



***STATE OF NEW HAMPSHIRE  
DEPARTMENT OF TRANSPORTATION  
TURNPIKE SYSTEM***

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**



**Front cover photos:**

The right hand photo is of the Rochester Turnpike Widening of the Spaulding Turnpike between Exit 11 and 16, anticipated to be completed June 2013. The left hand photo is of the reconstruction of the Merrill's Marauders Bridge carrying the F.E. Everett Turnpike over the Souhegan River in Merrimack, anticipated to be completed September 2010.

New Hampshire Turnpike System  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2009

**Table of Contents**

	<b>Page</b>
<b>Introductory Section</b> .....	1
Turnpike System Map.....	2
Letter of Transmittal.....	3-5
Organizational Listing.....	6
<b>Financial Section</b> .....	7
Independent Auditors' Report.....	8-9
Management Discussion and Analysis.....	10-15
Financial Statements:	
Statement of Net Assets.....	16
Statement of Revenues, Expenses, and Changes in Net Assets.....	17
Statement of Cash Flows.....	18
Notes to the Financial Statements.....	19-30
<b>Other Information Section</b> .....	31
Schedule of Debt Service Coverage Ratio.....	32
Graphs of Debt Service Coverage Ratio.....	33
Annual Traffic and Toll Revenue Trends.....	34
Graph of Annual Traffic and Toll Revenue Trends.....	35
Turnpike System Toll Rate Schedule effective July 1, 2009.....	36

## **INTRODUCTORY SECTION**

This section includes a transmittal letter addressed to the citizens and the Governor of the State of New Hampshire, an overview of the Turnpike System, and an organizational listing of the principal officials.

# TURNPIKE SYSTEM

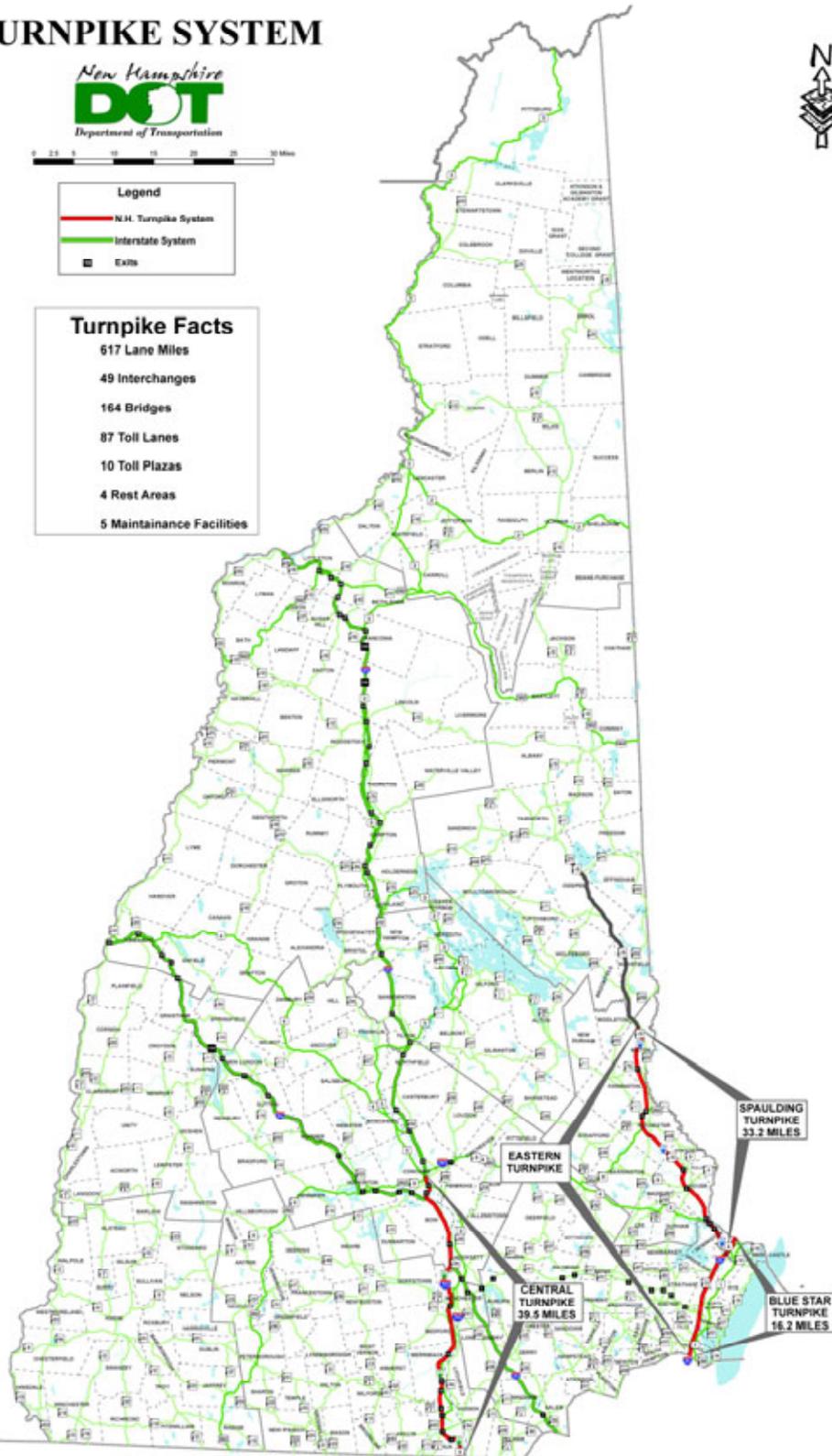


**Legend**

- N.H. Turnpike System
- Interstate System
- EXIT

**Turnpike Facts**

- 617 Lane Miles
- 49 Interchanges
- 164 Bridges
- 87 Toll Lanes
- 10 Toll Plazas
- 4 Rest Areas
- 5 Maintenance Facilities



October, 2009



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



**GEORGE N. CAMPBELL, JR.  
COMMISSIONER**

**JEFF BRILLHART, P.E.  
ASSISTANT COMMISSIONER**

December 23, 2009

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

We are pleased to submit the Comprehensive Annual Financial Report of the New Hampshire Department of Transportation Turnpike System for the fiscal year ending June 30, 2009. Significant recent developments affecting the Turnpike System during this fiscal year include the following:

- Although transactions decreased by nearly 5% in fiscal year 2009, toll revenues increased 3.5% primarily due to the full effect of the toll rate increase on October 22, 2007.
- Aggressive scheduling and progression of high priority construction projects addressing the widening of Spaulding Turnpike in Rochester and red list bridges, alleviating congestion and addressing safety concerns.
- Increased participation in the E-Z Pass Program (40% as of 6/30/06, up to 57% as of 6/30/09).
- Passage of House Bill 391 authorizing the transfer of a 1.6-mile section of I-95 to the Turnpike System for \$120 million.
- Governor and Council approval of a toll increase at the Hampton mainline plaza effective July 1, 2009.

The Department of Transportation, Bureau of Finance and Contracts, prepared this report. Responsibility for both the accuracy of the financial data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Department. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results in operations, and cash flows of the Turnpike System. All disclosures necessary to enable the reader to gain an understanding of the Turnpike's financial activities have been included.

This report is divided into three sections: Introductory, Financial, and Other Information. The Introductory Section includes this transmittal letter and an organizational listing. The Financial section contains the independent auditors' report, management's discussion and analysis (MD&A), and financial statements with accompanying notes. The Other Information section includes other relevant financial and operational information.

GASB Statement 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

The Turnpike System is also included within the State's Comprehensive Annual Financial Report. However, the report that follows here presents all activities of the Turnpike as a single enterprise fund and does not include data or information related to any other state agency or fund.

This annual report may also be viewed on the State of New Hampshire - Department of Transportation website located at <http://webster.state.nh.us/dot/media/publications.htm>.

# THE TURNPIKE SYSTEM

## *General Description*

The Turnpike System, as shown on the map on the Introductory Section cover page, presently consists of 89 miles of limited access highway, 36 miles of which are part of the U.S. Interstate Highway System. The Turnpike System comprises a total of approximately 617 total lane miles, 164 bridges, 49 interchanges, and 20 facilities. Since beginning operations in 1950, the Turnpike System has contributed to the development of the New Hampshire economy. It has also been a major factor in the growth of the tourist industry in the State. The Turnpike System consists of three limited access highways: the Blue Star Turnpike (I-95) and the Spaulding Turnpike, (which are collectively referred to as the Eastern Turnpike), and the Central Turnpike. The Turnpike System primarily serves the major cities located in the central and eastern sections of southern New Hampshire.

