>\$1,009,585</u>

## 5. LONG TERM-DEBT

### PRIMARY GOVERNMENT

**Bonds Authorized and Unissued:** Bonds authorized and unissued amounted to \$481.5 million at June 30, 2015. The proceeds of the bonds will be applied to the following funds when issued (expressed in millions):

Capital Projects Fund	\$136.3
Federal Highway/Garvees	295.0
Turnpike System	50.2
<b>Total</b>	<b>\$481.5</b>

**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.

#### **Bond Issues:**

On June 24, 2015, \$45.8 million of "new money" Turnpike Revenue Bonds were issued to finance various capital projects of the System. The bonds were sold competitively and generated an overall true-interest-cost of 2.08%. These bonds were structured to have a relatively short final maturity compared to historical practice, with a term of less than eight years (October 1, 2022), significantly minimizing the amount of interest paid by the Turnpike System over the life of the bonds.

On April 2, 2015, the State issued \$6.2 million of general obligation capital improvement bonds. The bonds were sold via private placement to the New Hampshire Municipal Bond Bank (NHMBB). The proceeds are being used to finance various capital projects of the State. The NHMBB holds the bonds as investments in its Debt Service Reserve Fund.

The State issued its \$89.9 million General Obligation Refunding Bonds, 2014 Series A (the "2014 Series A Refunding Bonds") on December 10, 2014 for the current and advanced refunding of outstanding general obligation debt of the State. The Series A Refunding Bonds were sold through a negotiated sale to both retail and institutional investors and resulted in an overall true-interest-cost of 2.29% and savings to the State of \$8.2 million, with a net present value of \$7.6 million.

**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, 2015
Governmental Fund Types (General Obligation Bonds):	
April 8, 2010	\$121,175
December 10, 2014	\$93,640
Subtotal	<u>\$214,815</u>

The State issued its \$55.0 million General Obligation Capital Improvement Bonds 2014 Series B (the 2014 Series B Bonds”) on December 11, 2014 through a competitive sale and resulted in an overall true-interest-cost to the State of 2.64% and coupons ranging from 2.5% to 5.0%. The Series B Bonds were issued to fund all or a portion of various capital projects.

**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):

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Accretion</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Current</b>	<b>Long-Term</b>
General Obligation Bonds Payable	\$986,656	\$569	\$177,232	\$202,623	\$961,834	\$90,094	\$871,740
Federal Highway Grant Anticipation Bonds	179,744			13,383	166,361	11,800	154,561
Compensated Absences	83,991		2,897		86,888	20,853	66,035
Claims Payable	41,535		262,933	258,228	46,240	29,096	17,144
Net Pension Liability	854,548			118,049	736,499		736,499
Other Postemployment Benefits	858,369		186,749	83,301	961,817		961,817
Pollution Remediation Obligation	38,015		14,625	2,742	49,898	1,687	48,211
Capital Lease	1,944		245	592	1,597	644	953
Advance Construction Commitments	2,312		1,348	2,312	1,348	1,348	
Legal & Other Settlement Contingency	6,865			3,765	3,100	3,100	
<b>Total Governmental</b>	<b>3,053,979</b>	<b>569</b>	<b>646,029</b>	<b>684,995</b>	<b>3,015,582</b>	<b>158,622</b>	<b>2,856,960</b>
<b>Business-Type Activities</b>							
<b>Turnpike System</b>							
Revenue Bonds	426,656		52,612	24,983	454,285	19,455	434,830
Note Payable	14,179			13,765	414	414	
Pollution Remediation Obligation	2,927		1,587	158	4,356	151	4,205
Claims & Compensated Absences Payable	2,990		41	336	2,695	422	2,273
Net Pension Liability	10,948			1,579	9,369		9,369
<b>Total</b>	<b>457,700</b>		<b>54,240</b>	<b>40,821</b>	<b>471,119</b>	<b>20,442</b>	<b>450,677</b>
<b>Liquor Commission</b>							
General Obligation Bonds Payable	11,591		5,000	755	15,836	1,056	14,780
Capital Lease	397			18	379	59	320
Claims & Compensated Absences Payable	4,396		172	444	4,124	857	3,267
Net Pension Liability	21,782			3,141	18,641		18,641
<b>Total</b>	<b>38,166</b>		<b>5,172</b>	<b>4,358</b>	<b>38,980</b>	<b>1,972</b>	<b>37,008</b>
<b>Lottery Commission</b>							
Claims & Compensated Absences Payable	590		25		615	160	455
Net Pension Liability	3,972			572	3,400		3,400
<b>Total</b>	<b>4,562</b>		<b>25</b>	<b>572</b>	<b>4,015</b>	<b>160</b>	<b>3,855</b>
<b>State Revolving Fund Programs</b>							
General Obligation Bonds Payable	16,685			2,275	14,410	2,275	12,135
Claims & Compensated Absences Payable			1,170		1,170	281	889
Net Pension Liability	5,182			747	4,435		4,435
<b>Total</b>	<b>21,867</b>		<b>1,170</b>	<b>3,022</b>	<b>20,015</b>	<b>2,556</b>	<b>17,459</b>
<b>Total Business-Type</b>	<b>\$522,295</b>		<b>\$60,607</b>	<b>\$48,773</b>	<b>\$534,129</b>	<b>\$25,130</b>	<b>\$508,999</b>

Note: Beginning balances shown above reflect restated values for net pension liability due to implementation of GASBS 68.

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, 2015, the State had no bond anticipation notes outstanding.

**Capital Appreciation Bonds:** Six of the State's general obligation capital improvement bonds issued since November 1991 represent capital appreciation bonds (College Savings Bond Program) with interest being accrued and compounded semiannually. The initial four issues in this group have matured leaving only two capital appreciation bonds outstanding. At June 30, 2015, the cumulative interest accretion since issuance for all six capital appreciation bonds is approximately \$157.7 million. The interest is not paid until the bonds mature, at which time the expenditure will be recorded.

**Pollution Remediation Obligations:** Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends superfund trust monies for cleanup. Currently there are six 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 \$50 million and \$4.4 million were reported for governmental activities and business-type activities, respectively, at June 30, 2015. 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, 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	Highway Fund	Federal Highway (GARVEE)	Self Supporting	Total	Liquor Commission	SRF Funds	Turnpike System		Principal	Interest	Less:	
						General Obligations	General Obligations	Revenue	Note Payable			Federal Interest Subsidy	Net Total
2016	\$69,995	\$9,023	\$11,800	\$11,076	\$101,894	\$1,056	\$2,275	\$19,455	\$414	\$125,094	\$67,680	\$6,803	\$185,971
2017	63,642	8,648	12,390	10,972	95,652	1,056	2,275	27,855		126,838	62,861	6,803	182,896
2018	62,728	9,406	12,985	10,563	95,682	1,056	2,275	17,890		116,903	57,116	6,767	167,252
2019	63,921	7,520	13,620	10,717	95,778	1,056	1,520	27,110		125,464	51,244	6,652	170,056
2020	60,708	7,162	14,300	10,389	92,559	1,056	1,520	30,040		125,175	45,395	6,534	164,036
2021-2025	212,757	29,341	74,865	31,713	348,676	4,748	4,545	103,715		461,684	152,459	26,911	587,232
2026-2030	104,554	12,819	15,935	26,207	159,515	3,609		67,975		231,099	69,857	12,646	288,310
2031-2035	40,144	1,951		288	42,383	2,199		51,290		95,872	31,675	5,812	121,735
2036-2040								64,735		64,735	12,305	2,106	74,934
2041-2043								18,100		18,100	1,107		19,207
Subtotal Unamortized	\$678,449	\$85,870	\$155,895	\$111,925	\$1,032,139	\$15,836	\$14,410	\$428,165	\$414	\$1,490,964	\$551,699	\$81,034	\$1,961,629
(Discount) / Premium	85,626	(23)	10,466	(13)	96,056			26,120		122,176			122,176
Total	\$764,075	\$85,847	\$166,361	\$111,912	\$1,128,195	\$15,836	\$14,410	\$454,285	\$414	\$1,613,140	\$551,699	\$81,034	\$2,083,805

**Revenue Bond Resolutions:** 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 \$488.7 million; capital lease obligations of \$11.7 million; deferred obligations interest swaps of \$30.4 million; accrued employee benefits and compensated absences of \$44.2 million; other postemployment benefits of \$53.7 million; and other liabilities of \$18.9 million (expressed in thousands):

	Beginning				Ending		
	Balance	Increases	Decreases	Balance	Current	Long-Term	
University System of NH	\$575,042	\$152,979	\$80,373	\$647,648	\$67,577	\$580,071	

**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
2016	\$50,763	\$15,550	\$66,313
2017	39,386	20,242	59,628
2018	15,002	18,284	33,286
2019	62,094	17,837	79,931
2020	15,928	14,699	30,627
2021-2025	139,874	55,471	195,345
2026-2030	51,170	33,330	84,500
2031-2035	57,965	19,973	77,938
2036-2040	25,115	8,914	34,029
2041-2045	19,360	4,122	23,482
2046	4,485	224	4,709
Subtotal	481,142	208,646	689,788
Unamortized Discounts/Premium, net	19,333		19,333
Total	\$500,475	\$208,646	\$709,121

<b>6. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES</b>
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The components of deferred outflows and inflows of resources in the government-wide financial statements related to the primary government at June 30, 2015 are as follows (expressed in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>
<b>Deferred outflows of resources:</b>			
Pension related amounts	\$67,016	\$3,250	\$70,266
Loss on refunding of debt, net	15,845	2,277	18,122
<b>Total deferred outflows of resources</b>	<u>\$82,861</u>	<u>\$5,527</u>	<u>\$88,388</u>
<b>Deferred inflows of resources:</b>			
Pension related amounts	\$102,162	\$5,231	\$107,393
<b>Total deferred inflows of resources</b>	<u>\$102,162</u>	<u>\$5,231</u>	<u>\$107,393</u>

The components of deferred inflows of resources related to the governmental funds at June 30, 2015 are as follows (expressed in thousands):

	<u>General</u>	<u>Highway</u>	<u>Education</u>	<u>Total Governmental Funds</u>
<b>Deferred inflows of resources:</b>				
Taxes considered unavailable	\$94,864		\$56,600	\$151,464
Local assistance	7,082			7,082
Other loans	5,151			5,151
Indigent representation advances	3,863			3,863
Banking assessments	1,200			1,200
Miscellaneous fees & fines	555	\$1,662		2,217
<b>Total deferred inflows of resources</b>	<u>\$112,715</u>	<u>\$1,662</u>	<u>\$56,600</u>	<u>\$170,977</u>

#### MAJOR COMPONENT UNIT

The University System of New Hampshire's deferred outflows of resources are as follows (expressed in thousands):

Accumulated decrease in fair value of hedging derivatives	\$30,390
Loss on debt refinancings	6,142
<b>Total deferred outflows of resources</b>	<u>\$36,532</u>

## 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, 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, two currently outstanding claims under the fleet automobile policies have the potential to exceed the insurance coverage. We are unable to determine if an unfavorable outcome is likely or not, or the amount or range of loss if an unfavorable outcome occurs; however, the State's exposure per claimant is limited by law to a total of \$475 thousand pursuant to RSA 541-B:14 and the State's current fleet policy coverage is \$275 thousand per claimant.

### Employee and Retiree Health Benefits

During fiscal year 2004, the State established an Employee Benefit Risk Management 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 these benefits, and utilizes an actuarially-established IBNR (incurred but not reported) claims reserve. In addition, state law prescribes the retention of a reserve comprising 5% of annual claims and administrative costs, for unexpected costs. For FY 2015, this reserve equaled \$16.8 million for the Fund. Rates are established annually, by actuaries, based on an analysis of past claims, state and other medical 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 FY 15 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 \$26.9 million as of June 30, 2015.

The following table presents the changes in claim liabilities during the fiscal years ending June 30, 2014 and 2015 (expressed in thousands):

Governmental Activities	6/30/2013			6/30/2014			6/30/2015		
	Balance	Increases	Decreases	Balance	Increases	Decreases	Balance	Current	Long-Term
Workers Compensation Claims Payable	\$21,682	\$5,747	\$5,570	\$21,859	\$7,206	\$5,986	\$23,079	\$5,935	\$17,144
Health Claims Payable*	17,048	241,703	239,075	19,676	255,727	252,242	23,161	23,161	
<b>Total</b>	<b>38,730</b>	<b>247,450</b>	<b>244,645</b>	<b>41,535</b>	<b>262,933</b>	<b>258,228</b>	<b>46,240</b>	<b>29,096</b>	<b>17,144</b>
<b>Business-Type Activities</b>									
<b>Turnpike System</b>									
Workers Compensation Claims Payable	2,204	222	484	1,942		308	1,634	167	1,467
<b>Total</b>	<b>2,204</b>	<b>222</b>	<b>484</b>	<b>1,942</b>		<b>308</b>	<b>1,634</b>	<b>167</b>	<b>1,467</b>
<b>Liquor Commission</b>									
Workers Compensation Claims Payable	2,469	460	518	2,411	172	444	2,139	440	1,699
<b>Total</b>	<b>2,469</b>	<b>460</b>	<b>518</b>	<b>2,411</b>	<b>172</b>	<b>444</b>	<b>2,139</b>	<b>440</b>	<b>1,699</b>
<b>Lottery Commission</b>									
Workers Compensation Claims Payable	21	6		27		2	25		25
<b>Total</b>	<b>21</b>	<b>6</b>		<b>27</b>		<b>2</b>	<b>25</b>		<b>25</b>
<b>Total Business-Type</b>	<b>\$4,694</b>	<b>\$688</b>	<b>\$1,002</b>	<b>\$4,380</b>	<b>\$172</b>	<b>\$754</b>	<b>\$3,798</b>	<b>\$607</b>	<b>\$3,191</b>

\* 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, 2015 (expressed in thousands):

RECEIVABLES / DUE FROM	AMOUNT	PAYABLES / DUE TO	AMOUNT
Highway Fund	\$345	Turnpike System	\$345
General Fund	335	Liquor Commission	335
General Fund	3,492	Unemployment Compensation	3,492
General Fund	10,396	Education Fund	10,396
General Fund	674	Highway Fund	674
Non-Major Fund	799	Liquor Commission	799
Lottery Commission	20	Education Fund	20
Lottery Commission	383	Liquor Commission	383
<b>Total</b>	<b>\$16,444</b>	<b>Total</b>	<b>\$16,444</b>

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 \$5.0 million from business-type activities represents the "internal balances" amount on the statement of net position. The \$11.0 million between governmental funds, and the \$0.4 million between enterprise funds has been eliminated on the government-wide financial statements.

**Internal Note Receivable:** At June 30, 2015, internal note receivable (payable) balances consist of \$0.4 million payable to the Highway Fund from the Turnpike System. The note relates to the conveyance of a portion of Interstate 95 in Portsmouth from the Highway Fund to the Turnpike Fund.

## 9. INTERFUND TRANSFERS

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

Transferred From	Transferred To			
	General Fund	Education Fund	Non-Major Funds	Total Governmental Funds
<b>Governmental Funds</b>				
General Fund		\$78,628	\$892	\$79,520
Highway Fund	\$760		1,403	2,163
Total Governmental Funds	* 760	* 78,628	* 2,295	* 81,683
<b>Proprietary - Enterprise Funds</b>				
Liquor Commission	150,821			150,821
Lottery Commission		77,277		77,277
Total Proprietary - Enterprise Funds	\$150,821	\$77,277		\$228,098
* 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 \$77.2 million to fund education
- Transfer of Liquor Commission profits of \$150.8 million to general fund for government operations
- \$78.6 million transfer from the general fund to eliminate education fund deficit

Pursuant to RSA 260:61, \$0.8 million transfer from Highway Fund to Fish and Game Fund for the Bureau of Off Highway Recreational Vehicle (BOHRV) Grant.

Pursuant to RSA 260:60, \$1.4 million of unrefunded gas tax in the Highway Fund was transferred on a 50/50 basis to the General and Fish & Game funds.

## 10. CONTRACTUAL COMMITMENTS

**Contractual Commitments:** The State Department of Transportation has estimated its share of contractual obligations for construction contracts to be \$79.2 million at June 30, 2015. This represents total obligations of \$189.6 million less \$110.4 million in estimated federal aid.

**Encumbrances:** Encumbrances by fund for the State at June 30, 2015, excluding contractual commitments noted above, were as follows:

Expressed in Millions	
General Fund	\$197.4
Highway Fund	18.8
Education Fund	2.8
Non-Major Governmental Funds	89.9
	<u>\$308.9</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 10.51% of gross payroll for Group I members, 23.90% of gross payroll for Group II firefighter members, and 21.45% of gross payroll for Group II police officer members.

The State's required and actual contributions for the year ended June 30, 2015 were \$79.1 million, which included an amount for other post employment benefits of \$11.7 million.

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

As of June 30, 2015, the State reported a liability of \$735.9 million for its proportionate share of the net pension liability of NHRS. This net pension liability is measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, with update procedures used to roll the total pension liability forward to June 30, 2014. 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 June 30, 2014, the State's proportion for governmental activities was 19.60%, which was a decrease of 0.38% from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the State recognized total pension expense of \$47.0 million.

As of June 30, 2015, the State reported deferred outflows and inflows of resources on its government-wide financial statements related to pensions in the primary government of \$67.5 million and \$107.4 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		\$94,156
Changes in employer proportion		13,237
Contributions subsequent to the measurement date	\$67,450	
<b>Total</b>	<b>\$67,450</b>	<b>\$107,393</b>

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount (in thousands)
2016	\$26,412
2017	26,412
2018	26,412
2019	26,412
2020	1,745
<b>Total</b>	<b>\$107,393</b>

**Actuarial Assumptions:** The NHRS total pension liability, measured as of June 30, 2014, was determined by a roll forward of the actuarial valuation as of June 30, 2013, for which the following actuarial assumptions were used:

Inflation	3.0%
Salary increases	3.75-5.8% average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 - June 30, 2010.

**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 2014:

Asset Class	Target Allocation	Weighted average long-term expected geometric real rate of return: 2014
Large Cap Equities	22.50%	3.25%
Small/Mid Cap Equities	7.50%	3.25%
Total domestic equity	30.00%	
International Equities (unhedged)	13.00%	4.25%
Emerging International Equities	7.00%	6.50%
Total international equity	20.00%	
Core Bonds	18.00%	-0.47%
High-Yield Bonds	1.50%	1.50%
Global Bonds (unhedged)	5.00%	-1.75%
Emerging Market Debt (external)	0.50%	2.00%
Total fixed income	25.00%	
Private equity	5.00%	5.75%
Private debt	5.00%	5.00%
Real estate	10.00%	3.25%
Opportunistic	5.00%	2.50%
Total alternative investments	25.00%	
<b>Total</b>	<b>100.00%</b>	

**Discount Rate:** The discount rate used to measure the collective total pension liability was 7.75%. 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 the NHRS's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the 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 the NHRS's net pension liability to changes in the discount rate. In particular, the table presents the State's proportionate share of the NHRS's net pension liability measured at June 30, 2014 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 6.75%	Current single rate assumption 7.75%	1% Increase to 8.75%
\$969.3	\$735.9	\$539.0

**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 the NHRS. Pension related amounts for each reporting unit are as follows (dollars expressed in thousands):

	<b>Governmental Activities</b>	<b>Turnpike System</b>	<b>Liquor Commission</b>	<b>Lottery Commission</b>	<b>State Revolving Fund</b>	<b>Business-type Activities</b>	<b>Primary Government</b>
Proportionate share of Statewide amount	95.13%	1.27%	2.53%	0.47%	0.60%	4.87%	100.00%
Net pension liability	\$700,024	\$9,369	\$18,641	\$3,400	\$4,435	\$35,845	\$735,869
Pension expense	44,731	598	1,191	217	283	2,289	\$47,020
Deferred outflows of resources representing contributions subsequent to the measurement date	64,200	830	1,700	300	420	3,250	67,450
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	89,569	1,199	2,385	435	568	4,587	94,156
Deferred inflows of resources representing the changes in employer proportion	12,593	168	336	61	79	644	13,237
<i>Amortization of deferred amounts:</i>							
2016	25,126	336	669	122	159	1,286	26,412
2017	25,126	336	669	122	159	1,286	26,412
2018	25,126	336	669	122	159	1,286	26,412
2019	25,126	336	669	122	159	1,286	26,412
2020	1,658	23	45	8	11	87	1,745
Total	102,162	1,367	2,721	496	647	5,231	107,393
<i>Sensitivity analysis:</i>							
Net pension liability at 6.75% discount rate	922,045	12,341	24,554	4,478	5,841	47,214	969,259
Net pension liability at 8.75% discount rate	512,716	6,862	13,653	2,491	3,248	26,254	538,970

## 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. The 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, 2014, the following members were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefits	64
Inactive members entitled to but not yet receiving benefits	1
Active or vested members	54
	119

The NHJRP is administered by an appointed Board of Trustees (Board), separate from the New Hampshire Retirement System, but certain daily administrative functions of the plan 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, 2015, State contributions to the NHJRP totaled \$5.1 million.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** As of June 30, 2015, the State reported a net pension liability of \$36.5 million for the NHJRP. The NHJRP's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014, and was then projected forward to the measurement date. Changes in the components of net pension liability for the measurement period ended December 31, 2014 are as follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2013	\$81,174	\$44,584	\$36,590
Changes for the year:			
Service cost	2,351		2,351
Interest on total pension liability	5,648		5,648
Benefit payments	(5,775)	(5,775)	
Employer contributions		4,923	(4,923)
Member contributions		635	(635)
Net investment income		2,759	(2,759)
Administrative expenses		(203)	203
Balances as of December 31, 2014	\$83,398	\$46,923	\$36,475

For the year ended June 30, 2015, the State recognized pension expense of \$4.5 million for the NHJRP. As of June 30, 2015, the State reported deferred outflows of resources on its government-wide financial statements related to the NHJRP of \$2.8 million from the following sources (in thousands):

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$278
Contributions subsequent to the measurement date	2,538
Total	\$2,816

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, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount (in thousands)
2016	\$69
2017	70
2018	69
2019	70
Total	\$278

**Actuarial Assumptions:** The total pension liability in the January 1, 2014 actuarial valuation, which was projected forward to the measurement date of December 31, 2014, was determined using the following actuarial assumptions:

Inflation	2.75%
Salary increases	2.25% as of July 1, 2014; 2.25% as of January 1, 2015; 3.00% per year thereafter, including inflation
Investment rate of return	7.00%

Mortality rates were based on the 1994 Group Annuity mortality table. Disabled Mortality rates were based on 80% of PBGC Disabled Mortality for men and 60% of PBGC Disabled Mortality for women.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of the most recent actuarial experience study, which was 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 2014 and 2013:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Cash	0.70%	0.49%
Core Fixed Income	16.10%	1.95%
Inflation-Indexed Bonds	5.30%	0.88%
Large Cap US Equities	34.60%	4.39%
Small Cap US Equities	4.60%	4.63%
Developed Foreign Equities	15.80%	4.39%
Hedge Funds / Absolute Return	22.90%	2.93%
Assumed Inflation - Mean		2.75%
Assumed Inflation - Standard Deviation		2.00%
Portfolio Real Mean Return		3.98%
Portfolio Nominal Mean Return		6.73%
Portfolio Standard Deviation		11.55%
<b>Long-Term Expected Rate of Return</b>		<b>7.00%</b>

**Discount Rate:** The discount rate used to measure the collective total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate (in thousands):

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net pension liability	41,661	36,475	28,220

### OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, RSA 21-I:30 specifies that the State provide certain health care benefits for retired employees and their spouses. 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, a single-employer group health plan (Plan), which is the state's self-insurance internal service fund implemented in October 2003 for active state employees and retirees. The Plan funds the cost of medical 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 New Hampshire Retirement System's medical premium subsidy program for Group I and Group II employees, which totaled approximately \$13.1 million for the fiscal year ended June 30, 2015.

GASB Statement 45 requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans. GASB Statement 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation and will be required to be reported in the financial statements.