No food, gas or vehicle service facilities are located on the Turnpike System, with the exception of vending machines at the Hooksett and Seabrook rest areas. Motorist services are located near most interchanges on the Turnpike System and are privately operated. State operated liquor stores are located at two rest areas on the Central Turnpike (I-93) and at two sites along the Blue Star Turnpike (I-95). The Bureau of Turnpikes does not receive any revenue from the liquor store operations, which are operated by the State's Liquor Commission, or from the vending machines, which are operated by the State's Department of Administrative Services.

## *The Eastern Turnpike*

### **Blue Star Turnpike (I-95)**

The Blue Star Turnpike segment of the Turnpike System extends from the Massachusetts state line in Seabrook, New Hampshire to the Portsmouth Traffic Circle in Portsmouth, New Hampshire. It is 14.6 miles in length and constitutes a portion of U.S. Interstate Highway 95. The Blue Star Turnpike serves as the major connecting road between the states of Maine and Massachusetts. It also parallels the seacoast and, as such, is the major artery for tourist traffic to the New Hampshire coast from Massachusetts and Maine. The route also connects with several major highways in New Hampshire, including Route 101, Route 4 and the Spaulding Turnpike. Two toll plazas are located in Hampton, one for main line traffic and one for vehicles entering and leaving the Turnpike System at NH 101.

Hampton also has both a maintenance and a park and ride facility to encourage car-pooling. The Seabrook Welcome Center provides a rest area, vending machines, and parking for automobiles and commercial vehicles. This relatively new facility provides a larger building than the former Seabrook rest area, allowing for increased convenience of the Turnpike System patrons.

## *I-95 Acquisition*

As a result of legislative action (see Section 76 of Chapter 144, Laws of 2009), the Department of Transportation was authorized to transfer a section of Interstate 95 to the Turnpike System. The legislation authorized the Department of Transportation to convey a 1.6-mile section of I-95 to the Bureau of Turnpikes in exchange for \$120 million and on such other terms and conditions as the Commissioner of Transportation and the Bureau of Turnpikes agree. The legislation further provides that the amount payable to the Department of Transportation for deposit into the State Highway Fund shall be paid from the Turnpike System General Reserve Account over a period not to exceed twenty years with \$30 million (including interest) being paid in Fiscal Year 2010, \$20 million (including interest) being paid in Fiscal Year 2011 and the balance to be paid as agreed by the Commissioner of Transportation and the State Treasurer. The Governor and Council approved a \$.50 toll increase on the Hampton main line plaza effective July 1, 2009 that is projected to generate approximately \$9.1 million annually to fund this acquisition.

## **Spaulding Turnpike**

The Spaulding Turnpike segment of the Turnpike System, including the 11.2-mile Spaulding Turnpike extension, extends from the traffic circle in Portsmouth, New Hampshire to Exit 18 in Milton, New Hampshire. It is 33.2 miles in length and is the major north-south artery connecting the three major urban centers on the eastern side of the State. This segment of the Turnpike System connects the Blue Star Turnpike (I-95) to Route 16 (the major roadway to northern New Hampshire in the eastern portion of the State). It also connects the major cities of Portsmouth, Dover and Rochester, as well as intersects with several major highways (Routes 4, 16 and 125). It has two toll plazas located in Dover and in Rochester, with a maintenance facility located in Dover. Maintenance on the Spaulding Turnpike extension is provided by the Department of Transportation's Bureau of Highway Maintenance and billed to the Bureau of Turnpikes. In addition, for the convenience of the Turnpike System patrons, a park and picnic facilities is provided at Hilton Park in Dover.

## ***The Central Turnpike (F.E. Everett)***

The Central Turnpike, commonly known as the F.E. Everett Turnpike, extends from the Massachusetts state line in Nashua, New Hampshire to Exit 14 in Concord, New Hampshire. It is 39.5 miles in length and constitutes a portion of U.S. Interstate Highways 93 and 293. The Central Turnpike connects three urban centers in New Hampshire (the cities of Concord, Manchester, and Nashua). The route also intersects with the major east-west roads of Route 101, Route 4 and I-89. Six toll plazas are located on the Central Turnpike: two at Hooksett (main line and ramp), a main line plaza in Bedford, and ramp plazas at Bedford Road, Exit 11 and Merrimack Industrial Interchange, all in Merrimack. There are maintenance facilities at Nashua, Merrimack and Hooksett. Park and ride facilities are provided in Hooksett and Nashua. In addition, two rest areas for information and rest room facilities are provided in Hooksett for the convenience of Turnpike System patrons. The Central Turnpike also has a Welcome Center at Exit 6 in Nashua. Bus service to Boston is now available from this facility as well as from the park and ride at Exit 8. The widening of the Central Turnpike in Nashua from the Massachusetts state line to the Exit 8 interchange was completed in 2002. This section of reconstructed highway includes a highway interconnect from the Exit 2 interchange in Nashua to Route 3A in Hudson.

George N. Campbell, Jr.



Commissioner

## **ORGANIZATIONAL LISTING**

### **STATE OF NEW HAMPSHIRE**

#### **Governor**

John H. Lynch

#### **Executive Council**

Raymond S. Burton

John D. Shea

Beverly A. Hollingworth

Raymond J. Wieczorek

Debora B. Pignatelli

#### **State Treasurer**

Catherine A. Provencher

#### **Secretary of State**

William M. Gardner

#### **Attorney General**

Michael A. Delaney

### **NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION**

#### **Commissioner**

George N. Campbell, Jr.

#### **Assistant Commissioner**

David J. Brillhart, P.E.

#### **Deputy Commissioner**

Christopher D. Clement, Sr.

#### **Director of Operations**

Lyle W. Knowlton, P.E.

#### **Financial Reporting Administrator**

Leonard L. Russell, CPA

#### **Turnpike System Administrator**

Christopher M. Waszczuk, P.E.

#### **Turnpike System Assistant Administrators**

Jonathan K. Hanson<sup>1</sup> and John W. Corcoran, P.E.

#### **Business Administrator**

Margaret S. Blacker

#### **Maintenance Superintendent**

Dix E. Bailey

#### **Project Managers**

Harvey S. Goodwin, P.E. and Nasser Yari, P.E.

---

<sup>1</sup> Effective October 8, 2009, Jonathan K. Hanson was promoted to Administrator of Mechanical Services. The need for the Assistant Administrator position in its current capacity and the potential for its re-classification within the Bureau are being evaluated.

## **FINANCIAL SECTION**

This section includes the independent auditors' report, management's discussion and analysis, the financial statements as of and for the fiscal year ended June 30, 2009 and the accompanying notes to the financial statements.



**KPMG LLP**  
99 High Street  
Boston, MA 02110-2371

Telephone 617 988 1000  
Fax 617 507 8321  
Internet [www.us.kpmg.com](http://www.us.kpmg.com)

## INDEPENDENT AUDITORS' REPORT

The Fiscal Committee of the General Court  
State of New Hampshire  
Concord, New Hampshire

We have audited the accompanying statement of net assets of the State of New Hampshire's Turnpike System as of June 30, 2009 and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Turnpike System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. Our audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Turnpike System's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Turnpike System as of June 30, 2009, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. As described in note 13, the Turnpike System, implemented Governmental Accounting Standards Board (GASB) statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

The Management's Discussion and Analysis on pages 10 through 15 is not a required part of the financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



The Fiscal Committee of the General Court  
State of New Hampshire

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Turnpike System. The introductory and other information sections of this report are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and other information sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2009 on our consideration of the Turnpike System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

KPMG LLP

December 23, 2009

**New Hampshire Turnpike System  
Management's Discussion and Analysis**

*(Unaudited)*

This discussion and analysis of the Turnpike System's financial performance provides an overview of financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the transmittal letter at the front of the introductory section and the Turnpike System financial statements, which follow this section.

**Financial Highlights**

- ❖ Operating revenues for the Turnpike System increased approximately \$2.6 million or 2.4% in fiscal year 2009, primarily due to the full year effect of the toll rate increase that was implemented on October 22, 2007.
- ❖ Operating expenses for the year decreased approximately \$3.2 million or 4.8%. This decrease in operating expenses is largely due to a \$4.0 million decrease in Renewal and Replacement (R&R) expenditures from \$11.8 million in fiscal year 2008 to \$7.8 million in fiscal year 2009. R&R decreased due to three projects that were deferred to fiscal year 2010 and 2011 because of the need to procure the necessary wetland permits and address other project development issues. In accordance with state law (RSA 237:49a), Renewal and Replacement funds do not lapse and are carried into the subsequent fiscal year if unspent. In addition to carry forward balances and outstanding contract encumbrances, other factors such as the length of contract award, when the contract is awarded, payment timing issues, and the construction duration can affect the expenditure amounts in any given fiscal year.

**Using this Annual Report**

The Turnpike System is accounted for as an enterprise fund, reporting all of the Turnpike System's financial activity, assets and liabilities using the accrual basis of accounting much like a private business entity. As such, this annual report consists of a series of financial statements, along with explanatory notes to the financial statements. The Statement of Net Assets on page 16 and the Statement of Revenues, Expenses and Changes in Net Assets on page 17, report the Turnpike's net assets and changes in them. Lastly, the Statement of Cash Flows on page 18 outlines the cash inflows and outflows related to the activity of the Turnpike System.

**Turnpike System's Net Assets**

		(Amounts in thousands)	
		2009	2008
<u>Assets:</u>	Current Assets	\$ 105,985	\$ 100,012
	Non-current Assets	2,884	3,108
	Capital Assets	571,308	560,364
	Total Assets	680,177	663,484
<u>Liabilities:</u>	Current Liabilities	32,519	32,870
	Non-current Liabilities	236,772	250,840
	Total Liabilities	269,291	283,710
<u>Net Assets:</u>	Invested in Capital Assets, Net of Related Debt	328,859	303,686
	Restricted for Debt Repayments	40,489	40,597
	Unrestricted Net Assets	41,538	35,491
	Total Net Assets	\$ 410,886	\$ 379,774

Note: Fiscal year 2008 Current Liabilities, Non-current Liabilities and Unrestricted Net Assets have been restated as a result of the implementation of GASB 49. See Footnote 13.

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

The Turnpike System's total net assets at June 30, 2009 were approximately \$410.9 million, an 8.2% increase from June 30, 2008. Total assets increased 2.5% to \$680.2 million. Total liabilities decreased 5.1% to \$269.3 million. The increase in net assets is due mainly to the increase in revenue from the full effects of the toll increase and a decrease in overall expenses, primarily Renewal & Replacement costs. See *Operating Revenues* and *Operating Expenses* below for additional details. Capital Assets increased approximately \$10.9 million. See Footnote 4 for detail on changes in Capital Asset activity and Footnote 12b for information on the Capital Improvement Plan. Non-current liabilities decreased primarily due to the retirement of Revenue and General Obligation Bonds Payable of \$13.8 million.

**Liabilities**

The Turnpike System total liabilities decreased by \$14.4 million in fiscal year 2009, which can be primarily attributed to the retirement of long-term bonds payable. No debt issues occurred in state fiscal year 2009.

Current liabilities consist primarily of accrued operating expenses, deferred revenue, and the current portion of bonds payable. The decrease in current liabilities of \$0.4 million in fiscal year 2009 is largely due to the decrease of other current liabilities of \$0.7 million that is related to the prior year adjustment for GASB 49 (see note below) and a reduction in the current portion of the General Obligation Bonds Payable due to the retirement of debt. This is partially offset by an increase in Accounts Payable due to the timing of payments related to the implementation of a new Enterprise Resource Planning system on July 1, 2009. The table below shows current liabilities as of June 30, 2009 and June 30, 2008:

	(Amounts in thousands)	
	<u>2009</u>	<u>2008</u>
Accounts Payable	\$ 5,961	\$ 5,069
Due to Other Funds	513	513
Accrued Compensated Absences and Workers Compensation	466	428
Bonds Payable – Current Portion	14,124	14,744
Deferred Revenue	6,901	6,833
Other Current Liabilities	4,554	5,283
Total Current Liabilities	<u>\$ 32,519</u>	<u>\$ 32,870</u>

Note: Fiscal year 2008 Other Current Liabilities was restated with an increase of \$600 thousand due to the implementation of GASB 49. See Footnote 13.

Fitch Ratings and Standards & Poor's have assigned the Turnpike System bonds a rating of A. Moody's Investors Service has assigned a rating for the Turnpike System bonds of A1.

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

**Revenues and Expenses**

<b><u>Turnpike System's Changes in Net Assets</u></b>	(Amounts in thousands)	
	<u>2009</u>	<u>2008</u>
Operating Revenue	\$ 106,757	\$ 104,204
Operating Expenses	<u>63,346</u>	<u>66,539</u>
Operating Income	43,411	37,665
Non-Operating (Expenses)	<u>(16,251)</u>	<u>(11,001)</u>
Net Income Before Capital Contributions	27,160	26,664
Capital Contributions	<u>3,952</u>	<u>8,816</u>
Change in Net Assets	31,112	35,480
Net Assets – July 1	<u>379,774</u>	<u>347,894</u>
Prior Year Equity Adjustment	<u>0</u>	<u>(3,600)</u>
Net Assets - June 30	<u><u>\$ 410,886</u></u>	<u><u>\$ 379,774</u></u>

Note: Fiscal year 2008 Prior Year Equity Adjustment of \$3.6 million has been recognized due to the implementation of GASB 49. See Footnote 13.

**Operating Revenues**

The Turnpike System's primary revenues are generated from toll collections and interest income. The Central Turnpike generated net revenue of \$43.3 million, the Blue Star Turnpike \$46.1 million and the Spaulding Turnpike finished the year with \$14.6 million in net revenue. Another \$2.8 million was also generated in other income, including toll violation administrative fees, toll evasion fines, property damage, and miscellaneous revenue, for combined toll operating revenue of \$106.8 million for the year ended June 30, 2009.

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

During the twelve months ending on June 30, 2009, approximately 57% of the total traffic used the E-ZPass program. Despite the decline in toll transactions in fiscal year 2009, toll revenue continued to increase in the year due to the full year effect of the October 2007 toll increase.

Effective July 1, 2009, the Governor and Council approved a toll increase at the Hampton Mainline of \$0.50 for single rear tire vehicles (classes 1-4) and by \$1.00 for dual rear tire vehicles (classes 5-12), in accordance with State laws (RSA 237:9 and RSA 237:40).

In accordance with HB 391 passed by the New Hampshire Legislature in 2009, the toll rate increase will provide additional funds for the Turnpike System to acquire a 1.6-mile section of I-95 from the Portsmouth traffic circle to New Hampshire/Maine state-line and to implement Open Road Tolling (ORT) at Hampton. The toll rate increase will also support capacity improvements to the bridge carrying NH 107 over I-95 in Seabrook and the construction of a sound wall along I-95 in Portsmouth.

## **New Hampshire Turnpike System Management's Discussion and Analysis**

*(Unaudited)*

### **Operating Expenses**

Operating expenses for the year declined approximately \$3.2 million or 4.8% over the previous year. The decrease in operating expenses is primarily due to a decrease in Renewal and Replacement (R&R) expenses of \$4.0 million. R&R decreased due to three projects that were deferred to fiscal year 2010 and 2011 because of the need to procure the necessary wetland permits and address other project development issues. These were offset by increases in other miscellaneous fees and expenses of \$0.8 million.

### **Maintenance of the Turnpike System**

The Turnpike System (other than the Spaulding Turnpike extension, for which the Turnpike System is billed for maintenance performed by District 6, Bureau of Highway Maintenance) is maintained and repaired by the Bureau of Turnpikes of the State Department of Transportation. All maintenance and repair costs have been funded from Turnpike operating revenues since the beginning of the Turnpike System in 1950. The Turnpike System funds Renewal and Replacement Costs from the General Reserve Account. In addition, the State law (RSA 237:15) authorizes the Turnpike System to set up a reserve to finance extension studies, maintenance, construction, reconstruction and extensions of the system wherever located, interest on bonded indebtedness or retirement of bonded indebtedness or other costs which may be properly charged against these accounts or to the New Hampshire turnpike system. The Turnpike System has set aside a cumulative total of \$2 million of its General Reserve Account for unanticipated Renewal and Replacement Costs.

During fiscal year 2007, the independent engineer, HNTB Corporation (HNTB), conducted an infrastructure study of the Turnpike System to assist in planning for future Renewal and Replacement needs. In the report, HNTB concluded that the Turnpike System has been adequately maintained through October 2006, the date of its report. However, due to the delayed Renewal and Replacement spending and to the increased costs of materials, the level of expenditure going forward should be greater than that which had been previously planned.

For fiscal year 2009, the Turnpike System expenses for Renewal and Replacement (R&R) were \$7.8 million. Fiscal year 2009 was below the amended budget due to three projects that were deferred to fiscal year 2010 and 2011 because of the need to procure the necessary wetland permits and address other project development issues. For the fiscal years 2010 and 2011, taking into account the analysis conducted by HNTB, the anticipated budget is \$9.6 million and \$9.8 million respectively for Renewal and Replacement, with major expenditures for resurfacing, bridge rehabilitation, bridge painting, major sign rehabilitation, and toll plaza canopy repairs. Appropriations for Renewal and Replacement expenditures do not lapse and can be carried forward to subsequent years.

### **Non-Operating Revenues (Expenses)**

Net non-operating expenses increased by 47.7%. The net increase in fiscal year 2009 is due to the decrease of \$1.7 million in investment income, coupled with the loss on sale of land of \$4.0 million (See Footnote 4). This was partially offset with a decrease in Bond Interest Expense of \$0.9 million.