The State Legislature currently plans to only partially fund (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2015 (dollar amounts in thousands):

Annual Required Contribution	\$148,122
Interest on net OPEB obligation	38,627
Adjustment to annual required contribution	<u>(31,701)</u>
Annual OPEB cost	155,048
Contributions made (pay-as-you-go)	<u>(51,600)</u>
Increase in Net OPEB Obligation	<u>103,448</u>
Net OPEB Obligation - Beginning of Year	<u>858,369</u>
<b>Net OPEB Obligation - End of Year</b>	<b><u><u>\$961,817</u></u></b>

The State's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015, 2014 and 2013 were as follows (expressed in thousands):

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
06/30/15	\$155,048	\$51,600	33.28%	\$961,817
06/30/14	\$145,317	\$52,647	36.23%	\$858,369
06/30/13	\$137,812	\$51,332	37.25%	\$765,699

As of December 31, 2014, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$2,138 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,138 million. The covered payroll (annual payroll of active employees covered by the plan) was \$563.3 million during fiscal year 2015 and the ratio of the UAAL to the covered payroll was 379 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return, a 3.75 percent inflation rate and projected salary increases of 3.75 percent per annum. The projected medical cost trend rate for under age 65 retirees is 5%. The projected medical cost trend rate for age 65 and over retirees is 5%. The drug cost trend rate is 11% initially, decreasing at 0.5% for 12 years to an ultimate level of 5%. The UAAL is being amortized using level percent of pay, open amortization method. The remaining amortization period at December 31, 2014, was thirty years.

## 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 \$100.4 million of financial guarantees outstanding and statutory limits as of June 30, 2015 (expressed in thousands):

	RSA	Guarantee Limit	Remaining Capacity	June 30, 2015		
				Principal	Interest	Total
<i>Municipalities and Political Subdivisions</i>						
Water Pollution Bonds	485-A:7	\$50,000	\$49,062	\$870	\$68	\$938
School Construction Bonds	195-C:2	95,000	57,811	27,218	9,971	37,189
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	3,823	23,823
Business Finance Authority (BFA) - Additional State Guarantee	162-I:9-b	50,000	**	37,969	463	38,432
Business Finance Authority (BFA) - Unified Contingent Credit Limit	162-A:22	115,000	57,031	57,969	4,286	62,255
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			
Pease Development Authority - Guarantees for Development	12-G:35	10,000	10,000			
Housing Finance Authority - Child Care Loans	204-C:79	300	300			
Totals		\$405,300	\$253,114	\$86,057	\$14,325	\$100,382

\* Plus Interest

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

**Federal Grants:** The State receives federal grants, which are subject to review and audit by the grantor agencies. Access to these resources is generally conditional upon compliance with terms and conditions of grant agreements and applicable regulations, including expenditure of resources for allowable purposes. Any disallowances resulting from audits may become the liability of the State. Although the amount of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, the State is aware of federal-reimbursed costs as of June 30, 2014 which were questioned by the State's auditors and are still being resolved by the respective State and Federal Agencies. Note: Questioned costs as of June 30, 2014 are outlined in the Single Audit of Federal Financial Assistance Programs Report issued in March 2015.

**Requests for Medicaid Enhancement Tax Refund/Credit:**

Since June of 2011, the Department of Revenue Administration (DRA) has received requests for refund or credit of the Medicaid Enhancement Tax (MET) from 20 of the 28 hospital taxpayers for prior fiscal periods ending June 30, 2008 through June 30, 2013, totaling \$109 million, and received additional refund requests from all hospitals for the fiscal year 2014 receipts of approximately \$165.6 million. DRA denied \$20 million of those requests related to fiscal year 2008 as being outside the statute of limitations as well as denied \$7 million in requests related to fiscal year 2012. Additionally, the DRA issued tax notices for fiscal year 2012 for \$13 million.

During fiscal year 2013, the DRA reached agreements with over half of the hospitals to resolve all outstanding issues between them relating to approximately \$67.6 million of the \$89 million in MET refund and credit requests and \$11 million of the \$13 million in tax notices for fiscal years 2009 through 2013 leaving \$14.4 million in refund requests and \$2 million in tax notices outstanding as of June 30, 2013. As a result of the settlement agreements reached in fiscal year 2013 for fiscal years 2009 through 2013, the State received approximately \$5.4 million of MET revenue and granted \$3.6 million in credits to be applied in fiscal year 2014 and \$3.6 million in credits to be applied in fiscal year 2015 (see note 14). The DRA has resolved the majority of the remaining outstanding amounts related to fiscal year 2009 through 2014. Due to the small number of taxpayers at issue and to maintain taxpayer confidentiality, the DRA is unable to disclose specific amounts, but can state that the remaining outstanding amounts are immaterial.

In fiscal year 2014, that State reached an agreement with 25 New Hampshire hospitals' outstanding challenges to (1) the constitutionality of the Medicaid Enhancement Tax, (2) the majority of the claims that the hospitals had filed for refunds on their 2014 tax payments and what remained outstanding related to fiscal years 2013 and prior, and (3) Medicaid rate reductions made in previous years. The legislature approved this agreement and Senate Bill 369 was signed into law on June 30, 2014 (Chapter 158, Laws 2014). Only one hospital did not participate in the agreement (See Note 14 Catholic Medical Center et al v. Department of Revenue Administration). Under the agreement, the state would agree to provide "disproportionate share" (DSH) payments to critical and noncritical access hospitals. Critical access hospitals would be reimbursed 75 percent of their uncompensated care costs, and noncritical care access hospitals would receive no more than 50 percent of their individual uncompensated care costs in Fiscal Years 2016 and 2017. The state's obligation would be capped at \$224 million in total payments that are shared with the federal government. Based on aggregate uncompensated care estimates, the state's obligation is expected to range between approximately \$45 and \$95 million for the 2016-2017 biennium, depending on actual levels of uncompensated care. In Fiscal Years 2018 and 2019, critical access hospitals would continue to be reimbursed 75 percent of their uncompensated care costs. Other acute care hospitals would receive no more than 55 percent of their uncompensated care costs, up to a cap of \$241 million. The state's obligation for FY 2018 and 2019 is expected to range between approximately \$35 million and \$80 million, as compared to FY 2015. The hospitals are guaranteed at least \$175 million a year in DSH payments. Payments to hospitals would be contingent on Medicaid Enhancement Tax revenues reaching agreed upon estimates. If revenues fall short of the estimates, state payments to the disproportionate share pool for noncritical access hospitals will be reduced. The State agrees to put all money raised from the Medicaid Enhancement Tax in a trust fund and use those funds exclusively to support Medicaid services, including funding DSH payments, hospital provider payments, and other Medicaid costs. The agreement also eliminates certain freestanding rehabilitation hospitals from the Medicaid Enhancement Tax base, and also precludes them from receiving uncompensated care payments. Through the agreement, the participating hospitals agreed they will not challenge the MET on constitutional grounds as long as the terms of the agreement are met. Additionally, the participating hospitals agreed to drop their claims for tax refunds related to 2014 and 2015 and drop their participation – and claims – in lawsuits challenging the constitutionality and application of the Medicaid Enhancement Tax. They also agreed to drop claims in state and federal court cases challenging rate reductions made beginning in 2008. If future legislatures choose to cut funding, the hospitals retain the right to re-launch their litigation and the state retains all of its defenses.

As a result of the settlements reached in fiscal year 2014, the remaining refund requests outstanding as of June 30, 2015 from fiscal years 2014 and prior are deemed to be immaterial.

### 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 2015 for governmental activities and business-type activities were approximately \$26.4 million and \$5.8 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, 2015 (expressed in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2016	\$6,589	\$3,092
2017	5,224	3,326
2018	3,719	3,339
2019	2,504	2,941
2020	1,788	2,824
2021-2025	6,440	11,961
2026-2030	2,454	1,312
2031-2035		555
Total	\$28,718	\$29,350

#### 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, 2015, are as follows (expressed in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2016	\$644	\$115
2017	297	125
2018	289	125
2019	192	125
2020-2024	418	229
Total	1,840	719
Amount Representing Interest	(243)	(340)
Present Value of Minimum Lease Payments	\$1,597	\$379

The assets acquired through capital leases and included in capital assets at June 30, 2015 include the following (expressed in thousands):

	Governmental Activities	Business-Type Activities
Equipment	\$1,042	
Buildings & Building Improvements	4,887	\$719
Total	5,929	719
Less: Accumulated Depreciation	(4,820)	(143)
Net	\$1,109	\$576

## 14. LITIGATION

### Department of Health and Human Services (DHHS)

#### *Chase Home et al v. Division for Children, Youth, and Families (DCYF)*

On November 7, 2007, seven residential childcare providers initiated a lawsuit in Merrimack County Superior Court against DCYF on a variety of claims, including DCYF's statutory obligation to pay for residential childcare services provided under certain provisions of State law. DCYF filed a motion for summary judgment, which the court denied, on the grounds that DCYF does not have a contractual relationship with the providers, and that it did not engage in any unconstitutional taking of property. In May 2010, the court ruled in favor of the Petitioners and found that the State had breached its contracts, that there was sufficient money appropriated in the years in question to pay the Petitioners, and awarded damages of \$3.5 million for the claims of FY04-FY06 (denying Petitioners' request for attorney fees.) A Motion to Reconsider was denied, another appeal was filed, and a Supreme Court decision upheld the trial court's determination that there were valid contracts, holding the state liable for the court's judgment, plus allowable interest of approximately \$0.3 million. On February 3, 2012, the judgment was submitted to the legislature in accordance with RSA 491:8, calling for legislation, which did not pass in the 2012 session. However, HB 486-FN was adopted in 2013 providing the funding (\$2.7 million general funds and \$1.3 million federal funds) and the judgment was paid in FY13.

There are similar claims by some of the same providers pending in DCYF's administrative appeals unit for FY07-FY11. DCYF estimates the potential liability for the outstanding additional years is between \$2 million and \$4 million (general fund portion only). Although it is difficult to predict the outcome of this case at this time, the State believes that the legal liabilities recorded as of June 30, 2015 within the government-wide financial statements are reasonably adequate to absorb all or the majority of this liability (general fund portion) if there is a ruling against the State.

#### *Dube et al. v. Governor et al.*

On April 7, 2011, the United States Department of Justice ("USDOJ") issued a letter finding that the State failed to comply with aspects of the Americans with Disabilities Act, 42 U.S.C. secs. 12131-12134 (Part A), by not providing services for individuals with mental illness that allow them to live in the most integrated community-based settings appropriate for their needs. The USDOJ's findings were based on an investigation it performed of New Hampshire's mental health services system over a four month period. The State issued a formal response to the USDOJ findings, describing the basis for the State's disagreement, and asking the USDOJ to withdraw its findings.

On February 9, 2012, six State residents who have received mental health services from either New Hampshire Hospital or Glenclyff Home filed a class action lawsuit in the U.S. District Court alleging New Hampshire has failed to provide adequate community-based mental health services. USDOJ has joined the lawsuit. The State challenged class certification. On September 17, 2013, the Court granted class certification. Trial was scheduled for June 2014. The State appealed the class certification decision to the First Circuit Court of Appeals. Due to the settlement discussions, the District Court and First Circuit were stayed to give the parties an opportunity to determine if settlement is possible. On December 19, 2013, the parties reached a settlement. A hearing on the settlement was held on February 12, 2014, and the Court approved the settlement agreement at the hearing. The parties agreed to dismiss the appeal to the First Circuit and matter was dismissed by the First Circuit on March 14, 2014. The settlement includes new and additional community-based services for individuals with serious mental illness. The estimated increase in general fund expenditures for fiscal years 2014-2015 is approximately \$6 million. In fiscal years 2016-2017, the expected increase in general fund expenditures is approximately \$23.7 million. The State has also agreed to pay the plaintiffs \$2.4 million for legal fees and expenses within 4 years of the effective date of the agreement of which \$1.1 million was paid in fiscal year 2014 and the remaining \$1.3 million was paid during the fiscal year ended June 30, 2015. Funding for the additional services was requested in HB 1635, which passed both the House and Senate and has been signed by the Governor (Chapter 214 Laws of 2014). This matter is now closed.

#### *Gary Dube et al. v. State of New Hampshire*

Harbor Homes, Inc., a provider of Medicaid-funded community mental health services, and four individuals who had been receiving services from Harbor Homes prior to June 30, 2011 sued the State and DHHS, challenging the State's decision to consolidate delivery of community mental health services in the approved community mental health program for Region 6. The core issue is whether the State rules requiring an interagency agreement with a community mental health program is a reasonable qualification in order to qualify as a community mental health provider of Medicaid-funded services. On January 25, 2012, the Court issued an order granting, in part, the State's Motion for Summary Judgment, but left open the plaintiffs' claim whether the State violated Harbor Homes' due process rights with respect to the Greater Nashua Mental Health Center's refusal to enter into a new interagency agreement upon expiration of the prior agreement. On August 2, 2012, the Court issued an order granting the State's Motion for Summary Judgment on the plaintiff's due process claim. On August 31, 2012, the plaintiffs filed a motion for voluntary non-suit without prejudice of the remaining claims. The motion for voluntary non-suit was granted. The plaintiffs appealed the issues decided in the two motions for summary judgment. On June 18, 2014, the Supreme Court concluded that the rule requiring an interagency agreement is not a reasonable qualification requirement, reversed the trial court's grant of summary judgment and remanded it to the trial court. The plaintiffs have also filed a new lawsuit for declaratory and injunctive relief, which simply reasserts the same claims as are made in the case remanded to the Superior Court. The State has settled with the individual plaintiffs, agreeing to allow them to receive functional support services from Harbor Homes, and payments of \$160,000 in attorney's fees and \$2,500 in costs. DHHS filed a partial motion to dismiss against Harbor Homes, the only remaining plaintiff, on August 28, 2014. Harbor Homes has objected, and filed a motion for entry of judgment on its procedural due process claim. The State objected to the motion for entry of judgment, and moved to dismiss on grounds of mootness in light of the settlement agreement with the individual plaintiffs which provides all of the injunctive relief requested in the action. On February 10, 2015, the trial court partially dismissed the lawsuit on the grounds of mootness, but found that because Harbor Homes was not a party to the settlement, its claim under Count II for injunctive relief and attorneys' fees was not rendered moot. It further declined to enter judgment for Harbor Homes on Count II, and that claim remains pending before the trial court. The court transferred this case to Merrimack Superior Court and consolidated it with

*Harbor Homes v. DHHS* (discussed below). The parties filed cross motions for partial summary judgment on Harbor Homes' procedural due process claim, and the court granted Harbor Homes' motion. The court gave Harbor Homes until October 1, 2015 to file a memorandum in support of its request for attorney's fees. That deadline was extended twice. Harbor Homes filed its request for attorneys' fees on December 3, 2015, seeking \$210,479 in attorneys' fees and \$8,955 in costs. The State has objected to Harbor Homes' request for attorney's fees, and will likely appeal the summary judgment decision once the entire case has been resolved. It is not possible to predict the outcome of this case at this time.

### ***Harbor Homes v. DHHS***

Harbor Homes filed a separate breach of contract and procedural due process lawsuit. This complaint is derivative of a lawsuit previously filed in Merrimack Superior Court on June 28, 2011, *Dube et al. v. State of New Hampshire, et al.*, DHHS filed a motion to dismiss on August 28, 2014, to which Harbor Homes has objected. Harbor Homes also filed an amended complaint, to add claims against DHHS Commissioner Toumpas in his individual capacity. A motion to dismiss the amended complaint has also been filed, and the plaintiff has objected. A hearing on the motions to dismiss was held on March 23, 2015. The court granted the motion to dismiss in part and denied it in part. The court dismissed Harbor Homes' duplicative procedural due process claim, and dismissed its claim against the commissioner as an individual defendant, but allowed the breach of contract claim to go forward. Discovery on the breach of contract claim is currently underway. Both parties filed cross motions for summary judgment on Harbor Homes' breach of contract claim on December 3, 2015. Harbor Homes seeks over \$2 million in damages. A bench trial is scheduled for the week of April 4, 2016. It is not possible to predict the outcome of this case at this time.

### ***Wallace et al. v. State of NH DHHS***

On August 16, 2013, 13 persons who receive long-term services pursuant to Medicaid waivers through Area Agencies, 9 Area Agencies (providers of such services), and Community Support Network (an advocacy group that represents the interests of the other plaintiffs) initiated a lawsuit, against the State of New Hampshire and DHHS. The plaintiffs seek a declaration that RSA 126-A:5, XIX, which directs DHHS to implement a managed care system for delivery of Medicaid-funded services, is not intended to include long-term care services provided to developmentally disabled persons and those with acquired brain disorders. No discovery has been exchanged and preliminary dispositive motions have been filed. The court denied DHHS's motion to dismiss. The plaintiffs filed a motion for summary judgment on December 6, 2013. On May 22, 2014, the trial court ruled that the Plaintiffs' cause of action is barred by sovereign immunity, but granted Plaintiffs leave to file an amended complaint to correct the deficiencies. The Plaintiffs filed an amended complaint on June 23, 2014, which added claims for violation of separation of powers, breach of contract, and violation of Section 504 of the federal Rehabilitation Act, 29 U.S.C. section 794. The State moved to dismiss the three new claims for failure to state a claim and moved to dismiss the original claim as barred by sovereign immunity. The plaintiffs objected and moved for summary judgment on all claims, to which the State has objected. The Court granted the State's motion to dismiss the amended complaint, but allowed the plaintiffs to amend their complaint one more time. The court granted the State's motion to dismiss the Second Amended complaint and the plaintiff's did not appeal; therefore, this matter is now concluded.

### ***Frisbie Memorial Hospital et al. v. Toumpas***

Six Hospitals, Frisbie, Wentworth-Douglas, Exeter, LRGH, Southern NH, and St. Joseph's, filed suit on October 10, 2013 in Strafford Superior Court against DHHS claiming that the 2008 rate reductions to inpatient and outpatient hospital rates are void due to lack of proper notice and failure to submit a state plan amendment ("SPA") and to provide comment opportunity before the changes were made and that they are therefore entitled to payment at higher rates under the existing state plan language for the time period July 1, 2008 to November 19, 2010, the effective date of a SPA approved by CMS that ultimately contained the rate change. The plaintiffs assert damages of approximately \$20 million. A motion to dismiss was filed on behalf of the State. On June 23, 2014, the plaintiffs filed a motion to stay to provide time to implement the MET settlement (*see Catholic Medical Center et al v. DRA*). In addition, because St. Joseph's Hospital was not a party to the MET settlement, the stay is designed to provide St. Joseph's time to obtain new legal counsel, and determine if it will continue with the litigation on its own. The matter remains stayed during the implementation of the MET settlement (*see Catholic Medical Center; et al. v. DRA*). Pursuant to the settlement agreement with twenty-five hospitals, any judgment against the State from this litigation will be paid by the settling hospitals, up to a cap of \$4.5 million. Following St. Joseph's settlement with the State, agreeing to the terms of the global settlement, the parties filed a motion for administrative closure. Under both the global agreement and St. Joseph's agreement, this matter is to be administratively closed subject to a right to bring forward the action. The plaintiffs further agreed that if funding for fiscal years 2015, 2016, and 2017 as set out in the global agreement is met, the plaintiffs will move to dismiss this action, with prejudice, by July 1, 2018. Although it is not expected that the claim by St. Joseph's Hospital will exceed \$4.5 million, it is not possible to predict the outcome of this case at this time.

### ***Frisbie Memorial Hospital et al. v. Sebelius***

Six Hospitals, Frisbie, Wentworth-Douglas, Exeter, LRGH, Southern NH, and St. Joseph's, filed suit on October 10, 2013 in federal court in an Administrative Procedures Act challenge to CMS' approval of two State Plan Amendments ("SPA") submitted in 2010 that authorized the State to add the current 2008 rates for inpatient and outpatient. The plaintiffs allege that the notice of these proposed SPAs did not specifically include that these rates would be imbedded in these SPAs. The State is not a defendant in this lawsuit. These SPAs, however, are important to the State and the State will seek permission to intervene. If plaintiffs are successful, additional claims would likely be made against the State for the period from November 2010 until March 20, 2012. On June 23, 2014, the plaintiffs filed a motion to stay to provide time to implement the MET settlement (*see Catholic Medical Center et al v. DRA*). In addition, because St. Joseph's hospital was not a party to the MET settlement, the stay is designed to provide St. Joseph's time to obtain new legal counsel, and determine if it will continue with the litigation on its own. The matter remains stayed during the implementation of the MET settlement (*see Catholic Medical Center; et al. v. DRA*). Pursuant to the settlement agreement with twenty-five hospitals, any judgment against the State from this litigation will be paid by the settling hospitals, up to a cap of \$4.5 million. Following St. Joseph's settlement with the State, agreeing to the terms of the global settlement, the parties filed a motion for

administrative closure. Under both the global agreement and St. Joseph's agreement, this matter is to be administratively closed subject to a right to bring forward the action. The plaintiffs further agreed that if funding for fiscal years 2015, 2016, and 2017 as set out in the global agreement is met, the plaintiffs will move to dismiss this action, with prejudice, by July 1, 2018. Although it is not expected that the claim by St. Joseph's Hospital will exceed \$4.5 million, it is not possible to predict the outcome of this case at this time.

***Carrie Hendrick. v NH DHHS.***

The complaint, filed on June 19, 2014, by New Hampshire Legal Assistance ("NHLA") as a class action in Merrimack County Superior Court, is regarding DHHS's treatment of social security income ("SSI") as household countable income for eligibility and calculation of TANF grants. NHLA seeks a declaratory judgment that DHHS not include the named plaintiff's children (SSI recipients) in her household assistance group. The plaintiff also challenges the validity of the applicable administrative rule (He-W 654.04(c)) and seeks a permanent injunction. SB 198, effective January 13, 2012, changed State law to count children receiving SSI in the family assistance group. On June 16, 2015, the Merrimack County Superior Court granted DHHS's Motion for Summary Judgment. The Court held that the inclusion of children's SSI income when calculating TANF eligibility was lawful and that it could not find that administrative rule He-W 654.04(c) interfered with or impaired a family's legal rights as defined under either federal or state law. NHLA appealed to the New Hampshire Supreme Court. Briefing of the matter is ongoing. Oral argument has been set for January 13, 2016.

***Katherine Frederick v. DHHS***

The initial complaint, filed on September 21, 2014, alleges that the plaintiff suffered damages as a result of DHHS's failure to allow the plaintiff to breastfeed her child. She alleges wrongful discharge and violations of 29 U.S.C. §207(r), 29 U.S.C. §215(a)(3), the Family Medical Leave Act, Title VII, and RSA 275-E. It is not known at this stage how much the plaintiff is seeking in damages. The State has filed a motion seeking dismissal of all claims to which the plaintiff has filed an objection. It is not possible to predict the outcome of this case at this time. The court dismissed the plaintiff's original complaint filed holding that the law does not recognize a right to breastfeed (as opposed to expressing milk) in the workplace. The court did, however, provide the plaintiff with leave to file an amended complaint, which she did in November 2015. Plaintiff's new complaint raised claims under the ADA, Title VII, and for wrongful termination. DHHS filed a motion to dismiss these claims on exhaustion and statute of limitations grounds, as well as for the failure to state a claim upon which relief can be granted. It is not known at this stage how much the plaintiff is seeking in damages. Therefore, it is not possible to predict the outcome of this case at this time.

**Department of Revenue Administration**

***Catholic Medical Center (CMC) et al. v. Department of Revenue Administration ("DRA")***

CMC, Exeter Hospital and St. Joseph's Hospital have filed three separate lawsuits challenging the constitutionality, both facially and as applied, of RSA 84-A, the Medicaid Enhancement Tax ("MET"). The hospitals claim the MET is unconstitutional under both state and federal law because: (1) it taxes hospitals for net patient services revenue ("NPSR") but does not tax other medical entities for the same revenue; and (2) there is an alleged different rate of taxation assessed between the hospitals and rehabilitation hospitals. Each hospital initially sought full reimbursement of the tax it paid in 2011 totaling \$31.5 million. Northeast Rehabilitation Hospital (Northeast) filed a similar lawsuit seeking \$1.5 million of reimbursement for the tax paid in 2011. The CMC, Exeter, and St. Joseph's lawsuits have been consolidated (collectively the "CMC Litigation"), and the parties have drafted an agreed stipulation of facts, and have filed cross-motions for summary judgment. The parties in the Northeast litigation have agreed to draft an agreed stipulation of facts and litigate the case through cross-motions for summary judgment. The parties in the Northeast litigation agreed to seek an extension of time of the deadline to reach an agreed statement in that case to sometime after December 31, 2012. During fiscal year 2013, the parties in the CMC litigation settled the 2011 claims, and agreed the remainder of the case will be only for FY 2014 and beyond. The parties have filed an agreed statement of facts and cross-motions for summary judgment. The hospitals filed an objection to the State's cross-motion for summary judgment in October 2013, and the State filed its reply in November 2013. On February 7, 2014, the trial court in the Northeast case found a portion of the tax (revenue from outpatient hospital services) to be unconstitutional. It implicitly found the State's taxation of inpatient treatment to be constitutional. Finally, the trial court held that the MET did not constitute a double tax of for-profit hospitals. Both parties have appealed this decision. On April 8, 2014, the trial court in the CMC case found the entire tax (inpatient and outpatient hospital services) unconstitutional.

The State entered into a global settlement with 25 hospitals including CMC, Exeter and Northeast. Litigation with these three hospitals will be stayed pending federal approval of changes to the State's distribution of DSH payments. Dismissal of the litigation will not occur until after the settlement is implemented, which may take several years. St. Joseph did not agree to the settlement, and is the only remaining active litigant in the MET litigation challenging the constitutionality of the 2011 MET statute. The State has filed a motion arguing that the trial court's decision is now moot in light of statutory changes to MET effective June 30, 2014. On July 14, 2015, the superior court granted the State's motion to dismiss St. Joseph's claim on grounds of mootness. St. Joseph has not appealed that decision; therefore, St. Joseph's claims relating to the 2011 tax year are concluded.

***State v. Priceline, Inc. et al.***

This action seeks to recover unpaid Meals and Rooms Tax ("M&R Tax") and penalties, as well as penalties under the Consumer Protection Act ("CPA"), from online travel companies ("OTCs"). The lawsuit alleges M&R Tax is due on the retail rate paid by the consumers to the OTCs, that the OTCs collect this tax from consumers, but that the OTCs do not remit any tax to the State. The OTCs allege they provide the equivalent of the M&R Tax due on the wholesale rate, as opposed to the retail rate, rate to hotels and rental car companies. The complaint also alleges the OTCs use deceptive and misleading practices in violation of the CPA. The parties have completed discovery and filed cross motions for summary judgment on December 21, 2015. If successful, the litigation could result in a recovery in excess of \$4 million, but at this time it is

not possible to predict whether the State will prevail.

### **Retirement System**

#### ***American Federation of Teachers - New Hampshire, et al v. State, Retirement System et al. ("AFT")***

A group of twelve plaintiffs filed suit on August 7, 2009 challenging the changes to the retirement system made pursuant to Chapter 300, Laws of 2008 that affect (1) earnable compensation; (2) COLA payments; and (3) medical subsidies. The plaintiffs have also sought class certification for all other New Hampshire retirees eligible for state retirement benefits. The State answered the complaint on November 4, 2009, and on May 18, 2010 the plaintiffs filed a motion to amend their petition. This motion was granted on July 20, 2010 and the State filed an amended answer. The parties filed cross motions for summary judgment on December 5, 2010, and in January 2011 the court issued an order indicating that it would defer ruling on the parties' summary judgment motions until the class certification process was completed. The plaintiffs have withdrawn their request for class certification, and the trial court has approved an interlocutory appeal without ruling to the Supreme Court. The Supreme Court denied the interlocutory appeal. On July 15, 2013 the Court issued an Order holding that the Contracts Clause applies to employees who are vested in the retirement system (10 years), and the law is unconstitutional as to them. The Court also found that the COLA benefit was not contractually protected, and found that aspect of the law to be constitutional. It also found that the modification to the special account (removing the funding for medical subsidies) was necessary to serve a substantial public interest, and therefore does not violate the constitution. The Plaintiffs have filed a motion to reconsider. On November 18, 2013, the court denied the plaintiffs' motion to reconsider, and on December 3, 2013, the State filed a notice of appeal with the New Hampshire Supreme Court. On December 19, 2013, the plaintiffs filed a cross appeal. Oral argument was held on November 13, 2014. On January 16, 2015, the Supreme Court ruled in favor of the State, and reversed the trial court's decision regarding earnable compensation, and further upheld the trial court's decision regarding COLA payments and medical subsidies. On remand from the Supreme Court, the trial court entered judgment for the State. This matter is now concluded.

#### ***Professional Firefighters et al v. State of New Hampshire ("Fire Fighters I")***

Professional Firefighters, Police Association, National Education Association and State Employees Association filed a Motion on June 29, 2011, of Temporary Restraining Order in Merrimack County Superior Court seeking status quo on member contribution rates and recertification of fiscal year 2012 and 2013 employer contribution rates until such time as the Court can rule on the Petition for Declaratory and Injunctive Relief filed by the same Petitioners the same day.

The State filed a motion to dismiss the petition, and on January 6, 2012 the Court ruled that the increase in employee contributions is unconstitutional as to those employees who are "vested" as that term is defined in the retirement statute (10 years in the retirement system). The Court dismissed the lawsuit, however, on the grounds that the plaintiffs did not allege they are "vested employees" however, the dismissal was without prejudice to the plaintiffs to file an amended petition by March 1, 2012. The Court also dismissed the request to enjoin the recertification of employer contribution rates, stating that employees do not have standing to challenge the employer contribution rate. The Petitioners filed a second amended petition on February 24, 2012. The parties filed cross motions for summary judgment on the issue of whether the increase in the employee contribution is constitutional. On September 16, 2013, the Court granted summary judgment for the plaintiffs to the extent they are vested in the retirement system (ten years). The Court ruled that vested members have a contractual interest in their contribution rates, and legislative changes cannot substantially impair those rights. In October 2013, both parties filed notices of appeal with the Supreme Court. On December 10, 2014, the Supreme Court found there was no unmistakable intent by the legislature to bind itself from prospectively changing the employee contribution rate, and found no constitutional violation. On remand from the Supreme Court, the trial court entered judgment for the State. This matter is now concluded.

#### ***Professional Fire Fighters of New Hampshire, et al v. State of New Hampshire ("Fire Fighters II")***

This suit challenges portions of HB 2 that affect the State Retirement System. Petitioners challenge Section 161 (definition of Earnable Compensation), Section 163 (definition of Average Final Compensation), Section 164 (Maximum Retirement Benefit), Section 166 (Age Multiplier to calculate benefit), and Section 186 (repeal of disability exception from the gainful occupation reduction provision) of HB 2. Petitioners seek an order finding HB 2 is unconstitutional under the Contracts and Takings Clauses of both the New Hampshire Constitution and the United States Constitution. Petitioners also sought injunctive relief, payment of damages and attorneys' fees. The issues raised in this lawsuit are similar to the issues raised in Firefighters I (see Professional Firefighters, et al v. State of New Hampshire above). The trial court issued a preliminary order in May 2013, which held that employees have a contractual interest in their retirement benefit when they become "permanent employees" (approximately 1 year into employment). The Court found there is a factual question on whether the changes to the law resulted in a "substantial impairment" and did not issue an injunction. In light of the Supreme Court's decisions in Firefighters I and American Federation of Teachers, the trial court held a status conference for April 23, 2015. Following that conference, the court issued an order directing the parties to brief, by this fall, the issues of the plaintiffs' standing to bring their claims, and whether the former pension laws created any protectable contractual rights. The State has filed its brief, as directed, and awaits the plaintiffs' response. It is not possible to predict the outcome of this matter at this time.

#### ***Professional Fire Fighters of New Hampshire et al. v. State of New Hampshire et al. ("Fire Fighters III")***

This suit arises out of the 2009 changes to the retirement system at issue in the American Federation of Teachers case. The plaintiffs argue that the transfer of \$250 million from the "Special Account" and the changes to COLA payments are unconstitutional under the Contract Clause. In light of the Supreme Court's decisions in Firefighters I and American Federation of Teachers, the plaintiffs filed a voluntary dismissal of the lawsuit. This matter is now concluded.

***Professional Fire Fighters of New Hampshire et al. v. State of New Hampshire et al. (“Fire Fighters IV”)***

On July 11, 2014, the plaintiffs filed a new lawsuit related to Firefighters I seeking payment of the additional employee contributions paid under HB 2. The new lawsuit has been stayed by the trial court pending the outcome of Firefighters I and American Federation of Teachers. In light of the Supreme Court’s decisions in Firefighters I and American Federation of Teachers, the plaintiffs filed a voluntary dismissal of the lawsuit. This matter is now concluded.

**Liquor Commission*****Law Warehouses, Inc., v. New Hampshire State Liquor Commission***

Law Warehouses Inc. (“LWI”) has provided warehousing services to the New Hampshire State Liquor Commission (“NHS LC”). The parties’ most recent contract ended on October 31, 2013. In March 2012, the NHS LC issued a Request for Proposals (RFP) requesting bids for a 20-year warehousing services contract to begin upon the expiration of its current contract with LWI. In June 2012, LWI and four other vendors submitted bids under the RFP. On November 20, 2012, following a thorough review of each bid, the NHS LC awarded the warehousing contract to Exel, Inc. (“Exel”). LWI finished third under the NHS LC’s bid scoring system. LWI did not participate in the protest process outlined in the RFP, but instead, on February 27, 2013, filed a civil action requesting that the court preliminarily enjoin performance of the contract between the NHS LC and Exel and order that a new bidding process take place. LWI contends that the NHS LC improperly modified the RFP in favor of Exel’s bid in violation of New Hampshire’s competitive bidding laws. The NHS LC filed a motion to dismiss for improper venue. The motion to dismiss was denied as was the preliminary injunction. In September, LWI filed a petition for original jurisdiction with the Supreme Court to which the State objected. The Supreme Court denied LWI’s petition for original jurisdiction. NHS LC filed a motion for summary judgment on January 31, 2014. On October 28, 2014, the trial court ruled that LWI’s tort damage claims were capped at \$475,000, and granted the motion regarding equitable claims. The trial court denied summary judgment and concluded that LWI’s promissory estoppel and tort claims would proceed to trial. On April 8, 2015, the parties settled the matter. The State agreed to pay the plaintiffs \$2.5 million out of the general fund. This matter is now concluded.

***XTL-NH, Inc., v. New Hampshire State Liquor Commission and Exel Inc.***

In March 2012, the NHS LC issued an RFP requesting bids for a 20-year warehousing services contract. In June 2012, XTL-NH, Inc. (“XTL”) and four other vendors submitted bids under the RFP. On November 20, 2012, following a thorough review of each bid, the NHS LC awarded the warehousing contract to Exel, Inc. (“Exel”). XTL finished second under the NHS LC’s bid scoring system. XTL participated in the two-level protest process outlined in the RFP. On March 8, 2013, the NHS LC denied XTL’s protest. On March 12, 2013, XTL filed a civil action requesting that the Court enjoin performance of the contract between NHS LC and Exel and order the NHS LC to award the contract to XTL. XTL contends that as the lowest responsible bidder, it is entitled to the contract. Further, XTL argues that NHS LC improperly modified the RFP to favor Exel’s bid in violation of New Hampshire’s competitive bidding laws. The injunction was denied. On April 4, 2014, the NHS LC filed a motion for summary judgment contending that: XTL’s requests for injunctive relief and monetary damages were barred by sovereign immunity and that XTL was not entitled to lost profits or attorneys’ fees. On July 16, 2014, the Court ruled on the NHS LC’s motion for summary judgment. The Court found that XTL cannot obtain injunctive relief or attorneys’ fees in this matter, but that XTL can seek monetary damages, including lost profits. On November 14, 2014, the plaintiff filed a motion for interlocutory appeal regarding the trial court’s July 16, 2014, order. The motion was denied. XTL filed a motion for partial summary judgment six weeks before the trial was set to begin. NHS LC has since filed a cross motion for summary judgment. Following the submission of summary judgment memoranda, the court heard oral argument on the cross motions on November 10, 2015. On January 4, 2016 the court issued its order on the cross motions for summary judgement, denying both parties’ motions. The trial is presently scheduled to begin on May 23, 2016. It is not possible to predict the outcome of this case at this time.

**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). It is not possible to predict the outcome of this case at this time.

**Environmental Litigation*****State of New Hampshire v. Amerada Hess, et al.***

The State filed this claim for damages, injunctive relief and civil penalties against major oil companies as a result of statewide contamination of

drinking water with the gasoline additive Methyl tertiary-butyl ether ("MtBE"). The Defendants attempted to remove the case to federal court. The State was successful in its argument that the case should be heard in the state court and the case was remanded to the Merrimack County Superior Court. On September 17, 2008, the trial court granted the Defendants' motion to dismiss as it related to the State's claim based on nuisance. The Court denied the Defendants' motion to dismiss the other counts of the State's petition. On September 30, 2008, the trial court granted the State's motion to dismiss the Defendants' counterclaims. The State has prevailed on a number of summary judgment motions, including a motion to seek damages for contamination to private wells. The State lost two summary judgment motions that eliminated its Trespass and consumer protection claims. Further, the State dismissed on its own motion its claim under RSA 146-A. The State's remaining claims are 2 products liability claims and a negligence claim. The State's claim for damages was approximately \$771 million. Settlements executed with all the defendants except Exxon/Mobil, totaled approximately \$136.5 million. After reduction for legal and other settlement-related costs, approximately \$90 million was received by the State during fiscal year 2013 and was recorded as a special item in the general fund. Approximately \$81 million is restricted for environmental purposes and the remaining \$9 million is unrestricted in accordance with the terms of the settlement agreements. The restricted portion balance as of June 30, 2015 is \$78.8 million. Those settlements are subject to the terms of the settlement agreements, all of which have been approved by the trial court. Those are now final, and not subject to further amendments or appeal. Exxon/Mobil was the only defendant that did not settle before trial. After trial against Exxon/Mobil, the jury awarded the State \$236 million. The trial court has ruled that the State is required to put \$195 million of the jury's award in a trust. The trial court awarded the State \$1.9 million in expert costs. The trial court also awarded prejudgment interest but has not yet calculated the amount and will probably not do so while the appeal is pending. Exxon/Mobil filed an appeal. Except for the jury verdict against Exxon, no adjustments will occur relative to the settlement amounts. Those are all bound by the terms of the settlement agreements, all of which have been approved by the trial court. Those are now final, and not subject to further amendments or appeal. Oral argument occurred on May 21, 2015. The State prevailed before the State Supreme Court and anticipates an appeal to the U.S. Supreme Court. It is not possible to predict the outcome at this time.

#### ***Aranosian Oil Co. et. al. v. State***

On February 24, 2012 a number of independent oil dealers brought a petition for declaratory judgment and equitable relief seeking to recover money they previously paid into the Oil Discharge and Disposal Fund ("ODD Fund") in the event the State prevails in the matter of State v. Amerada Hess et al. The petition argues that the fees paid into the ODD fund are unconstitutional, and also argues theories of unjust enrichment and equitable right of subrogation. The petition is identical to one brought previously by a number of the same Plaintiffs, which was dismissed by the Superior Court on the issue of ripeness. Plaintiffs allege damages of approximately \$17.8 million. Trial occurred on May 30, 2014 and the trial court issued a decision denying the plaintiff's claims against the State. Briefs were submitted and oral argument occurred on June 18, 2015. The State prevailed before the State Supreme Court and the petitioners did not ask for reconsideration. This case is, therefore, closed.

#### **Other Matters**

##### ***White Mountain Communications Co. v. New Hampshire Department of Administrative Services***

This is a civil action initiated by a general contractor against the Department of Administrative Services ("DAS"), Department of Resources and Economic Development ("DRED") and two DAS employees, regarding a contract to construct of four mountaintop communication facilities. The plaintiff is alleging that the State breached its contract with the plaintiff by improperly terminating the construction contract in February of 2012 without just cause. The plaintiff has also made claims for unjust enrichment, fraud and breach of the implied covenant of good faith and recently filed several claims against its surety. The State defendants filed cross claims against the plaintiff in this matter. The plaintiff has disclosed expert reports supporting a claim for \$3.2 million in damages. The parties mediated this case in October of 2015. At that time, the plaintiff made an initial demand of \$1.2 million and demonstrated some flexibility from that number. The discussions broke down due to disagreement between the plaintiff and Surety regarding division of any proposed settlement proceeds. The State has filed a motion for partial summary judgment, which is pending. The trial scheduled for January of 2016 has been postponed due to conflicts with the judges currently sitting in Merrimack Superior Court. The State anticipates receiving a new trial date and venue shortly.

##### ***Rand v. Lavoie, et al. (Wendy Lawrence v. New Hampshire State Police)***

The complaint, brought on behalf of the estate of Wendy Lawrence, arises from an officer-involved fatal shooting. On September 30, 2013, Ms. Lawrence initially fled from State Police during a traffic stop on Interstate 89. Following a couple of pursuits, eventually, the State Police were able to stop her after she traveled into Manchester. While she was stopped in Manchester, defendant Chad Lavoie attempted to take her into custody. Ms. Lawrence refused to surrender and ultimately began to drive at defendant Lavoie. Defendant Lavoie shot her, and she died later that evening. The original complaint alleged 42 U.S.C. §1983 claims alleging violations of Ms. Lawrence's Fourth, Fifth, and Fourteenth Amendment rights under the U.S. Constitution, as well as a wrongful death claim. The State moved to dismiss the Fifth and Fourteenth Amendment claims in July. The court granted that motion. The plaintiff amended the complaint to add the Department of Safety as a defendant and a claim that essentially alleges that the Department failed to train, supervise, and discipline the troopers to recognize symptoms of a disability under the Americans with Disabilities Act (ADA), offer reasonable accommodations to Ms. Lawrence, and discriminated against her. The plaintiff seeks enhanced compensatory and punitive damages. Discovery is underway. It is not possible to predict the outcome of this case at this time.

##### ***City of Dover v. State of New Hampshire***

In this case, filed August 20, 2015, the City of Dover challenges the State's distribution of education aid to municipalities as a violation of the state constitutional entitlement to an adequate education, insofar as the statutory distribution scheme imposes a "cap" limiting the aid that a particular municipality can receive in a particular year to 108% of the aid it received in the prior year. The suit seeks both prospective and retrospective

relief against the cap, which has been in effect since 2009. If the request for prospective relief is successful, it will require a restructuring of the State's formula for distributing education aid to municipalities. If the request for retrospective relief is successful, it would require paying the City of Dover (and, potentially, any other municipalities who had their aid reduced by application of the cap in any year going back to FY 2009 and choose to join in the lawsuit) the difference between the aid they received in each of those years and the aid they would have otherwise gotten, but for the cap. While the aggregate amount of that potential exposure has not yet been calculated for all fiscal years at issue, the total amount of aid to all municipalities withheld on the basis of the cap for fiscal year 2016 will be approximately \$10.3 million. The State believes, however, that the plaintiff's likelihood of success on the claim for retrospective relief is small, in light of the State's apparent sovereign immunity from such a claim and the availability of several equitable defenses to it. In October 2015, the State filed a motion to dismiss the plaintiff's claim for retrospective relief, and awaits the plaintiff's response. The court directed the parties—who now include two legislators who have intervened for the purpose of defending the statute—to file briefs on the merits of the plaintiffs' challenge during December 2015 and January 2016. It is not possible to predict the outcome of this case at this time.

***Xerox State and Local Solutions, Inc. v. Department of Transportation et al***

In this case, filed in October 2015, Xerox, is suing the Department of Transportation to challenge the selection of another vendor for the contract award of the operation of the back office systems for the E-Z Pass program in New Hampshire. Xerox is the current vendor and was not the winning bidder for the new contract that was awarded on October 7, 2015. The contract award was for design, testing, installation and maintenance services for the operation of the NH E-Z Pass Back Office for the Turnpike System, in the amount of \$51,889,725. Xerox alleges the bidding process was flawed and specifically brings claims to invalidate the bidding process and seeking damages. It is premature to assess the potential liability or the outcome in this matter as discovery is in the initial phases.

***Fair Labor Standards Act***

On January 9, 2015, the State determined that it would proceed as a single employer under the Fair Labor Standards Act meaning that all State agencies would be considered to be one employer. As a result of this decision, State employees who had been employed at more than one agency had to be reviewed to determine if they could maintain multiple positions as overtime payments might be required. The United States Department of Labor ("USDOL") became aware of the State's decision and reviewed the multiple employees who were employed at the New Hampshire State Liquor Commission. After the investigation, the State agreed to settle with USDOL and paid 34 current and former employees overtime and liquidated damages in the total amount of \$65,986. USDOL has a follow-up investigation regarding multiple employees at the Department of Corrections in which 10 employees have been identified as possibly being owed back wages estimated at \$36,000. This matter is ongoing and has not been settled as of this date. USDOL also investigated whether the E-911 telecommunicators were appropriately compensated for overtime based on their complex 24 hour schedule. After the investigation, the State agreed to settle with the USDOL and paid 62 current and former employees back wages and liquidated damages in the amount of \$24,577 and civil money penalties to USDOL in the amount of \$27,280.

**OTHER LITIGATION**

The State, its agencies, officials and employees are defendants in numerous other 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. Accordingly, no detailed disclosures of these other lawsuits are provided herein and only immaterial provisions, if appropriate, for such ultimate liability has been made in the financial statements.

<b>15. GOVERNMENTAL FUND BALANCES AND STABILIZATION ACCOUNT</b>
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A summary of the nature and purpose of the constraints and related amounts by fund at June 30, 2015, follows:

**Governmental Fund Balances - Restricted, Committed and Assigned**

**Governmental Fund Balance**  
(expressed in thousands)

	<b>Restricted Purposes</b>	<b>Committed Purposes</b>	<b>Assigned Purposes</b>
<b>General Fund:</b>			
General Government	\$17,534	\$4,666	\$4,344
Administration of Justice & Public Protection	17,613	29,207	3,482
Resources Protection & Development	115,309	3,592	3,846
Transportation	581		260
Health & Human Services	38,428	88	8,887
Education	6,081		5,812
Total	<u>\$195,546</u>	<u>\$37,553</u>	<u>\$26,631</u>
<b>Highway Fund:</b>			
General Government			
Administration of Justice & Public Protection	\$4,750		
Resources Protection & Development	12		
Transportation	120,905		
Total	<u>\$125,667</u>		
<b>Education Trust Fund:</b>			
General Government			
Education			\$4,302
Total			<u>\$4,302</u>
<b>Non-Major Governmental Funds:</b>			
Resources Protection & Development	\$2,774	\$1,733	\$517
Other Purposes	70,673		
Total	<u>\$73,447</u>	<u>\$1,733</u>	<u>\$517</u>

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 nonlapsing account; provided, however, that in any single fiscal year the total of such transfer shall not exceed ½ of the total potential maximum balance allowable which is defined as 10% of the actual general fund unrestricted revenues for the most recently completed fiscal year. 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. The balance at June 30, 2015 increased by \$13.0 million to \$22.3 million, up from \$9.3 million at June 30, 2014. Per Chapter 276:43 of the Laws of 2015, \$49 million of the Unassigned balance at June 30, 2015 is to remain in the general fund.

## 16. 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, the Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by Tri-State. At June 30, 2015 Tri-State reported total installment prize obligations owed to jackpot winners of \$32.1 million, payable through the year 2043.

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, 2015. 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 37 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, 2015, the Lottery recognized \$18.9 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 \$2.4 million at June 30, 2015. 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.

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 the fifteen states' lotteries 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, 2015, New Hampshire's total share of the net operating income for Lucky for Life was \$3.0 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. New Hampshire's total share of accrued prize and operating amounts due at June 30, 2015 amounted to \$2.4 million.