# **New Hampshire Turnpike System Management's Discussion and Analysis**

*(Unaudited)*

## **Recent GASB Pronouncements**

### ***Pollution Remediation Obligations***

The Governmental Accounting Standards Board (GASB) issued statement Number 49—*Accounting and Financial Reporting for Pollution and Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. For example, obligations to clean up spills of hazardous wastes or hazardous substances and obligations to remove contamination such as asbestos are pollution remediation obligations. The scope of this pronouncement excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required for current operations, and future pollution remediation activities that are required upon retirement of an asset. Pollution remediation obligations do not include pollution prevention or control obligations with respect to current operations or fines, penalties and other non-remediation outlays. See Footnote 13.

### **Budget and Appropriation Process**

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

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

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

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

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

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

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

This financial report is designed to provide New Hampshire citizens, the Legislature and the Executive Branch of government, as well as other interested parties, a general overview of the Turnpike System's financial activity for fiscal year 2009 and to demonstrate the Turnpike System's accountability for the revenue it received from toll collections. If there are questions about this report or the need for additional information, contact the New Hampshire Department of Transportation, Bureau of Finance and Contracts, John O. Morton Building, 7 Hazen Drive, Concord, NH 03302-0483.

**STATE OF NEW HAMPSHIRE – DEPARTMENT OF TRANSPORTATION  
TURNPIKE SYSTEM  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

*(Expressed in Thousands. The notes to the financial statements are an integral part of this statement.)*

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 55,403
Cash and Cash Equivalents – Restricted	40,489
Investments	5,000
Receivables (Net of Allowances for Uncollectibles)	3,915
Inventories	1,065
Prepaid	113
Total Current Assets	<u>105,985</u>

**Non-current Assets:**

Bond Issue Costs	2,884
Capital Assets:	
Land	107,357
Buildings	4,828
Equipment and Computer Software	36,583
Construction in Progress	35,070
Infrastructure	630,309
Less: Allowance for Depreciation and Amortization	<u>(242,839)</u>
Net Capital Assets	<u>571,308</u>
Total Non-current Assets	<u>574,192</u>

<b>Total Assets</b>	<b><u>\$ 680,177</u></b>
---------------------	--------------------------

**LIABILITIES**

**Current Liabilities:**

Accounts Payable	\$ 5,961
Due to Other Funds	513
Accrued Payroll	914
Deferred Revenue	6,901
General Obligation Bonds Payable – Current	624
Revenue Bonds Payable	13,500
Accrued Interest Payable	3,636
Claims and Compensated Absences Payable	466
Other Liabilities	<u>4</u>
Total Current Liabilities	<u>32,519</u>

**Non-current Liabilities:**

General Obligation Bonds Payable	677
Revenue Bonds Payable (Net of Unamortized Discount)	230,532
Claims and Compensated Absences Payable	2,563
Other Non-current Liabilities (Note 13)	<u>3,000</u>
Total Non-current Liabilities	<u>236,772</u>

<b>Total Liabilities</b>	<b><u>269,291</u></b>
--------------------------	-----------------------

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	328,859
Restricted for Debt Repayments	40,489
Unrestricted Net Assets	<u>41,538</u>

<b>Total Net Assets</b>	<b><u>\$ 410,886</u></b>
-------------------------	--------------------------

**STATE OF NEW HAMPSHIRE - DEPARTMENT OF TRANSPORTATION  
TURNPIKE SYSTEM  
STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET ASSETS  
FOR FISCAL YEAR ENDED JUNE 30, 2009**

*(Expressed in Thousands. The notes to the financial statements are an integral part of this statement.)*

**OPERATING REVENUES – PLEDGED**

Toll Revenue	\$ 103,907
Transponder Revenue	652
Other Toll Operating Revenue	<u>2,198</u>
Toll Operating Revenue	<u>106,757</u>

**OPERATING EXPENSES**

Personnel Services	11,135
Payroll Benefits	5,100
Enforcement	5,368
Renewal & Replacement	7,805
Other Administration	3,743
Repairs	3,187
Indirect Costs	2,069
Heat, Light and Power	1,233
Bank Fees	1,734
Rentals	983
E-ZPass Processing Fees	5,117
Transponder Expense	693
Depreciation	<u>15,179</u>
Total Operating Expenses	<u>63,346</u>
Operating Income	<u>43,411</u>

**NON-OPERATING REVENUES (EXPENSES)**

Investment Income	836
Miscellaneous	140
(Loss) on Sale of Land	(3,995)
Interest Expense on Bonds	(12,953)
Amortization of Bond Issuance Costs	<u>(279)</u>
Total Non-operating Expenses	<u>(16,251)</u>
Income Before Capital Contributions	<u>27,160</u>
Capital Contributions	<u>3,952</u>
Change in Net Assets	31,112
<b>Net Assets - July 1 (Restated - See Footnote 13)</b>	<u>379,774</u>
<b>Net Assets - June 30</b>	<u><u>\$ 410,886</u></u>

**STATE OF NEW HAMPSHIRE - DEPARTMENT OF TRANSPORTATION  
TURNPIKE SYSTEM  
STATEMENT OF CASH FLOWS  
FOR FISCAL YEAR ENDED JUNE 30, 2009**

*(Expressed in Thousands. The notes to the financial statements are an integral part of this statement.)*

**Cash Flows from Operating Activities:**

Receipts from Customers	\$ 106,986
Payments to Employees	(16,502)
Payments to Suppliers	(32,532)
Net Cash Provided by Operating Activities	<u>57,952</u>

**Cash Flows from Capital and Related Financing Activities:**

Acquisition, Disposal, and Construction of Capital Assets	(28,981)
Capital Contributions	3,952
Interest Paid on Revenue and General Obligation Bonds	(12,834)
Principal Paid on Bonds	(14,744)
Net Cash (Used) for Capital and Related Financing Activities	<u>(52,607)</u>

**Cash Flows from Investing Activities:**

Sale of Investments	178,644
Purchase of Investments	(183,644)
Interest and Other Income	893
Net Cash (Used) by Investing Activities	<u>(4,107)</u>

Net Increase in Cash and Cash Equivalents	1,238
Cash, Restricted Cash and Cash Equivalents - July 1	<u>94,654</u>
Cash, Restricted Cash and Cash Equivalents - June 30	<u>\$ 95,892</u>

**Reconciliation of Operating Income to Net**

**Cash Provided by Operating Activities:**

Operating Income	\$ 43,411
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	15,179

Change in Operating Assets and Liabilities:

Decrease in Receivables	162
Increase in Prepaids	(113)
Decrease in Inventories	198
Decrease in Accounts Payable and Other Accruals	(952)
Increase in Deferred Revenue	67

Net Cash Provided by Operating Activities	<u>\$ 57,952</u>
---	------------------

**Noncash capital and related financing activities:**

During fiscal year 2009, the Turnpike system recorded a non-cash loss on land sale of \$4.0 million on the former Benson's Animal Farm property in Hudson. The property was acquired in 1992 for \$4.2 million and sold for \$0.2 million in December 2008.

NEW HAMPSHIRE TURNPIKE SYSTEM  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2009

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

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

**(a) *Financial Reporting Entity***

The New Hampshire Turnpike System (“the Turnpike System”) is a bureau within the Division of Operations of the State of New Hampshire Department of Transportation. The Turnpike System is reported as an enterprise fund of the State of New Hampshire (“the State”) and is included in the Comprehensive Annual Financial Report of the State. The Turnpike System itself has no component units included in its reporting entity. The Turnpike System constructs, maintains, and operates toll transaction facilities and issues revenue bonds, which are repaid from tolls and other revenues. Under the provisions of New Hampshire Revised Statutes Annotated (RSA) 237, as amended by Chapter 203, Laws of 1986, Chapter 306, Laws of 1998, and Chapter 262, Laws of 2004 the Legislature established a ten-year highway construction and reconstruction plan and authorized major expansion and improvement projects as part of a Capital Improvement Program. State laws (RSA’s 237 and 237-A) authorized the issuance of \$586 million of revenue bonds to fund these projects. Effective July 1, 2009, Chapter 144, Laws of 2009 increased the statutory limit to \$766 million.

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

The accounting policies of the Turnpike System conform to generally accepted accounting principles as applicable to government enterprise funds and, as such, the activities of the Turnpike System are reported using the economic resources measurement focus and accrual basis of accounting. With respect to these activities, the Turnpike System has adopted applicable GASB pronouncements. The Turnpike System has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) Statements and Interpretations and Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

**(c) *Restricted Assets***

The proceeds of the Turnpike System Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Assets because their use is limited by a bond resolution.