**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, 2015**  
**(expressed in thousands)**

	<b>General Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget-Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
General Property Taxes	\$130	\$130	\$183	\$53
Special Taxes	895,230	903,556	966,378	62,822
Personal Taxes	123,483	123,483	128,725	5,242
Business License Taxes	22,315	22,354	23,697	1,343
Non-Business License Taxes	114,119	114,258	114,852	594
Fees	168,085	180,069	170,513	(9,556)
Fines, Penalties and Interest	9,958	10,838	6,243	(4,595)
Grants from Federal Government	1,644,190	2,124,886	1,598,788	(526,098)
Grants from Private and Local Sources	182,514	185,124	155,397	(29,727)
Rents and Leases	1,405	2,045	1,431	(614)
Interest Premiums and Discounts	12,207	13,596	16,211	2,615
Sale of Commodities	13,495	19,235	13,655	(5,580)
Sale of Services	32,136	32,404	24,142	(8,262)
Assessments	87,930	94,978	68,232	(26,746)
Grants from Other Agencies	184,962	185,435	131,370	(54,065)
Miscellaneous	1,409,820	546,871	466,204	(80,667)
Total Revenue	4,901,979	4,559,262	3,886,021	(673,241)
<b><u>EXPENDITURES</u></b>				
<b>GENERAL GOVERNMENT</b>				
Legislative Branch	20,070	19,790	15,128	4,662
Executive	46,592	46,783	30,709	16,074
Information Technology	69,046	69,291	58,181	11,110
Executive Council	229	227	220	7
Administrative Services	124,859	132,788	126,759	6,029
Sec of State	11,896	13,846	9,470	4,376
Cultural Affairs	7,844	8,524	5,746	2,778
Revenue Administration	16,550	15,357	14,741	616
State Treasury	83,977	87,989	81,229	6,760
NH Retirement System	8,905	8,910	6,613	2,297
Boards and Commissions	3,464	3,488	3,050	438
Total	393,432	406,993	351,846	55,147
<b>JUSTICE AND PUBLIC PROTECTION</b>				
Judicial Branch	84,150	83,607	76,595	7,012
Adjutant General	29,047	28,877	19,357	9,520
Agriculture	5,791	6,670	4,219	2,451

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

**STATE OF NEW HAMPSHIRE**  
**BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(expressed in thousands)**

	<b>General Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget-Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Justice Department	53,747	57,335	25,456	31,879
Bank Commission	6,234	6,289	5,078	1,211
Highway Safety	12,089	12,090	2,173	9,917
Insurance	12,912	15,853	11,394	4,459
Labor	9,533	25,397	23,367	2,030
Public Utilities Commission	36,720	43,446	26,697	16,749
Safety	118,358	136,177	67,817	68,360
Corrections Department	108,860	109,553	108,446	1,107
Employment Security	64,838	68,226	31,031	37,195
Judicial Council	25,879	25,935	25,703	232
Human Rights Commission	650	655	562	93
Boards and Commissions	416	415	417	(2)
Total	569,224	620,525	428,312	192,213
<b>RESOURCE PROTECTION AND DEVELOPMENT</b>				
Resource and Economic Development	83,664	92,053	57,080	34,973
Pease Development Authority	719	741	587	154
Environmental Services	136,207	137,776	70,958	66,818
Development Finance Authority	179	171	171	
Boards and Commissions	50	75	72	3
Total	220,819	230,816	128,868	101,948
<b>TRANSPORTATION</b>				
Transportation	32,003	33,461	15,126	18,335
Total	32,003	33,461	15,126	18,335
<b>HEALTH AND SOCIAL SERVICES</b>				
Health and Human Services Commissioner	130,103	130,534	93,693	36,841
Office of Health Management	115,792	120,173	79,429	40,744
Children and Youth	527	528		528
Transitional Assistance	111,237	116,577	88,924	27,653
Office of Medicaid & Business Policy	608,913	1,052,024	956,051	95,973
Behavioral Health	139,488	148,583	58,293	90,290
Developmental Services	332,097	332,554	295,308	37,246
Developmental Disabilities Council	826	835	485	350
N H Hospital	67,350	63,935	59,684	4,251
Glencliff Home	15,498	15,909	13,824	2,085
N H Veterans Home	32,762	31,150	28,265	2,885
Veterans Council	502	517	468	49

**STATE OF NEW HAMPSHIRE**  
**BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(expressed in thousands)**

	<b>General Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget-Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Human Services	185,010	187,410	158,761	28,649
Elderly and Adult Services	508,705	513,989	443,993	69,996
Community Based Care Svc	39,097	41,377	18,721	22,656
Board of Medicine	989	937	869	68
Boards and Commissions	3,850	3,932	3,397	535
Total	2,292,746	2,760,964	2,300,165	460,799
<b>EDUCATION</b>				
Department of Education	342,522	343,603	274,600	69,003
NH Comm. Tech. College System	42,500	42,514	42,168	346
Police Standards and Training Council	3,732	3,577	3,102	475
University of New Hampshire	84,000	84,000	81,000	3,000
Total	472,754	473,694	400,870	72,824
Debt Service	122,678	122,678	122,678	
Capital Outlays	18,459	18,459	18,459	
Total	4,122,115	4,667,590	3,766,324	901,266
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	779,864	(108,328)	119,697	228,025
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In	760	760	760	
Transfers Out	(102,984)	(102,984)	(102,984)	
Miscellaneous			409	409
Total Other Financing Sources (Uses)	(102,224)	(102,224)	(101,815)	409
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	677,640	(210,552)	17,882	228,434
<b>Fund Balance - July 1</b>	494,841	494,841	494,841	
<b>Fund Balance - June 30</b>	1,172,481	284,289	512,723	228,434

**STATE OF NEW HAMPSHIRE**  
**BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)**  
**HIGHWAY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(expressed in thousands)**

	<b>Highway Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget-Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Business License Taxes	\$158,661	\$158,667	\$181,278	\$22,611
Non-Business License Taxes	113,948	113,948	87,233	(26,715)
Fees	27,015	60,527	23,294	(37,233)
Fines, Penalties and Interest	7,970	7,964	7,416	(548)
Grants from Federal Government	570,546	572,784	179,691	(393,093)
Grants from Private and Local Sources	35,061	36,238	4,558	(31,680)
Rents and Leases	214	214	150	(64)
Sale of Commodities	4,100	22,113	17,509	(4,604)
Sale of Services	6,022	4,859	4,913	54
Grants from Other Agencies	11,742	11,654	14,353	2,699
Miscellaneous	31,135	25,203	19,915	(5,288)
Total Revenues	<u>966,414</u>	<u>1,014,171</u>	<u>540,310</u>	<u>(473,861)</u>
<b><u>EXPENDITURES</u></b>				
Justice and Public Protection	91,447	96,031	87,103	8,928
Resource Protection and Development	1,907	1,962	1,667	295
Transportation	819,457	885,389	443,488	441,901
Debt Service	31,916	31,916	31,916	
Capital Outlays	10,765	10,765	10,765	
Total Expenditures	<u>955,492</u>	<u>1,026,063</u>	<u>574,939</u>	<u>451,124</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	10,922	(11,892)	(34,629)	(22,737)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out		(2,163)	(2,163)	
Miscellaneous			2,722	2,722
Total Other Financing Sources (Uses)		<u>(2,163)</u>	<u>559</u>	<u>2,722</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	10,922	(14,055)	(34,070)	(20,015)
<b>Fund Balance - July 1</b>	495,529	495,529	495,529	
<b>Fund Balance - June 30</b>	<u>\$506,451</u>	<u>\$481,474</u>	<u>\$461,459</u>	<u>\$(20,015)</u>

STATE OF NEW HAMPSHIRE  
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)  
 EDUCATION FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (expressed in thousands)

	Education Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General Property Taxes	\$399,000	\$399,000	\$404,396	\$5,396
Special Taxes	338,490	338,490	332,036	(6,454)
Personal Taxes	85,050	85,050	92,575	7,525
Fines, Penalties and Interest			2	2
Miscellaneous	40,000	40,000	40,000	
Total Revenues	862,540	862,540	869,009	6,469
<b>EXPENDITURES</b>				
Education	961,737	961,141	947,215	13,926
Total Expenditures	961,737	961,141	947,215	13,926
Deficiency of Revenues Under Expenditures	(99,197)	(98,601)	(78,206)	20,395
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		102,041	102,041	
Total Other Financing Sources Uses.		102,041	102,041	
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	(99,197)	3,440	23,835	20,395
<b>Fund Balance - July 1</b>	(95,665)	(95,665)	(95,665)	
<b>Fund Balance - June 30</b>	<b>\$(194,862)</b>	<b>\$(92,225)</b>	<b>\$(71,830)</b>	<b>\$20,395</b>

## Note to the Required Supplementary Information - Budgetary Reporting (Unaudited)

### FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The Budget To Actual (Non-GAAP Budgetary Basis) Schedules depict budgeted to actual expenditures at the Department level, which is the legal level of budgetary control for all governmental funds.

The comparison schedule presented for the General Fund, the Highway Fund, and the Education Fund, presents the original and final appropriated budgets for fiscal year 2015, 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 as of June 26, 2013 (HB1), 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, 2015 rather than the amounts shown in the original budget, are reported. The final appropriations budget represents the original budget (HB1), plus HB2 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, 2015 (expressed in thousands).

	General Fund	Highway Fund	Education Fund
Excess/(Deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses (Budgetary Basis)	\$17,882	\$(34,070)	\$23,835
Adjustments and Reclassifications:			
To record change in Accounts Payable and Accrued Payroll	137,080	7,371	(1,187)
To Record change in Accounts Receivable	(293,643)	(22,492)	(77,278)
To Record Other Financing Sources (Uses)	177,461	13,765	53,863
Excess/(Deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses (GAAP Basis)	\$38,780	\$(35,426)	\$(767)

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

## Required Supplementary Information (Unaudited)

### INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFITS

As of December 31, 2014, the most recent actuarial valuation date, the actuarial accrued liability ("AAL") for benefits was \$2,138 million, with no actuarial value of assets, resulting in UAAL of \$2,138 million, which is an increase as compared with a UAAL as of December 31, 2012 of \$1,857 million. Plan obligations had been expected to increase, but the increase was slightly larger than expected due to an actuarial experience loss and to valuation assumption changes, specifically an increase due to a rising prescription drug cost trend partially offset by decreases due to lower valuation-year per capita health costs and to a lower medical cost trend. The AAL and UAAL as of December 31, 2012 of \$1,857 million was a decrease from the AAL and UAAL as of December 31, 2010 of \$2,258 million which was attributable to specific changes made to pricing of the prescription drug program, changes in plan design and premium contributions, and overall favorable health claim experience. The assumption changes in the December 31, 2014 report as compared to the previous report are per capita health costs and administrative expenses recalculated based on more recent data, medical and drug trends updated to reflect experience and future expectations, and the excise tax on high cost health plans beginning in 2018 revised due to recent experience. The following schedule presents the State of New Hampshire's actuarially determined funding progress for the State's Other Postemployment Benefits (using the projected unit credit actuarial cost method):

#### Schedule of Funding Progress by Valuation Date

(Expressed in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/14		\$2,138,368	\$2,138,368	0%	\$563,322	379.60%
12/31/12		1,856,714	1,856,714	0%	518,664	357.98%
12/31/10		2,257,820	2,257,820	0%	597,821	377.67%

## 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)

	<u>June 30,</u> <u>2015</u>
State's Proportion of the Net Pension Liability	19.60%
State's Proportionate Share of the Net Pension Liability	\$735,869
State's Covered-Employee Payroll	535,261
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	137.48%
NHRS Fiduciary Net Position as a Percentage of the Total Pension Liability	66.32%

Note: The amounts presented were determined as of and for the period ended June 30, 2014. 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>2015</u>	<u>2014</u>
Required State Contribution	\$67,450	\$63,621
Actual State Contributions	67,450	63,621
Excess/(Deficiency) of State Contributions		
State's Covered-Employee Payroll	564,568	535,261
State Contribution as a Percentage of its Covered-Employee Payroll	11.95%	11.89%

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**

<b>Fiscal Year Ended</b> (dollars in thousands)	<b>June 30, 2015</b>
<b><u>Total Pension Liability</u></b>	
Service cost	\$ 2,351
Interest on total pension liability	5,648
Benefit payments	<u>(5,775)</u>
Net change in total pension liability	2,224
Total pension liability, beginning	<u>81,174</u>
Total pension liability, ending (a)	\$ 83,398
<b><u>Fiduciary Net Position</u></b>	
Employer contributions	\$ 4,923
Member contributions	635
Investment income net of investment expenses	2,759
Benefit payments	(5,775)
Administrative expenses	<u>(203)</u>
Net change in plan fiduciary net position	2,339
Fiduciary net position, beginning	<u>44,584</u>
Fiduciary net position, ending (b)	46,923
Net pension liability, ending = (a) - (b)	\$ 36,475
Fiduciary net position as a % of total pension liability	56.26%
Covered payroll	\$ 6,553
Net pension liability as a % of covered payroll	556.62%

Note: The amounts presented above were determined as of and for the period ended December 31, 2014.

**Schedule of Employer Contributions**

(dollars in thousands)

<b>Fiscal Year Ended June 30,</b>	<b>2015</b>	<b>2014</b>
Actuarially Determined Contribution	\$ 5,100	\$ 4,666
Contributions in Relation to the Actuarially Determined Contribution	5,100	4,666
Excess/(Deficiency) of State Contributions		
Covered-Employee Payroll	7,944	7,348
Contribution as a Percentage of the Covered-Employee Payroll	64.20%	63.50%

**Notes to the Required Supplementary Information:**

Valuation	Actuarially determined contribution rates are calculated as of January 1, 2014, eighteen months prior to the end of the fiscal year in which contributions are reported.
Investment rate of return	7.00%
Inflation	2.75%
Salary increases	2.25% as of July 1, 2014; 2.25% as of January 1, 2015; 3.00% per year thereafter
Cost of living adjustment	2.25% for two years, 3% thereafter
Mortality	1994 Group Annuity Mortality Table
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed 30 years from January 1, 2010
Remaining amortization period	26 years
Asset valuation method	5-year smoothed market value
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 is comprised of two main construction accounts: (1) Federal Highway Construction Trust which includes federal construction aid and federal highway grant anticipation bond proceeds (2) state funded capital which includes state aid, municipal bridge and betterment. The **operating account** represents the total highway fund less the capital account activities. Except for the betterment account, 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 account receives a cash transfer each month, representing 88% of 3 cents of the gasoline road toll tax.*

STATE OF NEW HAMPSHIRE  
 COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS  
 HIGHWAY FUND  
 JUNE 30, 2015  
 (Expressed in Thousands)

	<u>Highway Construction</u>				
	Federal Highway Construction Trust	State Funded Construction	Total Highway Construction	Highway Operating	Total Highway Fund
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$7,038	\$45,806	\$52,844	\$32,291	\$85,135
Cash and Cash Equivalents - Restricted	33,033		33,033		33,033
Receivables (Net of Allowances for Uncollectibles)	35,376	4,872	40,248	20,918	61,166
Inter-Fund Note Receivable				414	414
Due from Other Funds		12,824	12,824	(12,479)	345
Inventories				17,074	17,074
Total Assets	<u>\$75,447</u>	<u>\$63,502</u>	<u>\$138,949</u>	<u>\$58,218</u>	<u>\$197,167</u>
<b><u>LIABILITIES</u></b>					
Accounts Payable	\$23,457	\$11,243	\$34,700	\$5,869	\$40,569
Accrued Payroll				6,601	6,601
Due to Other Accounts	3,512		3,512	(2,838)	674
Unearned Revenue	3,855		3,855	1,065	4,920
Total Liabilities	<u>30,824</u>	<u>11,243</u>	<u>42,067</u>	<u>10,697</u>	<u>52,764</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	286		286	1,376	1,662
<b><u>FUND BALANCES</u></b>					
Nonspendable:					
Inventories				17,074	17,074
Restricted	44,337	52,259	96,596	29,071	125,667
Total Fund Balances	<u>44,337</u>	<u>52,259</u>	<u>96,596</u>	<u>46,145</u>	<u>142,741</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$75,447</u>	<u>\$63,502</u>	<u>\$138,949</u>	<u>\$58,218</u>	<u>\$197,167</u>

**STATE OF NEW HAMPSHIRE**  
**COMBINING SCHEDULE OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE ACCOUNTS**  
**HIGHWAY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(Expressed in Thousands)**

	<u>Highway Construction</u>				
	<b>Federal Highway Construction Trust</b>	<b>State Funded Construction</b>	<b>Total Highway Construction</b>	<b>Highway Operating</b>	<b>Total Highway Fund</b>
<b><u>REVENUES</u></b>					
<b><u>Unrestricted</u></b>					
Business License Taxes (Road Toll)				\$125,624	\$125,624
Motor Vehicle Fees				110,178	110,178
Fines, Penalties and Interest				7,183	7,183
Sale of Commodities				102	102
Sale of Service				14	14
Miscellaneous				737	737
Subtotal Unrestricted Revenues				243,838	243,838
<b><u>Restricted</u></b>					
Business License Taxes (Road Toll - Betterment - Ch.17,L'2014)		\$55,654	\$55,654		55,654
Motor Vehicle Fees				350	350
Fines, Penalties and Interest				233	233
Grants from Federal Government	\$146,663	2,854	149,517	31,506	181,023
Grants from Private and Local Sources	2,448	106	2,554	1,429	3,983
Rents and Leases				149	149
Sale of Commodities (Motor Fuel, Hwy Inventory)				10,774	10,774
Sale of Service				4,755	4,755
Grants from Other Agencies				11,648	11,648
Miscellaneous	1,785		1,785	3,626	5,411
Subtotal Restricted Revenues	150,896	58,614	209,510	64,470	273,980
Total Revenue	150,896	58,614	209,510	308,308	517,818
<b><u>EXPENDITURES</u></b>					
Current:					
Administration of Justice and Public Protection				87,586	87,586
Resource Protection and Development				1,694	1,694
Municipal Aid	19,163	12,367	31,530	40,561	72,091
Transportation	52,974	40,392	93,366	167,498	260,864
Debt Service-Safety				1,237	1,237
Debt Service-Transportation	18,934	100	19,034	11,645	30,679
Capital Outlay Equipment - Safety				2,551	2,551
Capital Outlay Equipment - Transportation	111		111	4,219	4,330
Capital Outlay Infrastructure - Transportation	90,727	2,269	92,996	9,656	102,652
Capital Outlay Land and Buildings - Transportation	3,714	134	3,848	36	3,884
Total Expenditures	185,623	55,262	240,885	326,683	567,568
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,727)	3,352	(31,375)	(18,375)	(49,750)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers among accounts	(2,761)	8,606	5,845	(5,845)	
Transfers Out				(2,163)	(2,163)
Installments on Sale of Assets (I-95 Transfer Payment)				13,765	13,765
Total Other Financing Sources (Uses)	(2,761)	8,606	5,845	5,757	11,602
Excess (Deficiency) of Revenues and Other Sources					
Over (Under) Expenditures and Other Uses	(37,488)	11,958	(25,530)	(12,618)	(38,148)
Fund Balances - July 1	81,825	40,301	122,126	56,041	178,167
Change in Inventory				2,722	2,722
Fund Balances - June 30	\$44,337	\$52,259	\$96,596	\$46,145	\$142,741

## Non - Major Governmental Fund Financial Statements

**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, 2015  
(Expressed in Thousands)**

	<u>Permanent Funds</u>						<b>Total Non-Major</b>
	<b>Fish &amp; Game</b>	<b>Capital</b>	<b>NH Hospital</b>	<b>Land Conservation Endowment</b>	<b>Other Permanent</b>	<b>Total Permanent</b>	
<b><u>ASSETS</u></b>							
Cash and Cash Equivalents	\$6,452	\$63,656	\$307	\$25	\$205	\$537	\$70,645
Investments			6,728	3,563	11,142	21,433	21,433
Receivables (Net)	1,015	6,861					7,876
Due from Other Funds		799					799
Inventories	717						717
Total Assets	<u>\$8,184</u>	<u>\$71,316</u>	<u>\$7,035</u>	<u>\$3,588</u>	<u>\$11,347</u>	<u>\$21,970</u>	<u>\$101,470</u>
<b><u>LIABILITIES</u></b>							
Accounts Payable	1,783	11,594					13,377
Accrued Payroll	660						660
Total Liabilities	<u>2,443</u>	<u>11,594</u>					<u>14,037</u>
<b><u>FUND BALANCES</u></b>							
Nonspendable:							
Inventories	717						717
Permanent Fund Principal			458	2,257	8,304	11,019	11,019
Restricted	2,774	59,722	6,577	1,331	3,043	10,951	73,447
Committed	1,733						1,733
Assigned	517						517
Total Fund Balances	<u>5,741</u>	<u>59,722</u>	<u>7,035</u>	<u>3,588</u>	<u>11,347</u>	<u>21,970</u>	<u>87,433</u>
Total Liabilities and Fund Balances	<u>\$8,184</u>	<u>\$71,316</u>	<u>\$7,035</u>	<u>\$3,588</u>	<u>\$11,347</u>	<u>\$21,970</u>	<u>\$101,470</u>

**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, 2015**  
**(Expressed in Thousands)**

	<u>Permanent Funds</u>						<b>Total Non-Major</b>
	<b>Fish &amp; Game</b>	<b>Capital</b>	<b>NH Hospital</b>	<b>Land Conservation Endowment</b>	<b>Other Permanent</b>	<b>Total Permanent</b>	
<b><u>REVENUES</u></b>							
Non-Business License Taxes	\$8,611						\$8,611
Fees	1,025	\$1,451					2,476
Fines, Penalties and Interest	154						154
Grants from Federal Government	9,381	29,831					39,212
Grants from Private and Local Sources	277						277
Interest, Premiums and Discounts	44		\$164	\$61	\$187	\$412	456
Sale of Commodities	210						210
Grants from Other Agencies	5,536						5,536
Miscellaneous	1,007	1,130	340	85	402	827	2,964
Total Revenues	26,245	32,412	504	146	589	1,239	59,896
<b><u>EXPENDITURES</u></b>							
Current:							
Administration of Justice & Public Protection					51	51	51
Resource Protection and Development	26,602			165	397	562	27,164
Health and Social Services			456		116	572	572
Debt Service	457						457
Capital Outlay	1,597	76,591					78,188
Total Expenditures	28,656	76,591	456	165	564	1,185	106,432
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	(2,411)	(44,179)	48	(19)	25	54	(46,536)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>							
Transfers In	2,295						2,295
Payments to Refunding Agent		(108,875)					(108,875)
G.O. Bond Premium		29,276					29,276
G.O. Bond Issuance		147,956					147,956
Total Other Financing Sources	2,295	68,357					70,652
Excess (Deficiency) of Revenues & Other Sources							
Over (Under) Expenditures & Other Uses	(116)	24,178	48	(19)	25	54	24,116
Fund Balances - July 1	5,753	35,544	6,987	3,607	11,322	21,916	63,213
Change in Inventory	104						104
Fund Balances - June 30	\$5,741	\$59,722	\$7,035	\$3,588	\$11,347	\$21,970	\$87,433

**STATE OF NEW HAMPSHIRE**  
**BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE**  
**FISH & GAME FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(expressed in thousands)**

<b>Fish and Game Fund</b>				
<b>Budgeted Amounts</b>				
	<b>Original</b>	<b>Final</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget-Positive (Negative)</b>
<b>REVENUES</b>				
Non-Business License Taxes	\$10,478	\$11,079	\$8,611	\$(2,468)
Fees	2,850	3,093	1,324	(1,769)
Fines, Penalties and Interest	375	376	154	(222)
Grants from Federal Government	8,289	9,551	9,602	51
Grants from Private and Local Sources	797	970	277	(693)
Interest Premiums and Discounts	85	86	44	(42)
Sale of Commodities	561	561	505	(56)
Sale of Services	1,224	1,224		(1,224)
Grants from Other Agencies	5,925	6,226	5,536	(690)
Miscellaneous	1,230	1,302	1,456	154
Total Revenues	<u>31,814</u>	<u>34,468</u>	<u>27,509</u>	<u>(6,959)</u>
<b>EXPENDITURES</b>				
Resource Protection and Development	28,382	31,270	27,443	3,827
Debt Service	457	457	457	
Capital Outlays	1,598	1,598	1,598	
Total Expenditures	<u>30,437</u>	<u>33,325</u>	<u>29,498</u>	<u>3,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,377</u>	<u>1,143</u>	<u>(1,989)</u>	<u>(3,132)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In			2,296	2,296
Transfers Out				
Miscellaneous			104	104
Total Other Financing Sources (Uses)			<u>2,400</u>	<u>2,400</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>1,377</u>	<u>1,143</u>	<u>411</u>	<u>(732)</u>
<b>Fund Balance - July 1</b>	<u>6,256</u>	<u>6,256</u>	<u>6,256</u>	
<b>Fund Balance - June 30</b>	<u>\$7,633</u>	<u>\$7,399</u>	<u>\$6,667</u>	<u>\$(732)</u>

### 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, 2015 (expressed in thousands).

	Fish & Game Fund
Deficiency of revenues and other financing sources under expenditures and other financing uses (Budgetary Basis)	\$411
Adjustments and Reclassifications:	
To record change in Accounts Payable and Accrued Payroll	842
To Record change in Accounts Receivable	(1,265)
Deficiency of revenues and other financing sources under expenditures and other financing uses (GAAP Basis)	\$(12)

See accompanying Independent Auditors' Report

## **SRF Funds**

**STATE OF NEW HAMPSHIRE  
COMBINING SCHEDULE OF NET POSITION  
SRF FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Clean Water</u>	<u>Drinking Water</u>	<u>Total SRF Fund</u>
<b><u>ASSETS</u></b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$212,031	\$45,836	\$257,867
Loans Receivable:			
Cap Grant - Wastewater/Regular	8,802	4,155	12,957
Cap Grant - Landfills	1,873		1,873
Repayment Loans	7,258	1,486	8,744
Total Loans Receivable	<u>17,933</u>	<u>5,641</u>	<u>23,574</u>
Other Current Assets	3,275	1,304	4,579
Total Current Assets	<u>233,239</u>	<u>52,781</u>	<u>286,020</u>
<b>Noncurrent Assets:</b>			
Loans Receivable:			
Cap Grant - Wastewater/Regular	137,638	81,130	218,768
Cap Grant - Landfills	10,228		10,228
Repayment Loans	91,820	25,663	117,483
Total Loans Receivable	<u>239,686</u>	<u>106,793</u>	<u>346,479</u>
Total Noncurrent Assets	<u>239,686</u>	<u>106,793</u>	<u>346,479</u>
Total Assets	<u>472,925</u>	<u>159,574</u>	<u>632,499</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
	<u>210</u>	<u>210</u>	<u>420</u>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities:</b>			
Accounts Payable	226	816	1,042
Bonds Payable	1,505	770	2,275
Accrued Payroll	171	167	338
Compensated Absence - current	166	115	281
Advanced Collection		7	7
Total Current Liabilities	<u>2,068</u>	<u>1,875</u>	<u>3,943</u>
<b>Noncurrent Liabilities:</b>			
Bonds Payable	8,027	4,108	12,135
Compensated Absence - noncurrent	526	363	889
Net Pension Liability	2,218	2,217	4,435
Total Noncurrent Liabilities	<u>10,771</u>	<u>6,688</u>	<u>17,459</u>
Total Liabilities	<u>12,839</u>	<u>8,563</u>	<u>21,402</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
	<u>324</u>	<u>323</u>	<u>647</u>
<b><u>NET POSITION</u></b>			
Restricted for Environmental Loans	454,559	149,671	604,230
Restricted for SRF Programs	5,413	1,227	6,640
Total Net Position	<u>\$459,972</u>	<u>\$150,898</u>	<u>\$610,870</u>

STATE OF NEW HAMPSHIRE  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 SRF FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Clean Water</u>	<u>Drinking Water</u>	<u>Total SRF Fund</u>
<b><u>OPERATING REVENUES</u></b>			
Loan Interest	\$2,152	\$1,041	\$3,193
Capitalized Loan Interest	258		258
Management Fees	3,938	1,846	5,784
Total Operating Revenue	6,348	2,887	9,235
<b><u>OPERATING EXPENSES</u></b>			
Principal Forgiveness	5,754	867	6,621
Small System Set-Aside Costs		164	164
Small Program Management Costs		942	942
Local Assistance Set-Aside Costs		1,102	1,102
Administration	4,528	2,536	7,064
Total Operating Expenses	10,282	5,611	15,893
Operating Loss	(3,934)	(2,724)	(6,658)
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Investment Income	314	56	370
Federal Grant Revenue	31,267	15,719	46,986
State Contributions	(6,031)	(707)	(6,738)
Miscellaneous	(219)	(112)	(331)
Total Nonoperating Revenues	25,331	14,956	40,287
Income Before Transfers	21,397	12,232	33,629
Change in Net Position	21,397	12,232	33,629
Net Position - July 1 Restated (note 1)	438,575	138,666	577,241
Net Position - June 30	\$459,972	\$150,898	\$610,870

## **Internal Service Fund**

STATE OF NEW HAMPSHIRE  
 COMBINING SCHEDULE OF NET POSITION ACCOUNTS  
 EMPLOYEE BENEFIT RISK MANAGEMENT FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Expressed in Thousands)

<b>ASSETS</b>	<b>Health</b>			<b>Dental</b>	<b>Total</b>
	<b>Active</b>	<b>Retirees</b>	<b>Total</b>		
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$30,926	\$13,108	\$44,034	\$992	\$45,026
Accounts Receivable	2,460	3,491	5,951	42	5,993
Total Assets	33,386	16,599	49,985	1,034	51,019
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$1,249	\$367	\$1,616		\$1,616
Claims Payable	6,240	1,579	7,819		7,819
Incurred but not Reported (IBNR)	9,895	5,095	14,990	\$352	15,342
Total Liabilities	17,384	7,041	24,425	352	24,777
<b>NET POSITION</b>					
Unrestricted Net Position	\$16,002	\$9,558	\$25,560	\$682	\$26,242

**STATE OF NEW HAMPSHIRE  
 COMBINING SCHEDULE OF REVENUES,  
 EXPENSES AND CHANGES IN NET POSITION ACCOUNTS  
 EMPLOYEE BENEFIT RISK MANAGEMENT FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Expressed in Thousands)**

	<u>Health</u>			<u>Dental</u>	<u>Total</u>
	<u>Active</u>	<u>Retirees</u>	<u>Total</u>		
<b><u>OPERATING REVENUES</u></b>					
Contributions For Health Benefits					
State Contributions:					
Active Employees	\$155,051		\$155,051	\$9,069	\$164,120
Retired Judges & Constitutional Officers		\$608	608		608
Retired Employees		49,988	49,988		49,988
Non-State Contributions:					
Employee and Retiree Premiums	10,946	4,409	15,355	485	15,840
Other Employers	2,429		2,429	153	2,582
COBRA Participants	207		207	122	329
Legislator Participants	514	250	764	128	892
Retirement Subsidies & Deductions		13,123	13,123		13,123
Recoveries	5,852	7,161	13,013	4	13,017
Federal Part D Subsidies		4,261	4,261		4,261
Total Contributions for Health Benefits	174,999	79,800	254,799	9,961	264,760
Total Charges for Sales and Services	174,999	79,800	254,799	9,961	264,760
<b><u>OPERATING EXPENSES</u></b>					
Health Care Expenses:					
Medical Payments	132,368	38,455	170,823	10,679	181,502
Pharmaceuticals	34,441	35,605	70,046		70,046
Ancillary Benefits	694		694		694
Total Health Care Expenses	167,503	74,060	241,563	10,679	252,242
Administrative Expenses	15,164	4,917	20,081	374	20,455
Total Operating Expenses	182,667	78,977	261,644	11,053	272,697
Operating Income (Loss)	(7,668)	823	(6,845)	(1,092)	(7,937)
Change in Net Position	(7,668)	823	(6,845)	(1,092)	(7,937)
Net Position - July 1	23,670	8,735	32,405	1,774	34,179
Net Position - June 30	\$16,002	\$9,558	\$25,560	\$682	\$26,242

## **Non-Major Component Units**

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR COMPONENT UNITS**  
**JUNE 30, 2015**  
**(Expressed in Thousands)**

	<b>Business Finance Authority</b>	<b>Community Development Finance Authority</b>	<b>Pease Development Authority</b>	<b>Community College System of New Hampshire</b>	<b>Total</b>
<b><u>ASSETS</u></b>					
Current Assets:					
Cash and Cash Equivalents	\$4,417	\$3,362	\$1,257	\$5,204	\$14,240
Cash and Cash Equivalents-Restricted	13,395	3,434	875		17,704
Investments				10,025	10,025
Accounts Receivable	122	909	1,899		2,930
Other Receivables		1,213	987	2,901	5,101
Notes Receivable - Current Portion	15,145	1,367		95	16,607
Prepaid Expenses & Other	464	474	471	1,346	2,755
Total Current Assets	33,543	10,759	5,489	19,571	69,362
Noncurrent Assets:					
Investments		5,300		14,180	19,480
Notes & Other Receivables	16,106	6,143		4,891	27,140
Other Assets	5,006				5,006
Capital Assets:					
Land & Land Improvements			7,521	6,763	14,284
Building & Building Improvements			128,142	165,153	293,295
Equipment	34	128	13,287	17,361	30,810
Construction in Progress			11,206	12,404	23,610
Less: Accumulated Depreciation	(34)	(128)	(86,324)	(81,696)	(168,182)
Net Capital Assets			73,832	119,985	193,817
Total Noncurrent Assets	21,112	11,443	73,832	139,056	245,443
Total Assets	54,655	22,202	79,321	158,627	314,805
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
			412	7,649	8,061
<b><u>LIABILITIES</u></b>					
Current Liabilities:					
Accounts Payable	63	89	2,544	1,954	4,650
Accrued Salaries and Wages				5,824	5,824
Accrued Employee Benefits - Current	32				32
Other Payables & Accrued Expenses	52	5,665			5,717
Other Liabilities	679		2,750	2,130	5,559
Deposits and Unearned Revenues		376	548	1,437	2,361
Long Term Debt-Current Portion			129	1,776	1,905
Total Current Liabilities	826	6,130	5,971	13,121	26,048
Noncurrent Liabilities:					
Net Pension Liabilities			3,687	58,260	61,947
Other Long Term Debt	29,587		465	25,273	55,325
Total Noncurrent Liabilities	29,587		4,152	83,533	117,272
Total Liabilities	30,413	6,130	10,123	96,654	143,320
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
	2,645		472	7,966	11,083
<b><u>NET POSITION</u></b>					
Net Investment in Capital Assets			72,641	99,906	172,547
Restricted for Specific Purpose	29,606	1,821	1,590	17,834	50,851
Unrestricted Net Position (Deficit)	(8,009)	14,251	(5,093)	(56,084)	(54,935)
Total Net Position	\$21,597	\$16,072	\$69,138	\$61,656	\$168,463

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF ACTIVITIES**  
**NON-MAJOR COMPONENT UNITS**  
**JUNE 30, 2015**  
**(Expressed in Thousands)**

	<b>Business Finance Authority</b>	<b>Community Development Finance Authority</b>	<b>Pease Development Authority</b>	<b>Community College System of New Hampshire</b>	<b>Total</b>
<b>Expenses</b>	\$1,705	\$10,652	\$17,689	\$135,481	\$165,527
<b>Program Revenues:</b>					
Charges for Services:					
Tuition & Fees				68,849	68,849
Scholarship Allowances				(721)	(721)
Sales, Services, & Other Revenue	3,056	1,753	14,123	18,453	37,385
Operating Grants & Contributions		8,767	5,096		13,863
Capital Grants & Contributions				209	209
Total Program Revenues	3,056	10,520	19,219	86,790	119,585
Net Revenues (Expenses)	1,351	(132)	1,530	(48,691)	(45,942)
Interest & Investment Income	22	80	3	385	490
Payments from State of New Hampshire				45,242	45,242
Change in Net Position	1,373	(52)	1,533	(3,064)	(210)
<b>Net Position - July 1 - Restated (note 1)</b>	20,224	16,124	67,605	64,720	168,673
<b>Net Position - June 30</b>	\$21,597	\$16,072	\$69,138	\$61,656	\$168,463

## Fiduciary Funds

### Pension Trust Funds

*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 four separate cost-sharing multiple-employer postemployment medical subsidy healthcare plans.*

**NHRS:** *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 four defined benefit postemployment medical subsidy healthcare plans designated in statute by membership type. The four plans 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 Plans.*

### 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, 2015**  
**(Expressed in Thousands)**

	<b>Other Postemployment Medical Plans (OPEB)</b>						<b>Total</b>
	<b>Pension Plan</b>	<b>Group II</b>	<b>Group I Teachers</b>	<b>Group I</b>	<b>Group I</b>	<b>Judicial</b>	
		<b>Police Officer &amp; Firefighter</b>		<b>Political Subdivisions</b>	<b>State Employees</b>	<b>Retirement Plan</b>	
<b>ASSETS</b>							
Cash & Cash Equivalents	\$5,261	\$4		\$10		\$431	\$5,706
Total Cash	5,261	4		10		431	5,706
Receivables:							
Due from Employers	40,597					292	40,889
Due from Plan Members	21,049					91	21,140
Due from Group 1 Teacher OPEB Plan		4,309		9,184	\$231		13,724
Due from Brokers for Securities Sold	10,796	9		20			10,825
Interest and Dividends	17,401	15		31	1	146	17,594
Other	2,519	2		5			2,526
Total Receivables	92,362	4,335		9,240	232	529	106,698
Investments							
Cash & Cash Equivalents	170,907	145		309	8		171,369
Equity Investments							
Domestic	2,974,900	2,524		5,380	135	21,207	3,004,146
International	1,234,176	1,048		2,232	56	6,671	1,244,183
Fixed Income Investments							
Domestic	1,409,620	1,197		2,548	65	6,038	1,419,468
International	248,988	212		450	11		249,661
Commercial Real Estate	674,779	573		1,220	31		676,603
Alternative Investments	727,178	617		1,315	33	12,057	741,200
Total Investments	7,440,548	6,316		13,454	339	45,973	7,506,630
Other Assets	160						160
Total Assets	7,538,331	10,655		22,704	571	46,933	7,619,194
<b>LIABILITIES</b>							
Management Fees and Other Payables	9,056	8		16		10	9,090
Due to Group 1 Political Subdivision OPEB Plan			\$9,184				9,184
Due to Group II Police & Fire OPEB Plan			4,309				4,309
Due to Group I State Employee OPEB Plan			231				231
Due to Brokers for Securities Purchased	19,349	16		35	1		19,401
Total Liabilities	28,405	24	13,724	51	1	10	42,215
<b>NET POSITION</b>							
Net Position (Deficit) Restricted for Pension and Other Post Employment Benefits (OPEB)	\$7,509,926	\$10,631	\$(13,724)	\$22,653	\$570	\$46,923	\$7,576,979

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF CHANGES**  
**IN PLAN NET POSITION**  
**PENSION TRUST FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(Expressed in Thousands)**

	<b>Other Postemployment Medical Plans (OPEB)</b>						<b>Total</b>
	<b>Pension Plan</b>	<b>Group II</b>		<b>Group I</b>		<b>Judicial</b>	
		<b>Police Officer &amp; Firefighter</b>	<b>Group I Teachers</b>	<b>Group I Political Subdivisions</b>	<b>Group I State Employees</b>	<b>Retirement Plan</b>	
<b>ADDITIONS</b>							
<b>Contributions:</b>							
Employer	\$332,294	\$15,958	\$22,557	\$1,848	\$8,552	\$4,923	\$386,132
Plan Members	204,063					635	204,698
Total Contributions	536,357	15,958	22,557	1,848	8,552	5,558	590,830
<b>Investment Income:</b>							
From Investing Activities:							
Net Appreciation (Depreciation)							
in Fair Value of Investments	122,965	170		377	5	1,369	124,886
Interest	51,895	71		160	2	1,487	53,615
Dividends	79,539	108		245	3		79,895
Alternative Investment Income	9,742	13		30			9,785
Commercial Real Estate Operating Income	10,360	14		32			10,406
Total Income from Investing Activities	274,501	376		844	10	2,856	278,587
<b>Less: Investment Activity Expenses:</b>							
Investment Management Fees	22,718	31		70	1		22,820
Custodial Fees	672	1		2		37	712
Investment Administrative Expense	727	1		2			730
Investment Advisor Fees	578	1		2		60	641
Total Investment Activity Expenses	24,695	34		76	1	97	24,903
Total Net Income (loss) from Investing Activities	249,806	342		768	9	2,759	253,684
<b>Total Net Investment Income (loss)</b>	<b>249,806</b>	<b>342</b>		<b>768</b>	<b>9</b>	<b>2,759</b>	<b>253,684</b>
Interest Income		349		745	19		1,113
Other							
<b>Total Additions</b>	<b>786,163</b>	<b>16,649</b>	<b>22,557</b>	<b>3,361</b>	<b>8,580</b>	<b>8,317</b>	<b>845,627</b>
<b>DEDUCTIONS</b>							
Benefits/Distributions to Participants	631,312	16,374	22,762	5,792	8,369	5,677	690,286
Refunds of Contributions	26,345					97	26,442
Administrative Expense	7,582	11		23		203	7,819
Professional Fees	1,318	1		4			1,323
Interest Expense			1,113				1,113
Other	308	1		1			310
<b>Total Deductions</b>	<b>666,865</b>	<b>16,387</b>	<b>23,875</b>	<b>5,820</b>	<b>8,369</b>	<b>5,977</b>	<b>727,293</b>
<b>Change in Net Position</b>	<b>119,298</b>	<b>262</b>	<b>(1,318)</b>	<b>(2,459)</b>	<b>211</b>	<b>2,340</b>	<b>118,334</b>
Net Position (Deficit) - July 1	7,390,628	10,369	(12,406)	25,112	359	44,583	7,458,645
Net Position (Deficit) - June 30	\$7,509,926	\$10,631	\$(13,724)	\$22,653	\$570	\$46,923	\$7,576,979

See accompanying Independent Auditors' Report

## 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 be 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, 2015**  
**(Expressed in Thousands)**

	<b>Private-Purpose Trust Funds</b>				
	<b>Special Fund For Second Injuries</b>	<b>EAP</b>	<b>College Savings</b>	<b>Other</b>	<b>Total Private-Purpose</b>
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$3,782	\$1,016	\$84	\$700	\$5,582
Investments			2,798	812	3,610
Total Assets	\$3,782	\$1,016	\$2,882	\$1,512	\$9,192
<b><u>LIABILITIES</u></b>					
Total Liabilities					
Net Position Held in Trust for Benefits & Other Purposes	\$3,782	\$1,016	\$2,882	\$1,512	\$9,192

STATE OF NEW HAMPSHIRE  
 COMBINING STATEMENT OF CHANGES IN NET POSITION-  
 PRIVATE-PURPOSE TRUST FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Expressed in Thousands)

	Private Purpose Trust Funds				
	Special Fund For Second Injuries	EAP	College Savings	Other	Total Private Purpose
<b>ADDITIONS</b>					
<b>Contributions:</b>					
From Participants	\$15,788	\$896	\$12,678	\$2,578	\$31,940
Total Contributions	15,788	896	12,678	2,578	31,940
Interest Income	8		73	13	94
Other				613	613
<b>Total Additions</b>	15,796	896	12,751	3,204	32,647
<b>DEDUCTIONS</b>					
Benefits/Distributions to Participants	15,274	2,659		793	18,726
Other			13,286	2,413	15,699
<b>Total Deductions</b>	15,274	2,659	13,286	3,206	34,425
<b>Change in Net Position</b>	522	(1,763)	(535)	(2)	(1,778)
<b>Net Position - July 1</b>	3,260	2,779	3,417	1,514	10,970
<b>Net Position - June 30</b>	\$3,782	\$1,016	\$2,882	\$1,512	\$9,192

## 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, 2015  
 (Expressed in Thousands)

	Agency Funds					Total
	Unified Court System	Child Support Funds	Lifetime License Fund	Board of Tax and Land Appeals	Other Agency Funds	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$6,347	\$1,921	\$1,359	\$503	\$3,909	\$14,039
Investments					19	19
Total Assets	\$6,347	\$1,921	\$1,359	\$503	\$3,928	\$14,058
<b>LIABILITIES</b>						
Custodial Funds Payable	\$6,347	\$1,921	\$1,359	\$503	\$3,928	\$14,058
Total Liabilities	\$6,347	\$1,921	\$1,359	\$503	\$3,928	\$14,058

STATE OF NEW HAMPSHIRE  
 COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Expressed in Thousands)

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b><u>Unified Court System</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$6,836	\$13,344	\$13,833	\$6,347
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable	\$6,836	\$13,344	\$13,833	\$6,347
<b><u>Child Support Funds</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$1,720	\$89,603	\$89,402	\$1,921
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable	\$1,720	\$89,603	\$89,402	\$1,921
<b><u>Lifetime License Fund</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$1,384	\$117	\$142	\$1,359
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable	\$1,384	\$117	\$142	\$1,359
<b><u>Board of Tax and Land Appeals</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$284	\$646	\$427	\$503
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable	\$284	\$646	\$427	\$503
<b><u>Other Agency Funds</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$2,329	\$10,218	\$8,638	\$3,909
Investments		19		19
Total Assets	\$2,329	\$10,237	\$8,638	\$3,928
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable	\$2,329	\$10,237	\$8,638	\$3,928
<b><u>Totals - Agency Funds</u></b>				
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$12,553	\$113,928	\$112,442	\$14,039
Investments		19		19
Total Assets	\$12,553	\$113,947	\$112,442	\$14,058
<b><u>LIABILITIES</u></b>				
Custodial Funds Payable	12,553	113,947	112,442	14,058
Total Liabilities	\$12,553	\$113,947	\$112,442	\$14,058



# 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.

Schedule of Net Position by Component	123
Schedule of Changes in Net Position	124
Schedule of Fund Balances, Governmental Funds	126
Schedule of Changes in Fund Balance, Governmental Funds	127
Schedule of Unrestricted Revenue - GAAP Basis - General Fund	128
Schedule of Undesignated/Unassigned - Other Fund Balance - General Fund	129
Schedule of Undesignated/Assigned Fund Balance - Education Fund	130
Schedule of Undesignated/Assigned Fund Balance - Highway Fund	131
Schedule of Undesignated/Assigned Fund Balance - Fish and Game Fund	132

### Revenue Capacity

These tables contain information to help users in understanding and assessing the factors affecting

the State's ability to generate its revenues

Schedule of Business Tax Filers and Liability by Tax Paid Level	133
Schedule of Statewide Property Tax For Top Ten Cities/Towns	135
Schedule of Sales by Top Ten State Liquor Retail Locations	137

### Debt Capacity

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

Schedule of Ratios of Outstanding Debt by Type	137
Schedule of Ratios of General Bonded Debt Outstanding	138
Schedule of Pledged Revenue Coverage	138

### 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.

Schedule of Demographic and Economic Statistics	139
Schedule of Building Permits for Housing Units	139
Schedule of Principal Employers	140

### 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	142
Schedule of State Employees by Function	146
Schedule of Capital Asset Balances by Function	147

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

	Fiscal Year				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities					
Invested in capital assets, net of related debt	\$2,036,066	\$2,013,107	\$2,022,477	\$1,992,798	\$1,885,451
Restricted	152,702	108,658	106,027	23,722	25,403
Unrestricted	(1,639,487)	(790,120)	(716,379)	(742,680)	(631,237)
Total governmental activities net assets	<u>\$549,281</u>	<u>\$1,331,645</u>	<u>\$1,412,125</u>	<u>\$1,273,840</u>	<u>\$1,279,617</u>
Business-type activities					
Invested in capital assets, net of related debt	\$485,461	\$462,660	\$433,001	\$409,841	\$273,365
Restricted	965,691	929,609	857,061	767,581	688,864
Unrestricted	(11,045)	33,869	33,412	26,647	64,574
Total business-type activities net assets	<u>\$1,440,107</u>	<u>\$1,426,138</u>	<u>\$1,323,474</u>	<u>\$1,204,069</u>	<u>\$1,026,803</u>
Primary government					
Invested in capital assets, net of related debt	\$2,521,527	\$2,475,767	\$2,455,478	\$2,402,639	\$2,158,816
Restricted	1,118,393	1,038,267	963,088	791,303	714,267
Unrestricted	(1,650,532)	(756,251)	(682,967)	(716,033)	(566,663)
Total primary government net assets	<u>\$1,989,388</u>	<u>\$2,757,783</u>	<u>\$2,735,599</u>	<u>\$2,477,909</u>	<u>\$2,306,420</u>

	Fiscal Year				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of related debt	\$1,685,975	\$1,695,688	\$1,674,011	\$1,547,866	\$1,430,849
Restricted	463,498	291,513	366,662	355,883	311,460
Unrestricted	(25,524)	3,102	213,570	477,791	411,025
Total governmental activities net assets	<u>\$2,123,949</u>	<u>\$1,990,303</u>	<u>\$2,254,243</u>	<u>\$2,381,540</u>	<u>\$2,153,334</u>
Business-type activities					
Invested in capital assets, net of related debt	\$227,358	\$341,422	\$316,330	\$298,150	\$276,083
Restricted	102,937	150,387	264,782	307,056	325,307
Unrestricted	59,367	41,360	35,234	21,747	14,059
Total business-type activities net assets	<u>\$389,662</u>	<u>\$533,169</u>	<u>\$616,346</u>	<u>\$626,953</u>	<u>\$615,449</u>
Primary government					
Invested in capital assets, net of related debt	\$1,913,333	\$2,037,110	\$1,990,341	\$1,846,016	\$1,706,932
Restricted	566,435	441,900	631,444	662,939	636,767
Unrestricted	33,843	44,462	248,804	499,538	425,084
Total primary government net assets	<u>\$2,513,611</u>	<u>\$2,523,472</u>	<u>\$2,870,589</u>	<u>\$3,008,493</u>	<u>\$2,768,783</u>