**(d) *Accounts Receivable***

Receivables primarily consist of amounts due from the Highway Fund and outstanding E-Z Pass violations. The accounts receivable balance as of June 30, 2009 is \$6.1 million less a \$2.2 million allowance for doubtful accounts, which represents an estimate of uncollectible toll violation fees.

**(e) *Cash Equivalents***

For the purpose of the Statement of Cash Flows, cash equivalents represent short-term investments with maturity dates within three months of the date acquired.

## NEW HAMPSHIRE TURNPIKE SYSTEM

### Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

**(f) Capital Assets**

Capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the capital assets which are as follows: infrastructure – 50 years; buildings – 40 years; toll equipment – 10 years; and other equipment – 5 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Capital assets purchased or constructed by other funding sources are recorded at cost.

**(g) Revenue Bond Discounts/Premiums and Issuance Costs**

Revenue bond discounts/premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred costs.

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

**(i) Revenues and Expenses**

Revenues and expenses are classified as operating or non-operating. Operating revenues and expenses generally result from toll collections, the sale of transponders, administration, depreciation, and turnpike maintenance. Generally, all other revenues and expenses are reported as non-operating. Non-operating revenue generally results from the interest on investments, rental income, sales of land and equipment, and vending machine sales.

**(j) E-ZPass Program**

Upon enrolling in the E-ZPass program, participants establish pre-paid toll accounts. These pre-paid toll receipts are collected by Affiliated Computer Services (ACS) on behalf of the Turnpike System and recorded by the Turnpike System as deferred revenue until the customer completes a toll transaction. Once this occurs, revenue is recorded and the customer's account is charged. Vehicle transponders, which serve to identify the vehicles passing through the toll plazas, are purchased by the Turnpike System and shipped to customers by the contractor, ACS. The sale price customers are charged for transponders are currently approximately equal to the price the Turnpike System pays for them.

NEW HAMPSHIRE TURNPIKE SYSTEM  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2009

(k) *Inventory*

Inventories for materials and supplies are valued at cost. Also, included in the inventory amount are E-ZPass transponders. They are received and stored at the E-ZPass Customer Service Center, by the contractor, ACS, located in New Jersey who reports the transponders inventory at cost for June 30, 2009.

(2) **Cash, Cash Equivalents, and Investments**

(a) *Cash and Cash Equivalents*

**Primary Government** – The State pools cash and investments except for separate cash and investment accounts maintained in accordance with legal restrictions. The Turnpike System’s share of the total pooled cash and investments and restricted assets is included on the balance sheet as “Cash and Cash Equivalents”.

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

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

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

Custodial credit risk is managed in a variety of ways. Although State law does not require deposits to be collateralized, the 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.

The Governor and Executive Council must approve all depositories used by the State at least annually. 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.

The State does not hold any assets for the Turnpike System that are denominated in foreign currencies. Therefore, foreign currency risk is nonexistent.

As of June 30, 2009, the Turnpike System’s bank balances were exposed to custodial credit risk as follows:

(Amounts in thousands)

	Collateralized & held In State’s name	Un-collateralized	Total
Certificates of Deposit	\$10,000		\$10,000
Demand Deposits	14,097		14,097
Money Market	19,436	52,895	72,331
FNMA Discount Note	-	6,892	6,892
<b>Total</b>	<b>\$43,533</b>	<b>\$59,787</b>	<b>\$103,320</b>

# NEW HAMPSHIRE TURNPIKE SYSTEM

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

The \$19.4 million in money market deposits is collateralized by a Letter of Credit from a Federal Home Loan Bank.

**(b) Investments**

The following statutory requirements and Treasury Department policies have been adopted to ensure reasonable rates of return on investments while minimizing risk factors.

Approved investments are defined in State laws (RSA 6:8, 387:6-a, and 387:14). Additionally, investment guidelines exist for operating funds as well as trust and custodial funds. All investments are denominated in U.S. dollars. As of June 30, 2009, the Turnpike System investments with maturity of less than three months are reported as cash and cash equivalents. One \$5 million certificate of deposit has a maturity date greater than three months from the date of acquisition.

**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. There were no repurchase agreements outstanding as of June 30, 2009.

**(3) Restricted Assets**

Restricted assets at fair value are segregated into the following accounts as of June 30:

(Amounts in thousands)	<u>2009</u>
Revenue Bond Interest Debt Service Account	\$ 3,609
Revenue Bond Principal Debt Service Account	5,425
Revenue Bond Debt Service Reserve Account	26,455
Revenue Bond Insurance Reserve Account	3,000
Revenue Bond General Reserve Account	<u>2,000</u>
Total Restricted Assets	<u>\$ 40,489</u>

The "Revenue Bond Interest Debt Service Account" and "Revenue Bond Principal Debt Service Account" are used to segregate resources accumulated for debt service payments on the given maturity dates (see Footnote 7c). The "Revenue Bond Debt Service Reserve Account" is used to report resources set aside to make up potential future deficiencies in the revenue bond interest debt service account and revenue bond principal debt service account. The "Revenue Bond Insurance Reserve Account" is used to report the amount that is available to insure against risks that would otherwise be covered by policies of insurance. The "Revenue Bond General Reserve Account" is used to set aside resources to meet deficiencies in revenues, to fund asset renewals and replacements, to pay Turnpike System general obligation bonds, or for any other lawful purpose of the Turnpike System.

In addition to the above accounts, a "Revenue Bond Special Redemption Account" would be used to report any monies not otherwise required by the bond resolution to be deposited or applied, including excess proceeds after the completion of a project. A "Revenue Bond Rebate Account" also would be used to report any excess of interest earned on non-purpose investments (as defined in section 148 of the *Internal Revenue Code of 1986*, as amended).

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2009**

**(4) Capital Assets**

Capital Asset activity for the year ended June 30, 2009, was as follows:

	(Amounts in thousands)			
	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
Capital Assets not Being Depreciated:				
Land and Land Improvements	\$ 110,663	\$ 876	\$ (4,182)	\$ 107,357
Construction in Progress	26,082	28,141	(19,153)	35,070
Capital Assets not Being Depreciated:	<u>136,745</u>	<u>29,017</u>	<u>(23,335)</u>	<u>142,427</u>
Other Capital Assets:				
Equipment	35,656	1,288	(361)	36,583
Buildings and Building Improvements	4,828	-	-	4,828
Infrastructure	611,156	19,153	-	630,309
Subtotal Other Capital Assets	<u>651,640</u>	<u>20,441</u>	<u>(361)</u>	<u>671,720</u>
Total Capital Assets	<u>788,385</u>	<u>49,458</u>	<u>(23,696)</u>	<u>814,147</u>
Less Accumulated Depreciation for:				
Equipment	(20,909)	(3,196)	361	(23,744)
Buildings and Building Improvements	(2,820)	(72)	-	(2,892)
Infrastructure	<u>(204,292)</u>	<u>(11,911)</u>	<u>-</u>	<u>(216,203)</u>
Total Accumulated Depreciation	<u>(228,021)</u>	<u>(15,179)</u>	<u>361</u>	<u>(242,839)</u>
Capital Assets, Net	<u>\$ 560,364</u>	<u>\$ 34,279</u>	<u>\$ (23,335)</u>	<u>\$ 571,308</u>

In fiscal year 2009, the Turnpike system recorded a non-cash loss-on-sale of \$4.0 million on the former Benson's Animal Farm property in Hudson. A total of 165 acres was acquired in 1992 for \$4.2 million. The Turnpike System sold the entire 165-acre parcel to the Town of Hudson for \$0.2 million in December 2008. The Turnpike System sold the property but retained the obligation to remediate the contaminated site. (See Footnote 13 for details on GASB 49 pollution remediation obligation.)

At June 30, 2009, the Turnpike System had contractual commitments for capital Turnpike System improvement projects of \$54.7 million.

In fiscal year 2009, no interest cost was capitalized, as all bond funded projects have been completed in prior years.

**(5) Interfunds**

In fiscal year 2009, expenses were incurred due to work performed by other state agencies for the Turnpike system. Enforcement expenses of \$5.4 million from the Department of Safety and bridge maintenance, sign crew, pavement marking and mechanical services from the Department of Transportation Highway Bureau of \$1.8 million included in Indirect Costs, accounted for the majority of interfund activity.

**(6) Deferred Revenue**

Deferred revenue consists of the prepaid toll monies received from customers on their transponder accounts. Revenue is recognized when the customer uses the E-ZPass toll system on the turnpike.