See accompanying Independent Auditors' Report

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

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>Governmental Activities:</b>					
Expenses					
General government	\$442,490	\$425,806	\$428,738	\$467,022	\$525,152
Administration of justice and public protection	528,840	480,720	528,734	520,958	506,824
Resource protection and development	156,795	140,316	156,148	142,153	132,690
Transportation	501,461	541,058	410,758	310,736	456,652
Health and social services	2,406,752	2,153,341	2,009,403	1,959,017	2,177,806
Education	1,346,431	1,335,566	1,329,015	1,342,002	1,484,909
Interest expense	41,877	31,548	27,666	41,349	47,334
Total expenses	<u>5,424,646</u>	<u>5,108,355</u>	<u>4,890,462</u>	<u>4,783,237</u>	<u>5,331,367</u>
Program revenues					
Charges for services:					
General government	273,145	233,697	310,150	296,152	299,148
Administration of justice and public protection	358,571	366,654	340,088	306,509	341,099
Resource protection and development	86,294	80,317	58,460	65,453	70,017
Transportation	28,470	31,682	46,543	89,074	60,009
Health and social services	271,752	301,986	189,426	178,484	109,034
Education	5,024	5,017	11,963	27,051	4,002
Operating grants and contributions	1,895,332	1,641,790	1,602,922	1,622,317	1,824,734
Capital grants and contributions	197,400	218,351	183,676	193,546	146,267
Total program revenues	<u>3,115,988</u>	<u>2,879,494</u>	<u>2,743,228</u>	<u>2,778,586</u>	<u>2,854,310</u>
Total Governmental Activities Net Program Expense	<u>(2,308,658)</u>	<u>(2,228,861)</u>	<u>(2,147,234)</u>	<u>(2,004,651)</u>	<u>(2,477,057)</u>
General Revenues and Other Changes in Net Assets					
Taxes					
General property taxes	408,678	398,419	400,563	397,716	396,272
Business Income Taxes	564,562	546,829	538,365	486,535	402,004
Meals and Rental Tax	280,792	263,050	248,574	239,067	234,852
Special taxes	370,000	290,020	359,967	370,050	429,628
Personal taxes	221,501	219,903	205,849	214,928	226,649
Business license taxes	181,278	145,658	144,023	143,888	160,847
Interest and investment income	15,172	16,343	13,167	10,968	8,552
Miscellaneous	47,846	52,005	71,028	46,985	29,926
Special Item - Environmental Litigation Settlements			90,700		
Transfers/Contributions of assets to other entities		(653)	(4,484)	(117,709)	(13,788)
Transfers	228,098	216,807	217,767	206,446	205,294
Total General Revenues and Other Changes in Net Position	<u>2,317,927</u>	<u>2,148,381</u>	<u>2,285,519</u>	<u>1,998,874</u>	<u>2,080,236</u>
Total Governmental Activities Change in Net Position	<u>\$9,269</u>	<u>\$(80,480)</u>	<u>\$138,285</u>	<u>\$(5,777)</u>	<u>\$(396,821)</u>
<b>Business-type Activities:</b>					
Expenses					
Turnpike System	\$116,372	\$90,243	\$88,119	\$86,166	\$91,331
Liquor Commission	497,091	482,158	463,843	433,631	415,816
Lottery Commission	210,254	205,052	207,509	190,566	167,961
SRF Fund	22,962	21,541	19,950	33,031	5,412
Unemployment Compensation	93,450	124,654	168,280	220,391	284,773
Total expenses	<u>940,129</u>	<u>923,648</u>	<u>947,701</u>	<u>963,785</u>	<u>965,293</u>
Revenues					
Charges for services:					
Turnpike System	127,781	122,384	121,112	123,489	118,852
Liquor Commission	649,154	630,812	603,575	575,233	558,605
Lottery Commission	287,453	280,561	285,232	260,990	232,597
SRF Fund	9,605	10,788	11,381	13,874	9,586
Unemployment Compensation	99,930	160,095	228,612	305,256	341,157
Operating grants and contributions	46,986	36,876	25,031	21,869	61,470
Capital grants and contributions	74	3,108	5,446	201	24,162
Total revenues	<u>1,220,983</u>	<u>1,244,624</u>	<u>1,280,389</u>	<u>1,300,912</u>	<u>1,346,429</u>
Total Business-type Activities Net Program Revenue	<u>280,854</u>	<u>320,976</u>	<u>332,688</u>	<u>337,127</u>	<u>381,136</u>
Other Changes in Net Position					
Transfer/Contribution of Capital Assets		653	4,484	46,585	13,788
Transfers	(228,098)	(216,807)	(217,767)	(206,446)	(205,294)
Total Other Changes in Net Position	<u>(228,098)</u>	<u>(216,154)</u>	<u>(213,283)</u>	<u>(159,861)</u>	<u>(191,506)</u>
Total Business-type Activities Change in Net Position	<u>\$52,756</u>	<u>\$104,822</u>	<u>\$119,405</u>	<u>\$177,266</u>	<u>\$189,630</u>
Total Primary Government Change in Net Position	<u>\$62,025</u>	<u>\$24,342</u>	<u>\$257,690</u>	<u>\$171,489</u>	<u>\$(207,191)</u>

See accompanying Independent Auditors' Report

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

Fiscal Year				
2010	2009	2008	2007	2006
\$568,119	\$495,720	\$420,367	\$358,060	\$353,814
474,095	438,273	420,120	341,501	345,779
178,406	139,574	138,215	139,096	131,812
587,542	518,415	443,258	411,475	416,518
2,162,636	1,980,286	1,877,924	1,714,445	1,681,182
1,469,926	1,346,221	1,343,253	1,310,261	1,289,684
32,074	31,546	26,115	28,180	27,991
<u>5,472,798</u>	<u>4,950,035</u>	<u>4,669,252</u>	<u>4,303,018</u>	<u>4,246,780</u>
317,542	208,219	192,436	156,973	175,108
411,353	315,081	315,613	297,505	279,700
76,960	64,216	62,406	64,304	63,333
69,046	33,249	19,093	14,564	20,622
123,906	98,491	76,392	74,297	84,445
8,550	(1,330)	879	42,767	41,749
1,948,200	1,599,262	1,424,014	1,367,207	1,340,495
223,103	208,309	194,637	184,409	195,142
<u>3,178,660</u>	<u>2,525,497</u>	<u>2,285,470</u>	<u>2,202,026</u>	<u>2,200,594</u>
<u>(2,294,138)</u>	<u>(2,424,538)</u>	<u>(2,383,782)</u>	<u>(2,100,992)</u>	<u>(2,046,186)</u>
393,296	395,151	387,952	384,708	384,873
565,825	482,597			
231,663	211,414			
464,519	473,215	1,329,137	1,383,540	1,282,467
243,499	188,038	166,288	143,610	150,756
146,684	145,973	151,321	151,472	149,502
7,037	15,291	18,169	35,631	11,895
49,648	56,174	48,314	43,695	39,759
116,565		(106)		
209,048	192,745	188,602	186,542	185,429
<u>2,427,784</u>	<u>2,160,598</u>	<u>2,289,677</u>	<u>2,329,198</u>	<u>2,204,681</u>
<u>\$133,646</u>	<u>\$(263,940)</u>	<u>\$(94,105)</u>	<u>\$228,206</u>	<u>\$158,495</u>
\$82,237	\$80,433	\$80,411	\$72,136	\$75,580
397,490	385,794	367,847	349,084	330,701
168,853	172,630	186,906	186,907	183,871
<u>458,098</u>	<u>280,385</u>	<u>119,645</u>	<u>95,673</u>	<u>81,582</u>
<u>1,106,678</u>	<u>919,242</u>	<u>754,809</u>	<u>703,800</u>	<u>671,734</u>
120,511	107,593	107,075	89,408	83,395
530,936	507,479	479,448	454,917	433,530
237,591	243,890	264,014	267,322	265,807
399,746	165,896	77,051	79,777	87,729
	3,952	8,816	10,422	16,757
<u>1,288,784</u>	<u>1,028,810</u>	<u>936,404</u>	<u>901,846</u>	<u>887,218</u>
<u>182,106</u>	<u>109,568</u>	<u>181,595</u>	<u>198,046</u>	<u>215,484</u>
(116,565)				
(209,048)	(192,745)	(188,602)	(186,542)	(185,429)
(325,613)	(192,745)	(188,602)	(186,542)	(185,429)
<u>\$(143,507)</u>	<u>\$(83,177)</u>	<u>\$(7,007)</u>	<u>\$11,504</u>	<u>\$30,055</u>
<u>\$(9,861)</u>	<u>\$(347,117)</u>	<u>\$(101,112)</u>	<u>\$239,710</u>	<u>\$188,550</u>

See accompanying Independent Auditors' Report

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

	Fiscal Year			
	2015	2014	2013	2012
<b>General fund</b>				
Nonspendable:				
Inventories	\$5,145	\$4,712	\$5,092	\$5,892
Restricted	195,546	109,417	104,687	24,933
Committed	37,553	116,325	123,245	137,764
Assigned	26,631	35,765	25,509	24,984
Unassigned:				
Revenue Stabilization	22,326	9,312	9,312	9,312
Other	49,000	21,890	72,177	13,836
Total General Fund	<u>\$336,201</u>	<u>\$297,421</u>	<u>\$340,022</u>	<u>\$216,721</u>
<b>All Other Governmental Funds</b>				
Nonspendable:				
Inventories	\$17,791	\$14,965	\$12,063	\$13,147
Permanent Fund Principal	11,019	11,358	7,076	10,305
Restricted	199,114	212,518	174,174	193,102
Committed	1,733	1,304	14,048	15,397
Assigned	4,819	6,304	60,587	40,192
Unassigned:				
Total All Other Governmental Funds	<u>234,476</u>	<u>246,449</u>	<u>267,948</u>	<u>272,143</u>
Total Fund Balances - Governmental Funds	<u>\$570,677</u>	<u>\$543,870</u>	<u>\$607,970</u>	<u>\$488,864</u>

	Fiscal Year				
	2010	2009	2008	2007	2006
<b>General fund</b>					
Reserved	\$305,243	\$291,901	\$330,064	\$294,199	\$313,252
Unreserved	65,681		17,184	61,713	26,056
Total general fund	<u>\$370,924</u>	<u>\$291,901</u>	<u>\$347,248</u>	<u>\$355,912</u>	<u>\$339,308</u>
<b>All other governmental funds</b>					
Reserved	\$132,435	\$165,743	\$304,436	\$222,264	\$296,346
Unreserved, reported in:					
Special revenue funds	12,477	(50,281)	(23,511)	(15,385)	12,161
Capital project fund	(63,519)	(132,927)	(245,939)	(142,837)	(219,095)
Total all other governmental funds	<u>\$81,393</u>	<u>\$(17,465)</u>	<u>\$34,986</u>	<u>\$64,042</u>	<u>\$89,412</u>

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 CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting, Expressed in Thousands)*

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
General property taxes	\$404,579	\$399,519	\$397,162	\$396,316	\$396,272	\$393,296	\$392,951	\$387,552	\$385,308	\$384,273
Special taxes	1,210,649	1,101,388	1,160,348	1,124,025	1,169,883	1,208,180	1,168,412	1,352,476	1,301,889	1,237,742
Personal taxes	221,300	219,903	205,849	214,928	226,649	243,499	188,038	166,288	143,610	150,756
Business License Taxes	204,975	166,840	163,736	163,764	181,730	165,508	166,930	172,277	171,316	168,544
Non-Business License Taxes	210,697	187,642	186,839	174,103	199,550	216,878	183,974	187,103	181,171	167,476
Fees	182,947	186,173	176,781	177,570	190,902	194,331	155,528	153,675	143,541	139,319
Fines, Penalties and Interest	13,974	7,931	14,010	25,118	11,111	11,953	28,498	35,383	27,421	32,223
Grants from Federal Government	1,934,969	1,701,117	1,603,132	1,649,458	1,929,010	2,073,667	1,680,891	1,497,606	1,409,251	1,414,103
Grants from Private and Local Sources	171,660	173,202	192,422	171,043	122,179	112,077	160,365	147,682	130,297	124,633
Rents and Leases	1,226	156	2,396	2,784	3,030	10,350	1,574	1,051	1,396	1,360
Interest, Premiums and Discounts	16,668	17,783	14,542	12,279	14,917	12,289	19,774	24,440	46,286	19,091
Sale of Commodities	24,793	24,392	25,071	12,546	12,506	11,829	10,921	10,465	8,425	8,178
Sale of Service	32,320	25,163	73,665	78,010	90,458	93,667	76,489	62,499	93,054	94,700
Assessments	60,653	71,492	60,777	73,816	66,528	81,009	64,901	53,069	51,017	54,081
Grants from Other Agencies	70,968	68,978	60,672	58,429	54,972	118,206	18,130	7,265	10,887	22,869
Miscellaneous	341,740	367,854	314,515	293,237	201,903	219,431	157,950	168,130	124,702	150,260
<b>Total Revenues</b>	<b>5,104,118</b>	<b>4,719,533</b>	<b>4,651,917</b>	<b>4,627,426</b>	<b>4,871,600</b>	<b>5,166,170</b>	<b>4,475,326</b>	<b>4,426,961</b>	<b>4,229,571</b>	<b>4,169,608</b>
<b>Expenditures</b>										
General Government	323,673	328,895	328,506	334,636	393,429	420,360	380,799	346,347	314,597	308,187
Administration of Justice and Public Protection	475,601	460,844	466,423	444,209	377,865	416,073	374,532	353,675	330,616	326,360
Resource Protection and Development	147,858	133,801	142,550	139,204	236,392	239,175	153,204	161,485	170,249	159,099
Transportation *	347,018	310,751	293,679	435,391	524,108	536,552	452,209	305,378	290,093	284,686
Health and Social Services	2,391,432	2,133,921	1,969,281	1,931,136	2,114,451	2,133,629	1,945,122	1,838,018	1,713,604	1,663,667
Education	1,343,238	1,331,072	1,336,946	1,361,783	1,375,706	1,362,028	1,274,261	1,304,734	1,273,184	1,260,372
Debt Service										
Principal	152,262	89,859	76,657	80,104	33,612	69,321	65,832	64,829	62,570	60,560
Interest		47,692	48,124	52,332	43,167	42,428	41,803	31,941	32,627	32,608
Capital Outlay *	210,064	253,087	300,126	144,373	191,293	196,717	242,758	354,337	314,549	337,945
<b>Total expenditures</b>	<b>5,391,146</b>	<b>5,089,922</b>	<b>4,962,292</b>	<b>4,923,168</b>	<b>5,290,023</b>	<b>5,416,283</b>	<b>4,930,520</b>	<b>4,760,744</b>	<b>4,502,089</b>	<b>4,433,484</b>
Revenues Over (Under) Expenditures	(287,028)	(370,389)	(310,375)	(295,742)	(418,423)	(250,113)	(455,194)	(333,783)	(272,518)	(263,876)
<b>Other Financing Sources (Uses)</b>										
Transfers In	81,683	104,882	126,966	143,943	128,259	43,244	58,458	35,986	43,373	7,183
Transfers In from Enterprise Funds	228,098	224,032	222,735	210,743	205,294	209,048	192,745	188,602	186,542	185,429
Transfers Out	(81,683)	(112,760)	(131,934)	(148,240)	(128,259)	(43,244)	(58,458)	(35,986)	(43,373)	(7,183)
Refunding Bond Issuance					45,036					
G.O. Bond Premiums	29,276	7,672	12,820	26,245	22,846	23,509	2,219	6,548	7,386	1,462
G.O. Bond Issuance	147,956	65,793	85,625	201,770	230,000	282,599	179,380	161,320	196,885	75,000
Payments to Refunding Bond Escrow Agent	(108,875)				(49,967)	(168,608)	(30,255)	(60,000)	(127,787)	
Installments on Sale of Assets	13,765	14,020	24,262	23,316	15,349	30,000				
Repayment (Issuance) of BANS					(50,000)	50,000				
Capital Lease Acquisition	245	128	189	250	626	157	296	198	810	537
<b>Total Other Financing Sources (Uses)</b>	<b>310,465</b>	<b>303,767</b>	<b>340,663</b>	<b>458,027</b>	<b>419,184</b>	<b>426,705</b>	<b>344,385</b>	<b>296,668</b>	<b>263,836</b>	<b>262,428</b>
Special Item - Environmental Litigation Settlements			90,700							
Change in Inventory	3,370	2,522	(1,882)	(12)	2,013	274,436	3,011	(605)	(84)	(356)
<b>Net Change in Fund Balances</b>	<b>\$26,807</b>	<b>\$(64,100)</b>	<b>\$119,106</b>	<b>\$162,273</b>	<b>\$2,774</b>	<b>\$451,028</b>	<b>\$(107,798)</b>	<b>\$(37,720)</b>	<b>\$(8,766)</b>	<b>\$(1,804)</b>
<b>Debt Service as a Percentage of Non-Capital Expenditure:</b>	3.0%	2.9%	2.8%	2.9%	1.5%	2.2%	2.4%	2.2%	2.3%	2.3%

\* 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 FISCAL YEARS**  
**(Expressed in Thousands)**

	Fiscal Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Beer Tax	\$12,299	\$12,656	\$12,689	\$2,885	\$12,900	\$13,065	\$12,695	\$12,720	\$12,728	\$ 12,805
Board and Care Revenue			26,439	4,487	22,519	22,072	21,338	19,937	18,354	13,261
Business Profits Tax	282,351	271,707	267,062	56,552	248,537	258,633	251,925	317,439	287,423	264,027
Business Enterprise Tax	71,898	73,009	78,293	68,459	63,003	71,744	61,889	77,710	79,291	75,190
Estate and Legacy Tax	8	43	(60)	7	92	48	(4)	214	617	3,224
Insurance Tax	114,621	95,028	95,405	4,990	84,902	86,804	94,144	95,876	97,909	90,462
Securities Revenue	42,534	40,612	38,137	7,591	37,025	34,231	34,680	34,700	32,964	30,064
Interest and Dividends Tax	96,861	79,811	92,974	83,536	76,597	84,866	97,126	118,693	108,086	80,543
Liquor	138,522	135,889	132,338	127,590	125,718	120,718	146,000	133,052	124,742	120,644
Meals and Rentals Tax	272,682	254,033	241,169	231,776	228,898	228,291	203,603	206,726	202,595	193,788
Dog Racing					329	334	385	525	703	559
Horse Racing					1,005	1,184	1,633	2,440	2,398	2,313
Gambling Winning Tax					3,188	2,933				
Games of Chance					1,136	1,181				
Real Estate Transfer Tax	78,784	67,093	62,322	52,792	53,987	55,994	53,539	77,690	91,704	106,161
Telephone/Communications Tax	57,308	59,281	57,350	79,320	76,500	80,965	80,243	80,932	72,986	70,496
Tobacco Tax	128,734	130,274	126,233	136,094	129,849	130,521	59,257	57,060	65,337	69,892
Tobacco Settlement	1,917	2,279	23,249	2,510	1,692	4,221	12,821	8,404		
Utilities Tax	6,039	6,147	6,104	5,929	5,955	5,976	6,535	6,285	5,757	6,385
Courts Fines and Fees	13,375	13,637	12,898	13,853	13,737	13,022	29,295	31,300	30,452	29,500
Flexible Grant										
Other:										
Corporate Returns	675	710	683	575	754	712	647	682	678	744
Interstate Vehicle Registrations					2,157	1,132	1,231	1,362	167	2,411
Corporate Filing Fees	3,237	2,899	2,937	3,056	3,251	3,016	3,271	3,346	3,414	3,716
Interest on Surplus Funds	140	270	59	(41)	10	(545)	404	5,352	7,776	4,868
Reimbursement of Indirect Costs	9,497	10,390	8,915	9,836	10,800	8,340	7,214	6,858	6,822	6,265
Miscellaneous	59,529	61,835	71,016	63,682	59,444	78,862	74,031	71,412	69,612	44,092
Subtotal	1,391,011	1,317,603	1,356,212	1,295,479	1,263,985	1,308,320	1,253,902	1,370,715	1,322,515	1,231,410
Net Medicaid Enhancement										
Revenues (MER)			69,082	74,832	93,440	98,136	99,626	93,111	83,257	73,617
Recoveries	6,662	4,739	11,324	6,309	27,758	19,854	21,827	20,108	15,875	24,462
Subtotal	1,397,673	1,322,342	1,436,618	1,376,620	1,385,183	1,426,310	1,375,355	1,483,934	1,421,647	1,329,489
Other MER Transferred to/(from)										
Uncompensated Care Pool										
Total Unrestricted Revenue	\$1,397,673	\$1,322,342	\$1,436,618	\$1,376,620	\$1,385,183	\$1,426,310	\$1,375,355	\$1,483,934	\$1,421,647	\$1,329,489

See accompanying Independent Auditors' Report

## STATE OF NEW HAMPSHIRE

**SCHEDULE OF UNDESIGNATED/UNASSIGNED - OTHER FUND BALANCE - GENERAL FUND  
FOR THE LAST TEN FISCAL YEARS  
(Expressed in Thousands)**

	Fiscal Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Balance, July 1 (Budgetary Method)	\$165,501	\$214,070	\$183,904	\$210,884	\$112,355	\$24,094	\$103,494	\$92,966	\$80,329	\$123,174
Additions:										
Unrestricted Revenue	1,397,673	1,322,342	1,436,618	1,376,620	1,385,183	1,426,310	1,375,355	1,483,934	1,421,647	1,329,489
Total Unrestricted Revenue	1,397,673	1,322,342	1,436,618	1,376,620	1,385,183	1,426,310	1,375,355	1,483,934	1,421,647	1,329,489
Transfer from Other Funds	760	2,589	793	1,952	38,333	9,576	865	47,409	1,938	27,013
Bonds Authorized and Unissued										
Other Credits				145	975	6,800	529	437	116	137
Total Additions	1,398,433	1,324,931	1,437,411	1,378,717	1,424,491	1,442,686	1,376,749	1,531,780	1,423,701	1,356,639
Deductions:										
Appropriations Net of Estimated Revenues:										
General Government	272,577	259,245	257,703	261,384	282,297	319,116	342,736	338,358	297,294	281,005
Administration of Justice and Public Protection	222,846	217,101	210,595	211,009	221,054	217,743	209,521	222,982	200,236	195,145
Resource Protection and Development	31,444	18,055	27,246	29,693	33,118	38,183	42,348	45,674	43,078	42,056
Transportation	976	1,077	919	917	1,071	573	1,155	1,173	2,704	6,021
Health and Social Services	586,310	606,356	660,317	660,712	691,787	663,458	678,334	695,610	633,792	614,948
Education	211,330	203,609	168,691	156,406	193,707	201,346	197,570	236,560	223,498	210,520
Liquor Commission							37,570	35,465	31,949	30,585
(2)Special Fund										
Subtotal	1,325,483	1,305,443	1,325,471	1,320,121	1,423,034	1,440,419	1,509,234	1,575,822	1,432,551	1,380,280
Uncompensated Care Pool										
Total Appropriations Net of Estimated Revenues	1,325,483	1,305,443	1,325,471	1,320,121	1,423,034	1,440,419	1,509,234	1,575,822	1,432,551	1,380,280
Less: Lapses	(67,711)	(54,424)	(59,312)	(39,463)	(97,154)	(60,700)	(71,246)	(61,628)	(41,582)	(34,045)
Lapses - HCTF										
Net Appropriations	1,257,772	1,251,019	1,266,159	1,280,658	1,325,880	1,379,719	1,437,988	1,514,194	1,390,969	1,346,235
Transfers to Other Funds	102,984	122,102	140,134	124,281	50	52,988	18,067	6,887		
Other Debits	135	379	952	758	32	1,452	94	171	95	1,547
Designation or Reserve Accounts						(79,734)			20,000	51,702
Total Deductions	1,360,891	1,373,500	1,407,245	1,405,697	1,325,962	1,354,425	1,456,149	1,521,252	1,411,064	1,399,484
Balance, June 30 (Budgetary Method)	203,043	165,501	214,070	183,904	210,884	112,355	24,094	103,494	92,966	80,329
GAAP Adjustments:										
Receivables	81,816	67,887	20,832	17,701	71,238	38,435	55,183	41,090	33,647	39,098
Accounts Payable and Accrued Liabilities	(144,217)	(109,457)	(41,401)	(47,685)	(140,427)	(116,599)	(100,100)	(106,756)	(100,451)	(88,809)
Transfer from General to Liquor Fund							(5,973)	(5,322)	(5,030)	(4,562)
Additional Transfers (to) from Reserve Accounts	(13,014)						79,734			
Total GAAP Adjustments	(75,415)	(41,570)	(20,569)	(29,984)	(69,189)	(78,164)	28,844	(70,988)	(71,834)	(54,273)
Year-End Transfer to/from the Education Trust Fund	(78,628)	(102,041)	(121,324)	(140,084)	(124,023)	31,490	(52,938)	(15,322)	40,581	
Balance (Deficit), June 30 (GAAP)	\$49,000	\$21,890	\$72,177	\$13,836	\$17,672	\$65,681		\$17,184	\$61,713	\$26,056