NEW HAMPSHIRE TURNPIKE SYSTEM  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2009

(7) **Long-Term Debt**

(a) ***Bonds Authorized and Un-issued***

Bonds authorized and un-issued amounted to \$191.0 million of revenue bonds prior to June 30, 2009. The Legislature has established a 10-year highway construction and reconstruction plan for the Turnpike System to be funded from Turnpike revenues. This legislation also authorized the Governor and Executive Council to issue up to \$586.0 million of bonds to support this plan. To date, the State has issued \$395.0 million of revenue bonds for this plan. Effective July 1, 2009, Chapter 144, Laws of 2009 increased the statutory limit by \$180 million to an aggregate amount not to exceed \$766 million. In December 2009, the Turnpike system issued \$67.2 million in tax-exempt refunding bonds that refunded bonds issued in 1999. The Turnpike System also issued \$150 million of new Build America Bonds. The Build America Bond program, created as part of the American Recovery and Reinvestment Act of 2009, provides a subsidy to the Turnpike System through the State, on interest paid, which is taxable to the bond investors. Proceeds from the December 2009 Build America Bond issuance will fund costs on the following capital projects:

**Central Turnpike**

- Engineering and construction of a F.E. Everett Turnpike bridge over the Souhegan River in Merrimack.
- Engineering, right-of-way acquisition, and construction of US Rte 3 bridge over the F.E. Everett Turnpike in Bedford.
- Engineering and rehabilitation of four F.E. Everett Turnpike / I-93 bridges in Bow and Concord.
- Engineering and construction, specifically on five bridges, of the F.E. Everett Turnpike through the Millyard area of Manchester.
- Engineering and construction of an F.E. Everett Turnpike bridge over Black Brook in Manchester.

**Spaulding Turnpike**

- Engineering, right-of-way acquisition and construction in Rochester on the Spaulding Turnpike between Exits 11 through 16 with two additional lanes of travel added from Exit 12 to 16 (totaling approximately 7 new lane miles).
- Engineering and right-of-way acquisition in Newington and Dover on the Spaulding Turnpike including widening Little Bay Bridges and reconstructing Spaulding Turnpike in Newington.
- Construction of the Dover portion of the Spaulding Turnpike and rehabilitation of the General Sullivan Bridge in Dover.

**Blue Star Turnpike**

- Engineering and construction of the bridge on the Blue Star Turnpike carrying I-95 over the Taylor River.
- Repair and improve bridge on Route 107 over I-95 in Seabrook.
- Construction of a soundwall on I-95 in Portsmouth.

The Projects financed with proceeds of the 2009 Series A Bonds are deemed to consist solely of the actual portions of the projects listed above with respect to which proceeds of the 2009 Series A Bonds are expended.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2009**

The Treasurer, with the approval of the Governor and Council, may also allocate proceeds of the 2009 Series A Bonds to other projects related to the System and described or permitted under the Act in the event the State determines it is necessary or desirable to do so.

**(b) Changes in Long-Term Liabilities**

The following is a summary of the changes in the long-term liabilities for bonds, compensated absences, and uninsured claims during the fiscal year:

(Amounts in thousands)

<i>Turnpike System</i>	Beginning Balance	Increases	Decreases	Ending Balance	Current	Long-Term
General Obligation Bonds	\$2,821	-	(\$1,520)	\$1,301	\$624	\$677
Revenue Bonds	256,965	-	(12,933)	244,032	13,500	230,532
Other: Pollution Remediation	3,600	-	(600)	3,000	-	3,000
Claims & Compensated Absences Payable	3,226	762	(959)	3,029	466	2,563
<b>Total</b>	<u>\$266,612</u>	<u>\$762</u>	<u>(\$16,012)</u>	<u>\$251,362</u>	<u>\$14,590</u>	<u>\$236,772</u>

**(c) Debt Maturity**

With the exception of Turnpike System revenue bonds, all bonds issued by the State are general obligation bonds. These are backed by the full faith and credit of the State. Interest rates on these issues range from 2.9% to 5.25%. The annual maturities are as follows:

(Amounts in thousands)

Payable June 30,	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Total Principal	Total Interest
2010	\$624	\$45	\$13,500	\$12,092	\$14,124	\$12,137
2011	584	15	14,710	11,426	15,294	11,441
2012	0	0	14,550	10,692	14,550	10,692
2013	0	0	16,950	9,960	16,950	9,960
2014	0	0	13,895	9,104	13,895	9,104
2015 – 2019	0	0	87,215	32,462	87,215	32,462
2020 – 2024	0	0	60,060	13,947	60,060	13,947
2025 – 2029	0	0	25,885	3,946	25,885	3,946
2030 – 2034	0	0	0	0	0	0
Subtotal	1,208	60	246,765	103,629	247,973	103,689
Un-amortized Premium	93	0	6,273	0	6,366	0
Un-amortized Loss on Refunding	0	0	(9,006)	0	(9,006)	0
<b>Total</b>	<b>\$1,301</b>	<b>\$60</b>	<b>\$244,032</b>	<b>\$103,629</b>	<b>\$245,333</b>	<b>\$103,689</b>

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

NEW HAMPSHIRE TURNPIKE SYSTEM  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2009

The bond resolutions require the Turnpike System to establish and collect tolls which are adequate at all times, when combined with other available sources of revenues, to provide for the proper operation and maintenance of the Turnpike System and for the timely payment of the principal and interest on all bonds, notes or other evidences of indebtedness.

The resolutions further require the Turnpike System to collect sufficient tolls so that in each fiscal year net revenues will be at least equal to the greater of: (a) 120% of current year debt service on the revenue bonds, or (b) 100% of current year debt service on the revenue bonds and on all general obligation or other bonds, notes or other indebtedness, and the additional amount, if any, required to be paid from the revenue bond general reserve account to satisfy the Renewal and Replacement requirement for the fiscal year.

The Turnpike System is required to review the adequacy of its tolls after each fiscal year. If this review indicates that the tolls and charges are, or will be, insufficient to meet the requirements described above, then the Independent Engineer of the Turnpike System will make a study and recommend a schedule of tolls and charges which will provide revenues sufficient to comply with the requirements described above. For fiscal year 2009, the toll rate schedule was deemed to be sufficient to meet all required payments in connection with the Turnpike System, and as such, no Independent Engineer's study was sought.

The resolutions require the Turnpike System to maintain certain accounts (see note 3). The Turnpike System deposits all revenues into a "Turnpike System revenue account," which are then applied first to the payment of operating expenses and then to fund accounts required by the resolutions.

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

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

On February 8, 1995, the Turnpike System entered into a Debt Service Forward Supply Agreement ("the Agreement") with Chemical Bank, now JP Morgan Chase. The financial institution made a one-time, up front payment to the Turnpike System of \$4.7 million in exchange for the right to deliver eligible securities as an investment of a portion of the monthly deposits to the Revenue Bond interest and principal Debt Service Accounts.

**(8) Employee Benefit Plans**

**(a) Plan Description**

The Turnpike System participates in the New Hampshire Retirement System (the Plan). The Plan is a cost-sharing, multiple-employer Public Employees Retirement System (the Plan) established in 1967 by State law (RSA 100-A:2) and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Plan is a contributory defined-benefit plan providing service, disability, death, and vested retirement benefits to members and beneficiaries. The Plan covers substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and police officers within the State of New Hampshire.

NEW HAMPSHIRE TURNPIKE SYSTEM  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2009

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.

Members at age 60 qualify for a normal service retirement allowance based on years of creditable service and average final compensation (AFC). The yearly pension amount is 1/60 (1.67%) of average final compensation multiplied by years of creditable service. AFC is defined as the average of the three highest salary years. At age 65, the yearly pension amount is recalculated at 1/66 (1.5%) of AFC multiplied by years of credited service. Members in service with ten or more years of creditable service who are between age 50 and 60 or members in service with at least 20 or more years of service, whose age and service years number 70 or more, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

Members 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 and/or service.

A Special Account has been established by State law (RSA 100-A:16,) II(h) for additional benefits. The Special Account is credited with all of the earnings of the Special Account assets plus the earnings of the remaining assets of the plan in excess of the assumed rate of return plus 1/2 of 1%.

The New Hampshire Retirement System issues a publicly available financial report that may be obtained by writing to the New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

**(b) *Funding Policy***

The Plan is financed by contributions from the members, the State and local employers, and investment earnings. In fiscal year 2009, by statute, Group I members contributed 5% of gross earnings. Per State law (RSA 100-A:16,) I(a) effective June 30, 2009, the member contribution rate for Group I state employees who were hired prior to July 1, 2009, remains at 5.0% of earnable compensation. However, the member contribution rate for all Group I state employees who are hired on or after July 1, 2009, is 7.0% of earnable compensation. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the Turnpike System's actuary using the open group aggregate funding method and are expressed as a percentage of gross payroll and paid by the employer. The Turnpike System's share represents 100% of the employer cost for all Turnpike employees. The Turnpike System's contributions to the plan for the years ended June 30, 2009, 2008, and 2007 were \$705 thousand, \$672 thousand, and \$487 thousand respectively, which equaled the required contributions for each year.