See accompanying Independent Auditors' Report

**SCHEDULE OF UNDESIGNATED / ASSIGNED FUND BALANCE  
EDUCATION FUND  
FOR THE LAST TEN FISCAL YEARS  
(Expressed in Thousands)**

	Fiscal Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Balance July 1										\$8,357
<b>Additions</b>										
Unrestricted Revenue										
Statewide Property Tax (2)	\$363,353	\$363,599	\$363,675	\$363,121	\$363,647	\$363,166	\$363,653	\$363,066	363,335	\$363,392
Statewide Property Tax								58		
Utility Property Tax	41,044	35,771	33,249	33,067	32,319	29,929	28,972	24,196	21,847	20,881
BPT Increase	61,076	58,442	56,692	55,309	49,264	57,590	53,894	67,961	57,755	56,578
BET Increase	146,338	146,471	149,718	135,815	129,401	122,157	123,389	154,990	174,208	150,380
Meals & Rentals	8,546	7,697	7,232	7,559	6,643	4,235	6,107	7,632	7,218	7,138
Real Estate Tax Increase	38,799	33,700	31,099	29,196	27,975	28,832	27,736	38,616	45,663	52,545
Tobacco Tax Increase	92,575	89,753	79,631	78,843	96,805	113,004	128,796	109,260	78,283	80,902
Tobacco Settlement	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,781	38,961
Transfers from Lottery	74,325	72,380	74,335	66,768	62,206	66,222	68,149	75,553	80,548	81,987
Transfers from Racing & Charitable Gaming	2,952	3,034	3,373	3,495	1,254	1,362	1,470	1,457		
Total Revenue	869,008	850,847	839,004	813,173	809,514	826,497	842,166	882,789	869,638	852,764
General Fund										
Budgeted Appropriations										
Total Additions	869,008	850,847	839,004	813,173	809,514	826,497	842,166	882,789	869,638	852,764
<b>Deductions</b>										
Appropriations										
Adequate Education Grant (1)	572,711	572,465	577,792	578,204	482,725	336,852	526,707	527,295	472,383	473,534
Adequate Education Grant (2)	363,353	363,599	363,675	363,121	363,647	363,166	363,653	363,066	363,335	363,392
Total Grants	936,064	936,064	941,467	941,325	846,372	700,018	890,360	890,361	835,718	836,926
DRA-Property Tax Relief	2,900	2,887	2,706	1,246	3,300	5,210	5,390	5,700	3,800	2,900
DOE-Charter Schools	22,177	18,905	11,085	5,185	6,407	4,830	2,378	1,780	400	
DOE-Kindergarten Aid			1,952	1,952	3,678	3,678			2,004	
DOE-Fiscal Disparity Grants			5,026	4,266	51,187	39,760				
DOE-Education Transition Aid					43,491	43,657				
Total Appropriations	961,141	957,856	962,236	953,974	954,435	797,153	898,128	897,841	841,922	839,826
Less Lapses	(13,505)	(4,968)	(2,272)	(717)	(20,898)	(2,146)	(3,024)	270	(4,508)	4,581
Net Appropriations	947,636	952,888	959,964	953,257	933,537	795,007	895,104	898,111	837,414	844,407
Current Year Balance	(78,628)	(102,041)	(120,960)	(140,084)	(124,023)	31,490	(52,938)	(15,322)	32,224	8,357
<b>End of Year</b>										
<b>Transfers From(To)</b>										
General Fund										
FY 2007									(40,581)	
FY 2008								15,322		
FY 2009							52,938			
FY 2010						(31,490)				
FY 2011					124,023					
FY 2012				140,084						
FY 2013			120,960							
FY 2014		102,041								
FY 2015	78,628									
Balance June 30										\$8,357

(1) State Education Grant Disbursed by State

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

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF UNDESIGNATED/ASSIGNED FUND BALANCE**  
**HIGHWAY FUND**  
**FOR THE LAST TEN FISCAL YEARS**  
(Expressed in Thousands)

	Fiscal Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Balance (Deficit) July 1 (Budgetary Method)	\$350,618	\$360,926	\$347,198	\$205,152	\$271,881	\$(35,361)	\$(13,691)	\$(3,940)	\$17,738	\$18,792
<b>Additions:</b>										
Unrestricted Revenue:										
Gasoline Tax	125,849	124,670	123,337	123,168	124,967	123,741	132,125	137,036	129,514	127,924
Motor Vehicle Fees	117,129	113,831	113,428	112,234	132,132	150,158	99,312	100,908	93,327	85,747
Other	14,624	15,805	48,453	48,431	43,116	65,597	17,031	11,035	15,817	14,183
Total Unrestricted Revenue	257,602	254,306	285,218	283,833	300,215	339,496	248,468	248,979	238,658	227,854
Bonds Authorized and Unissued (1)				250,000		240,000				
Other Credits	2,722	2,800								
Total Additions	260,324	257,106	285,218	533,833	300,215	579,496	248,468	248,979	238,658	227,854
<b>Deductions:</b>										
Appropriations Net of										
Estimated Revenues	290,822	279,788	281,626	404,476	394,544	299,552	300,721	283,195	281,647	275,775
Less: Appropriation Adjustment ***					3,265	(19,770)			(8,000)	(33,100)
Less: Lapses	(20,621)	(14,488)	(17,051)	(15,674)	(32,859)	(15,249)	(28,675)	(20,902)	(14,957)	(14,233)
Net Appropriations	270,201	265,300	264,575	388,802	364,950	264,533	272,046	262,293	258,690	228,442
Other Debits	2,163	2,114	6,915	2,985	1,994	7,721	(1,908)	(3,563)	1,646	466
Total Deductions	272,364	267,414	271,490	391,787	366,944	272,254	270,138	258,730	260,336	228,908
Balance, June 30 (Budgetary Method)	338,578	350,618	360,926	347,198	205,152	271,881	(35,361)	(13,691)	(3,940)	17,738
<b>GAAP Adjustment:</b>										
Receivables	1,628	2,612	3,300	1,340	2,588	3,911	3,645	1,270	1,948	4,006
Bonds Authorized and Unissued	(295,005)	(295,005)	(295,005)	(295,005)	(160,000)	(240,000)				
Accounts Payable and										
Accrued Liabilities	(29,004)	(25,042)	(22,882)	(18,741)	(27,407)	(26,896)	(23,146)	(15,087)	(15,889)	(20,493)
Total GAAP Adjustments	(322,381)	(317,435)	(314,587)	(312,406)	(184,819)	(262,985)	(19,501)	(13,817)	(13,941)	(16,487)
Balance (Deficit), June 30 (GAAP)	\$16,197	\$33,183	\$46,339	\$34,792	\$20,333	\$8,896	\$(54,862)	\$(27,508)	\$(17,881)	\$1,251

See accompanying Independent Auditors' Report

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

	Fiscal Year Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Balance, July 1 (Budgetary Method)	\$2,187	\$2,352	\$3,203	\$4,238	\$5,031	\$5,845	\$5,406	\$3,533	\$3,639	\$4,336
<b>Additions:</b>										
Unrestricted Revenue	10,029	10,594	10,327	10,111	10,087	9,944	10,269	10,741	10,248	9,558
Other Credits	2,400	2,147	1,213	1,543	1,512	1,819	1,655	1,828	854	850
Total Additions	12,429	12,741	11,540	11,654	11,599	11,763	11,924	12,569	11,102	10,408
<b>Deductions:</b>										
Appropriations Net of Estimated Revenues	14,195	13,709	13,739	13,377	13,677	12,915	13,541	12,604	12,869	12,281
Less: Lapses	(1,120)	(803)	(1,523)	(792)	(1,389)	(838)	(2,252)	(1,908)	(1,743)	(1,359)
Net Appropriations	13,075	12,906	12,216	12,585	12,288	12,077	11,289	10,696	11,126	10,922
Other Debits			175	104	104	500	196		82	183
Total Deductions	13,075	12,906	12,391	12,689	12,392	12,577	11,485	10,696	11,208	11,105
Current Year Balance	(646)	(165)	(851)	(1,035)	(793)	(814)	439	1,873	(106)	(697)
Balance, June 30 (Budgetary Method)	1,541	2,187	2,352	3,203	4,238	5,031	5,845	5,406	3,533	3,639
<b>GAAP Adjustment:</b>										
Receivables	46	67	215	290	389	371	344	394	354	343
Accounts Payable and Accrued Liabilities	(1,186)	(1,019)	(942)	(1,260)	(1,808)	(1,821)	(1,608)	(1,803)	(1,391)	(1,429)
Total GAAP Adjustments	(1,140)	(952)	(727)	(970)	(1,419)	(1,450)	(1,264)	(1,409)	(1,037)	(1,086)
Balance, June 30 (GAAP)	\$401	\$1,235	\$1,625	\$2,233	\$2,819	\$3,581	\$4,581	\$3,997	\$2,496	\$2,553

**STATE OF NEW HAMPSHIRE  
SCHEDULE OF BUSINESS TAX FILERS AND LIABILITY BY TAX PAID LEVEL**
**BUSINESS PROFITS TAX - BPT (1)****BUSINESS ENTERPRISE TAX - BET (2)**

<b>Taxes Paid Level</b>	<b>FISCAL YEAR 2015</b>				<b>FISCAL YEAR 2015</b>			
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
\$5,000 and higher	4,411	25%	\$290,929,767	95%	5,137	15%	\$156,574,444	81%
\$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>

**BUSINESS PROFITS TAX - BPT (1)****BUSINESS ENTERPRISE TAX - BET (2)**

<b>Taxes Paid Level</b>	<b>FISCAL YEAR 2014</b>				<b>FISCAL YEAR 2014</b>			
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
\$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)**

<b>Taxes Paid Level</b>	<b>FISCAL YEAR 2013</b>				<b>FISCAL YEAR 2013</b>			
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
\$5,000 and higher	3,887	28%	\$253,821,210	95%	4,280	13%	\$123,490,726	80%
\$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)**

<b>Taxes Paid Level</b>	<b>FISCAL YEAR 2013</b>				<b>FISCAL YEAR 2013</b>			
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
\$5,000 and higher	3,887	28%	\$253,821,210	95%	4,280	13%	\$123,490,726	80%
\$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)**

<b>Taxes Paid Level</b>	<b>FISCAL YEAR 2012</b>				<b>FISCAL YEAR 2012</b>			
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
\$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>

Source: New Hampshire Department of Revenue for returns filed in fiscal year 2015.

## 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.
- (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.

See accompanying Independent Auditors' Report

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

Taxes Paid Level	<b>BUSINESS PROFITS TAX - BPT (1)</b>				<b>BUSINESS ENTERPRISE TAX - BET (2)</b>			
	<b>FISCAL YEAR 2011</b>				<b>FISCAL YEAR 2011</b>			
	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>

Taxes Paid Level	<b>BUSINESS PROFITS TAX - BPT (1)</b>				<b>BUSINESS ENTERPRISE TAX - BET (2)</b>			
	<b>FISCAL YEAR 2010</b>				<b>FISCAL YEAR 2010</b>			
	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	3,432	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>

Taxes Paid Level	<b>BUSINESS PROFITS TAX - BPT (1)</b>				<b>BUSINESS ENTERPRISE TAX - BET (2)</b>			
	<b>FISCAL YEAR 2009</b>				<b>FISCAL YEAR 2009</b>			
	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	4,051	28%	\$263,820,090	95%	5,198	12%	\$146,943,763	78%
\$1,000 - \$4,999	4,564	31%	11,405,749	4%	14,259	34%	30,659,274	16%
Under \$1,000	5,879	41%	1,888,686	1%	22,194	53%	9,858,184	5%
	<u>14,494</u>	<u>100%</u>	<u>\$277,114,525</u>	<u>100%</u>	<u>41,651</u>	<u>100%</u>	<u>\$187,461,221</u>	<u>100%</u>

Taxes Paid Level	<b>BUSINESS PROFITS TAX - BPT (1)</b>				<b>BUSINESS ENTERPRISE TAX - BET (2)</b>			
	<b>FISCAL YEAR 2008</b>				<b>FISCAL YEAR 2008</b>			
	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	4,245	29%	\$345,675,438	96%	5,096	12%	\$139,909,338	78%
\$1,000 - \$4,999	4,549	31%	11,367,721	3%	14,146	34%	30,627,097	17%
Under \$1,000	5,986	41%	1,891,098	1%	22,554	54%	9,962,503	6%
	<u>14,780</u>	<u>100%</u>	<u>\$358,934,257</u>	<u>100%</u>	<u>41,796</u>	<u>100%</u>	<u>\$180,498,938</u>	<u>100%</u>

Taxes Paid Level	<b>BUSINESS PROFITS TAX - BPT (1)</b>				<b>BUSINESS ENTERPRISE TAX - BET (2)</b>			
	<b>FISCAL YEAR 2007</b>				<b>FISCAL YEAR 2007</b>			
	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	4,063	29%	\$285,614,405	96%	4,832	12%	\$140,626,678	79%
\$1,000 - \$4,999	4,226	31%	10,633,566	4%	13,270	34%	28,834,377	16%
Under \$1,000	5,566	40%	1,769,780	1%	21,142	54%	9,272,383	5%
	<u>13,855</u>	<u>100%</u>	<u>\$298,017,751</u>	<u>100%</u>	<u>39,244</u>	<u>100%</u>	<u>\$178,733,438</u>	<u>100%</u>

Source: New Hampshire Department of Revenue for returns filed in fiscal year 2015.

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.
- (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.

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE  
SCHEDULE OF STATEWIDE PROPERTY TAX FOR TOP TEN CITIES/TOWNS  
PAST TEN YEARS  
IN THOUSANDS**

<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

<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 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008 and 2007

Notes: The rate per \$1,000 of equalized value for fiscal years 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006 were \$2.48, \$2.44 \$2.325, \$2.19, \$2.135, \$2.14, \$2.24, \$2.515 and \$2.84, respectively

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE  
SCHEDULE OF STATEWIDE PROPERTY TAX FOR TOP TEN CITIES/TOWNS  
PAST TEN YEARS - CONTINUED  
IN THOUSANDS**

<u>FISCAL YEAR 2009</u>				<u>FISCAL YEAR 2008</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	\$10,183,639	\$21,793	Manchester	1	\$10,269,201	\$23,003
Nashua	2	9,633,372	20,615	Nashua	2	9,221,057	20,655
Salem	3	4,635,936	9,921	Salem	3	4,665,501	10,451
Portsmouth	4	4,051,242	8,670	Portsmouth	4	3,721,855	8,337
Concord	5	3,801,508	8,135	Concord	5	3,548,823	7,949
Bedford	6	3,497,190	7,484	Bedford	6	3,339,184	7,480
Merrimack	7	3,270,597	6,999	Derry	7	3,230,275	7,236
Hampton	8	3,146,653	6,734	Merrimack	8	3,205,670	7,181
Derry	9	3,125,324	6,688	Hampton	9	3,064,552	6,865
Londonderry	10	3,096,080	6,626	Londonderry	10	3,055,707	6,845

<u>FISCAL YEAR 2007</u>				<u>FISCAL YEAR 2006</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	\$9,316,890	\$23,432	Manchester	1	\$8,023,599	\$22,787
Nashua	2	8,362,475	21,032	Nashua	2	7,915,678	22,481
Salem	3	4,145,370	10,426	Salem	3	3,740,564	10,623
Portsmouth	4	3,403,768	8,560	Portsmouth	4	3,124,993	8,875
Concord	5	3,278,261	8,245	Concord	5	2,886,158	8,197
Bedford	6	3,019,624	7,594	Bedford	6	2,823,518	8,019
Merrimack	7	2,918,653	7,340	Merrimack	7	2,693,810	7,650
Londonderry	8	2,813,405	7,076	Londonderry	8	2,651,045	7,529
Derry	9	2,813,359	7,076	Derry	9	2,466,833	7,006
Hampton	10	2,749,152	6,914	Hampton	10	2,422,951	6,881

Source: New Hampshire Department of Revenue, warrants for Tax Year 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008 and 2007

Notes: The rate per \$1,000 of equalized value for fiscal years 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006 were \$2.48, \$2.44 \$2.325, \$2.19, \$2.135, \$2.14, \$2.24, \$2.515 and \$2.84, respectively

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE  
SCHEDULE OF SALES BY TOP TEN STATE LIQUOR RETAIL LOCATIONS  
LAST TEN FISCAL YEARS  
IN MILLIONS**

Location	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Hampton - North	\$33.5	\$33.3	\$32.4	\$31.3	\$31.2	\$29.8	\$27.4	\$26.6	\$25.3	\$23.9
Hampton - South	29.4	29.2	28.7	27.1	27.3	26.4	23.9	23.4	22.8	21.2
Portsmouth Traffic Circle	24.6	24.7	24.2	23.9	23.4	22.8	22.1	21.2	20.3	19.3
Salem	23.3	23.4	23.1	22.0	22.2	21.6	19.4	18.6	17.4	16.4
Hooksett - North	19.7	18.1	19.1	18.9	18.7	17.8	16.4	15.5	14.7	13.9
Nashua	18.3	18.9	19.0	18.3	19.4	17.8	15.9	13.1	12.7	12.9
Nashua	18.0	18.0	17.9	16.8	14.2	14.1	13.2	13.0	11.9	11.0
Hooksett - South	17.5	16.2	16.0	14.8	14.9	14.2	12.9	12.2	11.6	11.1
West Lebanon	13.7	13.1	12.6	11.5	11.3	11.2	10.9	10.0	9.7	9.5
Keene	11.9	11.0	10.6	10.1	9.7	9.7	9.9	9.6	8.6	7.3
Total	\$209.9	\$205.9	\$203.6	\$194.7	\$192.3	\$185.4	\$172.0	\$163.2	\$155.0	\$146.5

Source: NH State Liquor Commission

**STATE OF NEW HAMPSHIRE  
SCHEDULE OF RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST 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	Bond Anticipation Notes	Capital Leases	General Obligation Bonds	Revenue Bonds	Capital Leases	Total Primary Government		
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	2.3%	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
2009	810,233			4,038	1,301	244,032	364	1,059,968	1.9%	805
2008	735,176			5,146	2,821	256,965	487	1,000,595	1.7%	760
2007	710,875			5,825	4,376	269,084	618	990,778	1.8%	755
2006	701,730			6,085	7,067	284,175	852	999,909	1.9%	764

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.

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

(Expressed in Thousands)

Fiscal Year	(1)	(2)	(3)	General Long-Term Debt	Ratio Of General Long-Term Debt to Assessed Value	General Long-Term Debt Per Capita
	Population	Assessed Value	General Long-Term Debt			
2015	1,330	\$158,966,388	\$992,080	0.62	746	
2014	1,327	160,572,109	1,014,932	0.63	765	
2013	* 1,323	155,235,385	1,023,114	0.66	773	
2012	1,321	151,695,430	1,007,530	0.66	763	
2011	1,318	154,348,551	987,408	0.64	749	
2010	1,316	156,897,212	859,984	0.55	653	
2009	1,316	160,571,630	811,534	0.51	617	
2008	1,316	170,079,711	737,997	0.43	561	
2007	1,313	173,624,015	715,251	0.41	545	
2006	1,308	173,176,615	708,797	0.41	542	

Source: (1) U.S. Dept. of Commerce, Bureau of Census, reflects the most current available data for all years represented (2015 estimated).  
(2) New Hampshire Department of Revenue Administration (2015 estimated). Equalization evaluation.  
(3) Includes all General Obligation Bonds Payable of the Primary Government.

Note: 2013 debt balance restated for effects of accounting change. See note 5.

**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
2015	\$124,412	\$44,361 (1)	\$80,051	\$39,091	2.06		\$8,900	\$47,991	1.68(3)
2014	119,373	42,469 (1)	76,904	36,031	2.13		9,800	45,831	1.68(3)
2013	118,027	42,213 (1)	75,814	36,950	2.05		9,800	46,750	1.62(3)
2012	118,856 (a)	40,653 (1)	78,203	33,328	2.35		9,200	42,528	1.84(3)
2011	119,314	42,339 (1)	76,975	33,745	2.28	599	9,800	44,144	1.74(3)
2010	119,407	40,171 (1)	79,236	29,656	2.67	669	9,600	39,925	1.98
2009	107,660	40,361 (1)	67,299	25,873 (2)	2.60	1,597	10,040	37,510	1.79
2008	106,814	37,122 (1)	69,692	25,710	2.71	1,713	8,300	35,723	1.95
2007	89,054	36,158 (1)	52,896	28,078	1.88	2,985	6,047	37,110	1.43
2006	83,054	41,784 (1)	41,270	25,831	1.60	4,219	5,871	35,921	1.15

(1) Fiscal years 2006 through 2015 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.

(2) Beginning in fiscal year 2009, 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 over the fiscal year.

(3) Unaudited toll covenant calculations indicate adequate toll revenues for fiscal 2015. The revenue bond coverage ratio was satisfied at 2.06 for the 1.2 times test. The all obligations coverage ratio was satisfied at 1.68 for the 1.0 times test, as calculated by the Department. Chapter 144, Laws of 2009 authorized the acquisition and transfer of a bridge and 1.6 mile section of I-95 to the Turnpike System for \$120 million. The Turnpike System continues to make payments, and in fiscal year 2015, made a note payment of \$11.8 million to the State Highway Fund. Because the Turnpike System unrestricted cash balance at June 30, 2015 was \$47.9 million, this balance beginning in fiscal year 2016 was deemed more than sufficient to satisfy the Note Payable to the State Highway Fund and current year FY 2015 revenues for this payment were not needed. Accordingly, the Note Payable to the State Highway Fund was not included in the all obligations ratio for fiscal years 2011 through 2015.

(a) Gross Revenues less Federal revenue of \$1.3 Million.

**STATE OF NEW HAMPSHIRE  
SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Population (in thousands)</b>	1,330	1,327	1,323	1,321	1,318	1,316	1,316	1,316	1,313	1,308
<b>% Change</b>	0.2%	0.3%	0.2%	0.2%	0.2%	0.0%	0.0%	0.2%	0.4%	0.8%
<b>Total Personal Income (in millions)*</b>	74,257	70,519	66,379	62,150	60,480	57,898	55,827	58,162	56,418	53,765
<b>% Change</b>	5.3%	6.2%	6.8%	2.8%	4.5%	3.7%	-4.0%	3.1%	4.9%	7.5%
<b>Per Capita Personal Income*</b>	55,860	53,149	50,156	47,058	45,881	43,968	42,418	44,199	42,984	41,092
<b>% Change</b>	5.1%	6.0%	6.6%	2.6%	4.4%	3.7%	-4.0%	2.8%	4.6%	6.7%
<b>Unemployment Rate**</b>	3.8%	4.4%	5.1%	5.1%	4.9%	5.9%	6.8%	4.0%	4.0%	3.3%

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 - September Issue

**STATE OF NEW HAMPSHIRE  
SCHEDULE OF BUILDING PERMITS FOR HOUSING UNITS  
FOR CALENDAR YEAR 2015**

**Building Permits Issued  
By Number of Units**

<u>Calendar Year</u>	<u>Single Family</u>	<u>Multi- Family</u>	<u>Total</u>
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
2009	1,662	625	2,287
2008	2,333	901	3,234
2007	3,772	789	4,561
2006	4,826	851	5,677

Source: U.S. Department of Commerce, Bureau of the Census.  
Current year data annualized on activity through September 2015

**STATE OF NEW HAMPSHIRE  
SCHEDULE OF PRINCIPAL (LARGEST) EMPLOYERS  
LAST TEN YEARS**

<b>2015</b>				<b>2014</b>			
<b>Employer</b>	<b>Percentage of Total State</b>			<b>Employer</b>	<b>Percentage of Total State</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Employment</b>		<b>Employees</b>	<b>Rank</b>	<b>Employment</b>
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%

<b>2013</b>				<b>2012</b>			
<b>Employer</b>	<b>Percentage of Total State</b>			<b>Employer</b>	<b>Percentage of Total State</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Employment</b>		<b>Employees</b>	<b>Rank</b>	<b>Employment</b>
1. State of New Hampshire	17,921	1	2.54%	1. State of New Hampshire	17,867	1	2.54%
2. Wal-Mart Stores Inc.	8,008	2	1.14%	2. Wal-Mart Stores Inc.	8,166	2	1.16%
3. Demoulas & Market Basket	7,500	3	1.06%	3. Dartmouth-Hitchcock Medical Center	6,654	3	0.95%
4. Dartmouth-Hitchcock Medical Center	6,404	4	0.91%	4. University of New Hampshire	6,159	4	0.88%
5. University of New Hampshire	6,029	5	0.85%	5. Demoulas & Market Basket	6,000	5	0.85%
6. Fidelity Investments	5,000	6	0.71%	6. Hannaford Brothers	4,817	6	0.68%
7. Hannaford Brothers	4,900	7	0.69%	7. Fidelity Investments	4,600	7	0.65%
8. Liberty Mutual-Northern N.E. Division	4,700	8	0.67%	8. BAE Systems	4,500	8	0.64%
9. Elliot Hospital	3,485	9	0.49%	9. Dartmouth College	4,250	9	0.60%
10. Shaw's Supermarkets	3,358	10	0.48%	10. Liberty Mutual-Northern N.E. Division	4,200	10	0.60%
Total	67,305		9.54%	Total	67,213		9.55%

<b>2011</b>				<b>2010</b>			
<b>Employer</b>	<b>Percentage of Total State</b>			<b>Employer</b>	<b>Percentage of Total State</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Employment</b>		<b>Employees</b>	<b>Rank</b>	<b>Employment</b>
1. State of New Hampshire	17,820	1	2.52%	1. State of New Hampshire	18,487	1	3.14%
2. Wal-Mart Stores Inc.	8,421	2	1.19%	2. Wal-Mart Stores Inc.	8,974	2	1.28%
3. Dartmouth-Hitchcock Medical Center	7,073	3	1%	3. Dartmouth-Hitchcock Medical Center	8,025	3	1.14%
4. University of New Hampshire	6,081	4	0.86%	4. University of New Hampshire	6,459	4	0.92%
5. Demoulas & Market Basket	6,000	5	0.85%	5. Demoulas & Market Basket	6,000	5	0.85%
6. BAE Systems	4,500	6	0.64%	6. Hannaford Brothers	4,776	6	0.68%
7. Fidelity Investments	4,400	7	0.62%	7. Fidelity Investments	4,600	7	0.65%
8. Dartmouth College	4,250	8	0.60%	8. BAE Systems	4,500	8	0.64%
9. Liberty Mutual-Northern N.E. Division	4,200	9	0.59%	9. Shaw's Supermarkets Inc.	4,399	9	0.63%
10. Hannaford Brothers	3,894	10	0.55%	10. Dartmouth College	4,399	10	0.63%
Total	66,639		9.42%	Total	70,619		10.56%

Source: New Hampshire Business Review / Book of Lists 2015

Provided by USNH

Schedule of State Employees by Function (page 146)

NHES Economic and Labor Market Information Bureau

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE  
SCHEDULE OF PRINCIPAL (LARGEST) EMPLOYERS  
LAST TEN YEARS - CONTINUED**

<u>Employer</u>	<u>2009</u>			<u>Employer</u>	<u>2008</u>		
	<u>Percentage of Total State</u>				<u>Percentage of Total State</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Employment</u>		<u>Employees</u>	<u>Rank</u>	<u>Employment</u>
1. State of New Hampshire	18,735	1	3.29%	State of New Hampshire	18,556	1	3.04%
2. Wal-Mart Stores Inc.	9,017	2	1.30%	Wal-Mart Stores Inc.	8,631	2	1.19%
3. Dartmouth-Hitchcock Medical Center	8,025	3	1.16%	Dartmouth-Hitchcock Medical Center	7,804	3	1.08%
4. University of New Hampshire	6,457	4	0.93%	University of New Hampshire	6,784	4	0.94%
5. Demoulas & Market Basket	6,000	5	0.86%	Demoulas & Market Basket	6,000	5	0.83%
6. Fidelity Investments	5,500	6	0.79%	Fidelity Investments	5,700	6	0.79%
7. BAE Systems	4,700	7	0.68%	Liberty Mutual-Northern N.E. Division	5,133	7	0.71%
8. Shaw's Supermarkets	4,516	8	0.65%	Hannaford Brothers	4,629	8	0.64%
9. Hannaford Brothers	4,474	9	0.64%	Shaw's Supermarkets Inc.	4,500	9	0.62%
10. Dartmouth College	4,407	10	0.63%	Dartmouth College	4,246	10	0.59%
Total	71,831		10.93%	Total	71,983		10.43%

<u>Employer</u>	<u>2007</u>			<u>Employer</u>	<u>2006</u>		
	<u>Percentage of Total State</u>				<u>Percentage of Total State</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Employment</u>		<u>Employees</u>	<u>Rank</u>	<u>Employment</u>
State of New Hampshire	21,590	1	2.99%	State of New Hampshire	21,056	1	2.93%
Wal-Mart Stores Inc.	8,012	2	1.11%	Wal-Mart Stores Inc.	8,659	2	1.20%
University of New Hampshire	6,668	3	0.92%	Dartmouth-Hitchcock Medical Center	7,100	3	0.98%
Market Basket	6,600	4	0.91%	University of New Hampshire	6,901	4	0.96%
Dartmouth-Hitchcock Medical Center	6,211	5	0.86%	Market Basket	6,600	5	0.92%
Fidelity Investments	5,430	6	0.75%	Hannaford Brothers	5,374	6	0.75%
Shaw's Supermarkets	4,700	7	0.65%	Fidelity Investments	4,859	7	0.67%
Hannaford Supermarkets	4,663	8	0.64%	Shaw's Supermarket	4,600	8	0.64%
Dartmouth College	4,246	9	0.59%	Dartmouth College	4,246	9	0.59%
BAE Systems	4,100	10	0.57%	BAE Systems	4,100	10	0.57%
Total	72,220		9.99%	Total	73,495		10.21%

Source: New Hampshire Business Review/ Book of Lists 2015

Provided by USNH

Schedule of State Employees by Function (page 146)

NHES Economic and Labor Market Information Bureau

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011
<b>General Government</b>					
<b>Secretary of State</b>					
<i>Domestic Registrations:</i>					
Limited Liability Company	8,040	8,093	7,300	7,022	6,543
Trade Name	7,039	7,039	6,463	6,929	6,987
Corporation	881	957	893	1,019	1,000
Other	808	759	677	325	250
<i>Foreign Registrations:</i>					
Corporation	1,217	1,230	1,265	1,297	1,293
Limited Liability Company	1,044	1,111	1,024	969	860
Other	176	145	184	54	43
<b>Administration of Justice &amp; Public Protection</b>					
<b>Department of Safety</b>					
Troop Station Personnel:					
Headquarters - Merrimack	300	294	246	228	228
Troop A - Rockingham/Strafford	47	49	44	40	39
Troop B - Hillsborough	39	52	38	43	48
Troop C - Cheshire/Sullivan	31	32	30	29	30
Troop D - Merrimack	43	42	39	39	36
Troop E - Belknap/Carroll	31	33	29	28	33
Troop F - Coos/Grafton	45	48	41	45	48
Troop G - Merrimack	50	56	56	58	62
<b>Department of Corrections</b>					
Number of Prison Inmates:					
NHSP/Men - Concord	1,487	1,531	1,485	1,439	1,361
NHSP/Women - Goffstown	177	176	165	140	108
Lakes Region Facility - Laconia					
Northern Correctional Facility - Berlin	690	673	649	625	600
SPU/RTU & Transitional Housing	401	411	396	376	375
<b>Resource Protection &amp; Development</b>					
<b>Department of Resources and Economic Development</b>					
Number of visitors at top 10 state parks:					
Cannon Mountain	240,701	235,374	228,582	207,120	215,117
Flume	156,307	146,328	134,606	136,630	94,647
Hampton Beach	158,447	107,979	140,884	107,813	95,073
Wallis Sands Beach	183,087	86,120	102,644	106,822	74,398
Pawtuckaway	51,105	65,400	88,076	69,808	82,566
Wellington	54,679	45,081	41,643	46,426	40,143
Mt. Sunapee Beach	49,513	39,015	50,059	68,486	43,766
Seacoast Parking Meters	427,644	427,166			
Monadnock	86,674	67,349			
Echo Lake - North Conway	38,359				
Ellacoya	NA	31,484	35,154	36,008	31,742
Silver Lake	NA	NA	10,780	11,699	11,063
Odiorne Point	NA	NA	26,554	22,173	17,626

Source: The State Departments of Secretary of State, Safety, Corrections, and Resource & Economic Development.

As of FY15 Echo Lake - North Conway has been added to the top ten visited state parks, and Ellacoya has been removed.

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS - CONTINUED**

2010	2009	2008	2007	2006
6,052	6,833	7,203	8,011	8,062
7,323	7,728	8,497	8,540	9,267
1,093	1,028	1,222	1,311	1,546
267	273	321	289	325
1,458	1,350	1,592	1,719	1,650
879	793	957	963	841
57	46	62	60	86
220	195	199	196	190
43	47	49	56	56
52	51	54	51	55
33	38	38	39	38
41	41	41	43	44
34	34	33	35	33
47	46	42	48	47
67	73	79	-	-
1,467	1,407	1,398	1,348	1,301
120	147	142	114	100
	298	316	284	264
745	587	573	544	536
365	344	344	325	321
187,950	192,748	130,000	169,924	81,533
94,188	147,395	139,146	133,161	132,947
52,908	98,681	57,992	46,756	88,283
64,200	62,484	92,182	66,212	46,528
82,247	88,403	84,907	92,019	44,673
29,974	42,179	54,744	49,218	34,417
34,555	28,718	21,952	33,249	32,150
31,582	25,401	39,308	46,074	21,972
16,746	21,188	28,780	36,076	28,475
18,173	18,109	21,566	24,372	23,299

Source: The State Departments of Secretary of State, Safety, Corrections, and Resource & Economic Development.

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**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS - CONTINUED**

	2015	2014	2013	2012	2011
<b>Department of Environmental Services</b>					
Dollars disbursed by program:					
SRF - Clean water	\$41,037,753	\$32,505,870	\$26,328,832	\$30,684,368	\$58,275,067
SRF - Drinking water	14,023,139	9,067,835	7,221,886	10,912,295	23,863,570
SRF - Brownfields	480,000		155,599		9,632
Landfills	886,850	1,080,206	899,812	927,658	894,703
Drinking Water Grants*	1,073,438	1,170,679	1,131,618	1,184,996	1,149,844
Water supply land					
Waste water	6,610,139	6,519,872	3,327,666	5,199,986	5,902,524
Aquatic weed	510,435	468,542	408,127	355,444	245,440
Household hazardous waste	193,371	180,894	172,735	144,638	193,979
Aquatic Resources Mitigation Grants	939,304	1,779,393	1,193,010	942,458	702,036
<b>Transportation</b>					
<b>Department of Safety</b>					
Number of motor vehicle registrations by county:					
(Monthly Average)					
Belknap	74,716	74,878	74,357	73,783	73,375
Carroll	65,765	66,197	65,452	65,174	65,188
Cheshire	80,043	81,040	80,682	80,688	80,754
Coos	36,572	37,448	37,402	37,848	38,130
Grafton	94,431	95,246	94,473	93,698	93,572
Hillsborough	402,662	404,672	400,820	396,361	393,992
Merrimack	164,776	165,341	164,053	162,502	161,291
Rockingham	344,888	344,681	341,038	336,713	333,198
Strafford	117,297	117,779	116,395	115,230	115,322
Sullivan	48,557	49,132	48,939	48,906	48,969
Other (Indeterminable)					
<b>Health &amp; Social Services</b>					
<b>Department of Health &amp; Human Services</b>					
Number of caseloads by program:					
Medical assistance - average monthly caseload (1)	169,312	99,364	84,200	77,952	77,378
TANF Caseloads	2,862	3,146	3,453	4,422	5,117
Nursing services for elderly	4,241	4,350	4,323	4,400	4,268
Child & family services - calls to central intake	38,515	31,826	32,684	31,826	26,864
Food stamps - June monthly average	51,113	53,155	55,192	56,962	54,735
<b>Education</b>					
<b>Community College System of New Hampshire</b>					
Enrollment	12,650	11,119	11,150	11,141	11,129
<b>University System of New Hampshire</b>					
Enrollment	26,887	26,846	26,597	26,906	26,732

(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**

2010	2009	2008	2007	2006
\$42,797,121	\$18,130,550	\$23,238,600	\$25,231,659	\$10,597,219
24,873,672	7,517,227	13,339,877	16,094,390	11,268,138
671,906	165,625	1,062,586		56,352
981,070	1,287,790	1,944,036	2,030,802	2,067,751
1,101,760	1,281,908	1,494,664	1,741,982	1,484,589
113,167	571,655	772,093	373,750	577,301
6,463,894	9,003,767	10,820,000	12,195,029	11,826,356
205,616	285,554	330,798	268,781	258,191
162,623	153,155	95,971	149,744	140,974
74,260	74,975	75,395	76,315	74,947
66,233	66,861	66,461	68,816	66,563
81,759	82,460	82,535	85,133	84,397
38,809	39,541	40,313	41,614	41,287
94,470	95,305	95,726	98,002	95,424
394,162	395,186	394,380	403,722	398,493
163,368	164,749	165,887	169,271	167,730
334,903	336,828	337,654	342,793	339,579
116,165	116,674	115,783	120,495	116,865
49,810	50,375	51,100	52,157	50,526
	219	466	989	
75,751	70,176	67,966	66,505	65,279
5,335	5,034	4,586	5,472	6,031
4,357	4,334	4,498	4,544	4,781
25,928	19,568	24,978	23,286	18,594
51,401	40,682	31,830	29,203	27,665
11,782	10,659	9,528	9,011	8,577
26,843	26,485	26,117	25,499	24,932

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 for payment at June 30th and does not include vacant positions)*

Full-Time Employees	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Government</b>										
Department of Information Technology	304	318	327	326	337	353	388	391	391	390
Department of Administrative Services	278	283	276	281	304	312	312	303	294	252
Department of Revenue Administration	128	138	117	118	165	177	194	186	190	183
Legislative Services	127	125	126	130	136	142	144	146	141	134
All other	278	218	270	213	234	240	253	250	256	262
<b>Administration of Justice and Public Protection</b>										
Department of Safety	1,014	1,015	992	1,011	1,026	1,065	1,085	1,096	1,092	1,057
Department of Corrections	800	766	782	792	810	856	944	975	967	973
Judicial Branch	532	531	531	526	595	634	670	676	673	682
Department of Employment Security	269	272	276	283	374	357	312	314	319	327
Liquor Commission	306	301	310	286	286	301	302	305	297	303
Adjutant General	113	115	123	123	113	121	120	119	117	120
All other	450	449	434	440	471	480	484	493	467	456
<b>Resource Protection and Development</b>										
Department of Environmental Services	367	427	421	413	429	469	470	474	469	475
Department of Resource and Economic Development	205	205	202	205	187	192	193	206	205	212
Fish and Game	182	179	179	182	185	186	184	183	180	183
All other	5	6	7	6	6	13	13	12	6	6
<b>Transportation</b>										
Department of Transportation	1,500	1,493	1,537	1,560	1,632	1,677	1,623	1,643	1,658	1,683
<b>Health and Social Services</b>										
Department of Health and Human Services:										
New Hampshire Hospital	543	549	538	534	627	704	737	756	749	772
Office of Commissioner	351	307	303	565	564	565	617	635	625	585
Division of Children and Youth*		1		347	347	336	372	371	350	358
Human Services*	685	714	712							
Division of Transitional Assistance	429	419	380	332	334	318	337	335	318	317
New Hampshire Veteran's Home	324	308	320	325	319	323	326	328	316	279
Division of Juvenile Justice Services*		5	4	258	260	290	313	315	321	348
Office of Health Management	220	225	230	241	226	232	265	271	267	262
All other	422	449	454	399	407	410	422	433	438	435
<b>Education</b>										
Department of Education	235	234	243	250	256	263	267	269	277	274
CCSNH **									719	709
All other	60	59	60	71	85	87	92	92	92	90
<b>State Total</b>	<b>10,127</b>	<b>10,111</b>	<b>10,154</b>	<b>10,217</b>	<b>10,715</b>	<b>11,103</b>	<b>11,439</b>	<b>11,577</b>	<b>12,194</b>	<b>12,127</b>
<b>Part-Time and Temporary Employees</b>										
General Government	807	780	794	720	708	726	718	719	721	717
Administration of Justice and Public Protection	4,260	4,358	4,197	4,206	3,915	3,971	4,005	3,745	3,617	3,374
Resource Protection and Development	1,696	1,559	1,932	1,790	1,477	1,697	1,465	1,369	1,237	1,301
Transportation	297	315	287	331	422	463	458	449	461	444
Health and Social Services	520	579	512	533	511	453	582	633	614	535
Education	49	52	45	70	72	74	68	64	62	68
CCSNH**									2,684	2,490
<b>State Total</b>	<b>7,629</b>	<b>7,643</b>	<b>7,767</b>	<b>7,650</b>	<b>7,105</b>	<b>7,384</b>	<b>7,296</b>	<b>6,979</b>	<b>9,396</b>	<b>8,929</b>

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

\*\*The C.C.S.N.H. became a component unit of the State of NH in FY 08.

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF CAPITAL ASSET BALANCES BY FUNCTION**  
**GOVERNMENTAL ACTIVITIES**  
**LAST TEN FISCAL YEARS**  
*(Amounts in Thousands)*

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Land &amp; Land Improvements</b>										
General Government	\$7,981	\$7,750	\$7,426	\$7,146	\$7,146	\$7,146	\$5,885	\$5,886	\$5,885	\$5,764
Administration of Justice & Public Protection	40,259	36,674	35,569	33,699	32,428	27,751	28,951	28,772	28,771	28,672
Resource Protection & Development	280,161	272,770	264,721	257,174	246,188	238,131	236,391	228,569	223,510	219,679
Transportation	324,930	323,494	316,148	327,014	324,422	319,476	310,714	305,299	281,263	233,585
Health & Social Services	4,085	4,029	4,033	4,033	4,033	4,033	4,033	4,034	4,033	4,154
Education	126	126	143	143	4,658	4,194	4,185	3,883	2,949	2,924
<b>Building &amp; Building Improvements</b>										
General Government	202,659	203,274	204,064	200,014	183,461	180,055	152,335	147,036	146,348	135,795
Administration of Justice & Public Protection	282,085	277,380	250,817	248,211	243,616	219,953	221,332	216,691	215,140	204,555
Resource Protection & Development	78,364	76,393	76,554	71,097	70,864	65,954	64,347	69,479	63,286	62,389
Transportation	73,716	74,867	73,119	71,987	68,833	69,589	65,360	56,143	48,274	45,816
Health & Social Services	140,569	139,964	129,965	126,442	125,948	119,742	119,157	112,434	111,160	82,395
Education	16,628	16,531	16,531	16,532	121,375	110,142	91,087	83,641	77,624	76,016
<b>Equipment and Computer Software</b>										
General Government	41,400	37,713	38,617	32,814	29,636	29,419	29,204	19,149	12,994	9,003
Administration of Justice & Public Protection	102,282	98,681	99,106	95,659	91,114	97,380	79,569	76,594	69,585	62,524
Resource Protection & Development	19,902	18,919	20,132	19,421	20,006	19,543	18,822	18,891	18,061	17,550
Transportation	116,791	112,012	111,654	105,003	91,472	77,851	76,653	67,209	56,587	46,539
Health & Social Services	82,471	79,855	69,170	57,043	55,441	55,286	55,066	58,636	53,466	43,238
Education	3,335	3,226	3,201	3,344	11,058	10,018	9,682	8,359	8,340	8,030
<b>Infrastructure</b>										
Transportation	3,524,721	3,438,817	3,350,208	3,199,307	3,032,547	3,036,174	3,048,728	2,865,262	2,744,520	2,652,916

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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# Looking to the Future of Fish and Wildlife Management

**The New Hampshire Fish and Game Department is responsible for providing a broad range of services that benefit all New Hampshire citizens and visitors:**

- Fish, wildlife and marine research and management;
- Enforcement of fish, wildlife and marine laws;
- Conservation of threatened and endangered species;
- Providing search and rescue in wilderness areas;
- Snowmobile and Off-Highway Recreational Vehicle enforcement, registration and safety education;
- Conservation of land and natural places;
- Ensuring public access to the state's waterbodies; and
- Educating the public about conservation.

These multiple responsibilities support activities that are a cornerstone for the state's economy and quality of life.

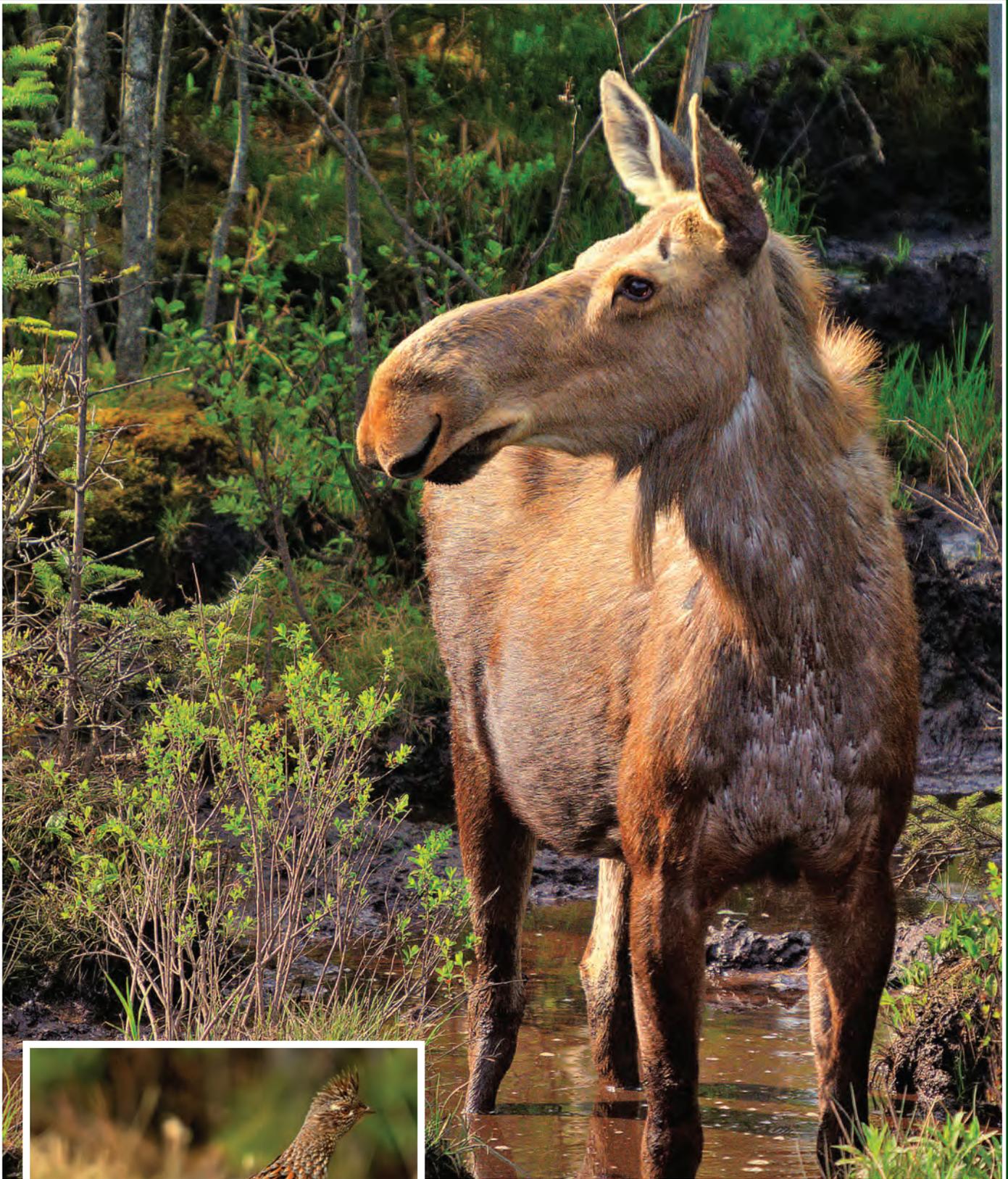
New Hampshire citizens care deeply about our wildlife resources and place great value on the work of the Fish and Game Department. With complex wildlife threats arising in a fast-changing world, it is essential to have seasoned staff in place monitoring and managing the resources.

Since fledgling conservation efforts began in 1865, Fish and Game has developed into an effective modern Department. Looking to the future, it is critical that New Hampshire citizens remain vigilant stewards of our natural world. A strong Fish and Game Department with secure funding sources is essential for meeting the challenges ahead.



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The N.H. Fish and Game Department oversees wildlife management and a host of other essential services, resulting in a high quality of life for all New Hampshire's citizens.