**(c) *Health Care Insurance for Retired Employees***

In addition to providing pension benefits, State law (RSA 21-I:30) specifies that the state provide certain health care insurance benefits for retired employees within the limits of the funds appropriated at each legislative session. These benefits, referred to as other post employment benefits (OPEB), include group hospitalization, hospital medical care, surgical care and pharmaceuticals. Substantially, all of the state's employees who were hired on or before June 30, 2003 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 1 employees hired on or after July 1, 2003 to have 20 years of state service and who also is at least 60 years of age at the time of retirement in order to qualify for retiree health insurance benefits. These and similar benefits for

NEW HAMPSHIRE TURNPIKE SYSTEM  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2009

active employees are authorized by State law (RSA 21-I:30) and provided through the Employee Benefit Risk Management Fund, which is the state's self-insurance fund implemented in October 2003 for active state employees and retirees. The state recognizes the cost of providing benefits by paying the actuarially determined insurance contributions into the fund. The Turnpike System contributions paid into the Employee Benefit Risk Management Fund totaled \$747 thousand for approximately 171 retirees and spouses for fiscal year 2009. An additional source of funding for retiree benefits is from the New Hampshire Retirement System's medical premium subsidy program, which totaled approximately \$225 thousand for the Turnpike System retirees in fiscal year 2009.

The State has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. Statement No. 45 requires governments to account for other post employment benefits, primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense when a future retiree earns their post employment benefit rather than when they use their post employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post employment benefit liability is recognized on the balance sheet over time. The net OPEB obligation for the Turnpike System has been recorded on the government wide financial statements of the State as of June 30, 2009.

**(9) Capital Contributions**

The Turnpike System recognized capital contributions totaling \$4.0 million representing capital transferred from the Highway Fund to the Turnpike Fund.

**(10) Risk Management**

The Turnpike System is exposed to various risks of loss, related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The State primarily retains the risk for losses, except where the provisions of law allow for the purchase of commercial insurance or where commercial insurance has been proven beneficial for the general public. Settled claims, under the insurance program, have not exceeded insurance coverage in any of the last three fiscal years. There have not been any significant changes in insurance coverage in any of the last three years.

The State has 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. Under this program, the Fund provides coverage for up to a maximum of \$500 thousand for each employee per year. The State has purchased commercial insurance for claims in excess of coverage provided, as well as, aggregate stop loss liability coverage set at 125% of the State's total expected claims per contract year.

Claim liabilities not covered by commercial insurance are recorded when it is probable that a loss occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. The balance of claim liabilities is determined by an analysis of past, current, and future estimated loss experience. Because actual claim liabilities depend on such factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability may not result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

# NEW HAMPSHIRE TURNPIKE SYSTEM

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

The following table presents the changes in claim liabilities during the fiscal years ending June 30, 2009 and 2008. The current and long-term liabilities are included in the Claims and Compensated Absences Payable in the Statement of Net Assets.

(amounts in thousands)

<u>Description</u>	<u>2009</u>	<u>2008</u>
Beginning Balance	\$2,318	\$2,594
Decreases	<u>(273)</u>	<u>(276)</u>
Ending Balance	<u>\$2,045</u>	<u>\$2,318</u>
Current	\$224	\$181
Long-Term	\$1,821	\$2,137

### (11) Subsequent Events

**(a) Highway and Turnpike Funds – I-95 Transfer of Asset**

Effective July 1, 2009, Chapter 144, Laws of 2009, authorized the Department of Transportation to convey to the Bureau of Turnpikes, a portion of Interstate 95 in Portsmouth for the sum of \$120 million. The law also specifies that the Turnpike System will pay for the acquisition from its general reserve account over a period not to exceed twenty years with \$30 million including interest being paid in fiscal year 2010 and \$20 million including interest being paid in fiscal year 2011. The balance of the acquisition will be paid under terms and conditions as determined by the Commissioner of the Department of Transportation and the State Treasurer. On August 25, 2009, the Highway Fund conveyed the section of Interstate 95 to the Turnpike System at the authorized terms.

**(b) Bond Sale**

The Turnpike System issued bonds in December 2009. See Footnote 7.

### (12) Commitments

**(a) E-ZPass Customer Service Contract**

Upon inception of the E-ZPass program, the Turnpike System entered into a 3-year contract, with Affiliated Computer Services (ACS) of Newark, NJ, to process E-ZPass transactions, effective September 24, 2004. The contract with ACS was renewed for 3 additional years on October 2, 2007. This 3-year contract renewal, the first of three renewal options, is not to exceed \$14.2 million.

**(b) Capital Improvement Program**

The ten-year capital improvement program, adopted by the Legislature in 1986, includes specific components relating to the Turnpike System.

This program is intended to improve the safety of the Turnpike System and increase its capacity. It is updated every two years to address changing priorities.

Depending on the scheduling of projects and availability of funding (e.g. toll revenues, bond proceeds), the Turnpike System capital improvement program expenditures during the ten-year plan period of 2009 – 2018 are expected to be in the range of \$550 – \$580 million.

NEW HAMPSHIRE TURNPIKE SYSTEM  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2009

(c) ***Maintenance***

The Turnpike System (other than the Spaulding Turnpike extension) is maintained and repaired by the Bureau of Turnpikes. All maintenance and repair costs have been funded from turnpike operating revenues since the beginning of the Turnpike System in 1950. The Turnpike System funds Renewal and Replacement Costs from the Turnpike General Reserve account. It is the State's policy to set aside \$2 million of its General Reserve account for unanticipated Renewal and Replacement Costs.

During fiscal year 2007, the independent engineer the HNTB Corporation (HNTB) conducted an infrastructure study of the Turnpike System to assist in planning for future Renewal and Replacement needs. In the report, HNTB concluded that the Turnpike System has been adequately maintained through October 2006, the date of its report. However, in order to ensure the continued adequacy of the Turnpike System, HNTB recommended that the level of expenditure going forward should be greater than that which had been previously planned.

In keeping with the recommendations of the HNTB, the Turnpike System expenditures for Renewal and Replacement in fiscal year 2009 were \$7.8 million. For the fiscal years 2010 and 2011, taking into account the analysis conducted by HNTB, the anticipated budget is \$9.6 million and \$9.8 million respectively for Renewal and Replacement (R&R), with major expenditures for resurfacing, bridge rehabilitation, bridge painting, major sign rehabilitation, and toll plaza canopy repairs. Appropriations for R&R expenses do not lapse and are carried forward to subsequent years.

(d) ***Legal***

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

**(13) Pollution Remediation Obligations**

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, requires governments to reasonably determine potential polluted sites and provides guidance regarding when to recognize pollution remediation obligations (PRO) as a liability. During fiscal year 2009, the Turnpike System sold a portion of land in Hudson (formerly known as Benson's) known to be contaminated with hazardous waste. As part of the sale, the Turnpike System agreed to remediate the hazardous waste at the site. For this pollution remediation obligation, the Turnpike System recognized a liability of \$3 million at June 30, 2009 in accordance with GASB 49. GASB 49 also requires the restatement of the Balance Sheet for the Fiscal Year Ended June 30, 2008 to account for any pollution remediation obligation existing, but unrecognized, at that time. Accordingly, a liability of \$3.6 million was established at Fiscal Year end June 30, 2008. The PRO payments made during fiscal 2009 approximated \$600 thousand. Estimates used to quantify the cost of remediation included the removal of cubic yards of material to be excavated from the landfill and the removal of asbestos material.

Additionally, a review of the open State of New Hampshire Department of Environmental Services (NHDES) projects against the State of New Hampshire Department of Transportation (NHDOT) open project list was conducted to verify that all potential environmental remediation liabilities for the Turnpike System were identified and the liabilities recognized.

## **OTHER INFORMATION SECTION**

This section includes other relevant financial and operational information.

(Unaudited)

**SCHEDULE OF DEBT SERVICE COVERAGE RATIO**  
**For the Fiscal Years 1996 - 2009**

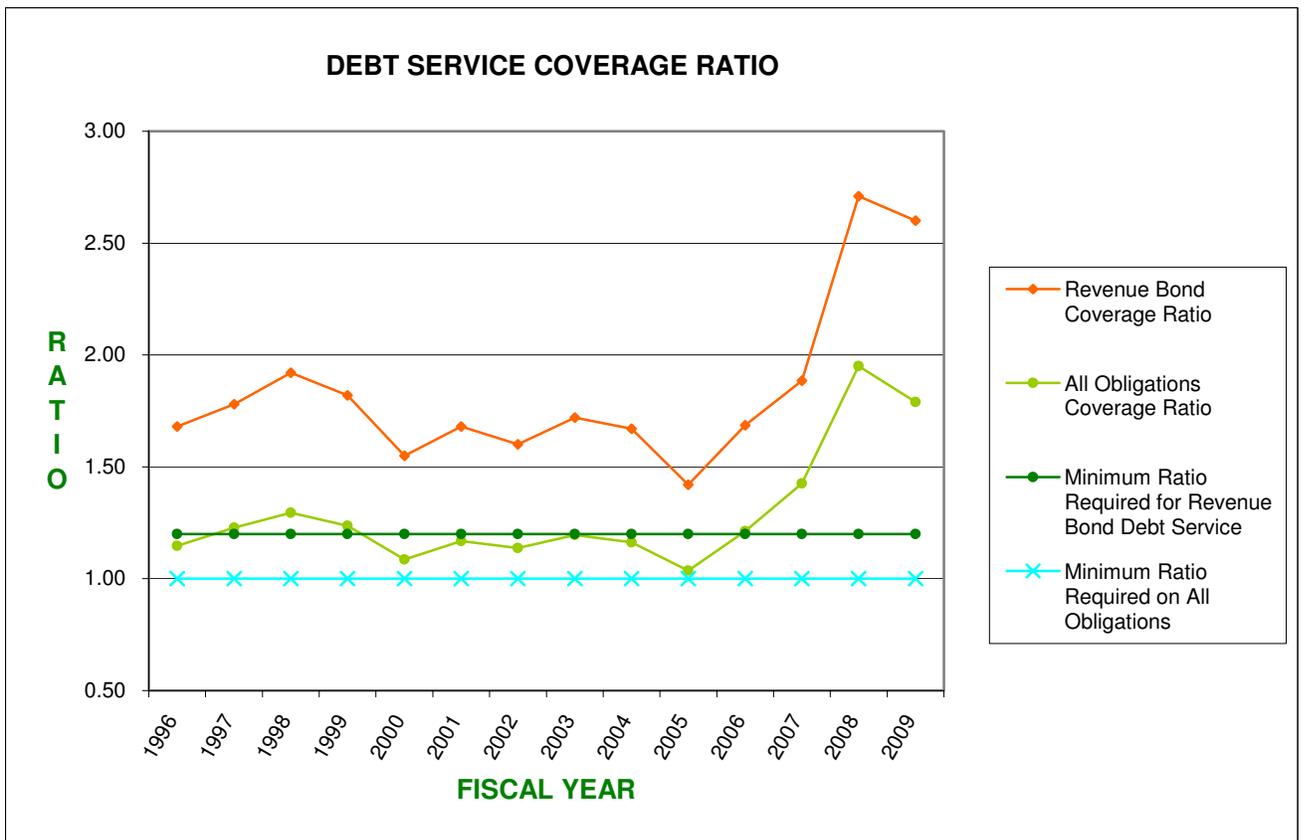
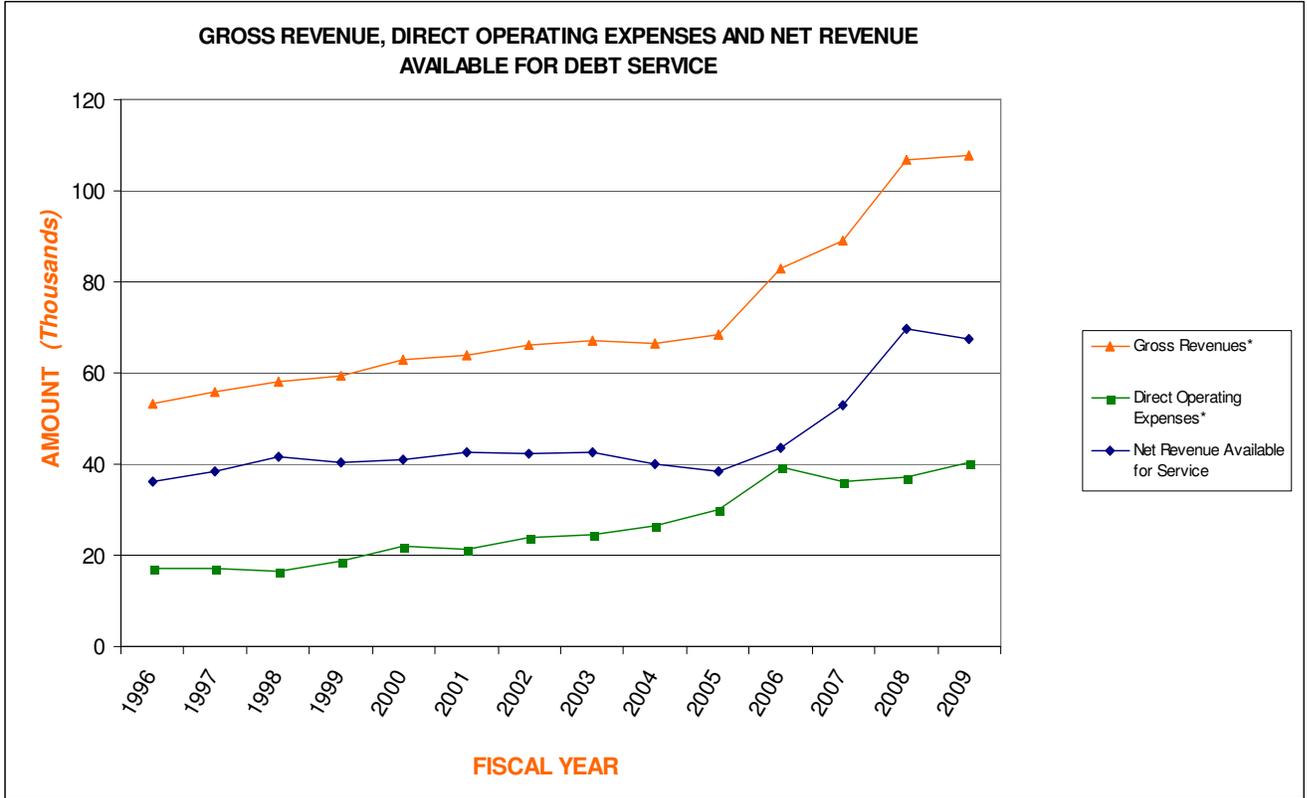
(Amounts in thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses	(A) Net Revenue Available for Service	(B) Revenue Bond Debt Service Requirements	(A / B) Revenue Bond Coverage Ratio	(C) G.O. Bond Debt Service Requirements	(D) Renewal & Replacement	(B+C+D) Total	(A / (B+C+D)) All Obligations Coverage Ratio
2009 <sup>1</sup>	107,660	40,361 <sup>1</sup>	67,299	25,873 <sup>2</sup>	2.60	1,597	10,040	37,510	1.79
2008	106,814	37,122 <sup>1</sup>	69,692	25,710	2.71	1,713	8,300	35,723	1.95
2007	89,054	36,158 <sup>1</sup>	52,896	28,078	1.88	2,985	6,047	37,110	1.43
2006	83,054	41,784 <sup>1</sup>	41,270	25,831	1.60	4,219	5,871	35,921	1.15
2005	68,318	30,041	38,277	27,003	1.42	4,246	5,700	36,949	1.04
2004	66,463	26,568	39,895	23,865	1.67	4,842	5,600	34,307	1.16
2003	67,086	24,505	42,581	24,749	1.72	5,183	5,700	35,632	1.20
2002	66,218	23,877	42,341	26,452	1.60	5,415	5,365	37,232	1.14
2001	63,981	21,352	42,629	25,352	1.68	5,696	5,431	36,479	1.17
2000	63,034	22,064	40,970	26,452	1.55	5,973	5,308	37,733	1.09
1999	59,257	18,794	40,463	22,286	1.82	6,304	4,119	32,709	1.24
1998	58,033	16,352	41,681	21,678	1.92	6,519	3,990	32,187	1.29
1997	55,714	17,231	38,483	21,597	1.78	6,747	3,000	31,344	1.23
1996	53,231	17,024	36,207	21,595	1.68	6,975	3,000	31,570	1.15

<sup>1</sup>. Fiscal years 2006 through 2009 calculations of Direct Operating Expenses subtract out the entire amount of current year depreciation expense (Turnpikes, Federal, & Highway match portions). However, prior year calculations still reflect the historical practice of subtracting only the Turnpikes portion of depreciation expense.

<sup>2</sup>. The 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.

See accompanying Independent Auditors' Report.



\* As defined in Turnpike System Bond Resolutions.

See accompanying Independent Auditors' Report.

**ANNUAL TRAFFIC AND TOLL REVENUE TRENDS**  
**New Hampshire Turnpike System**  
**For the Years Ending June 30**

The table below shows annual toll transaction and revenue trends for the Turnpike System during the period beginning with fiscal year 2009 and ending with fiscal year 1998.

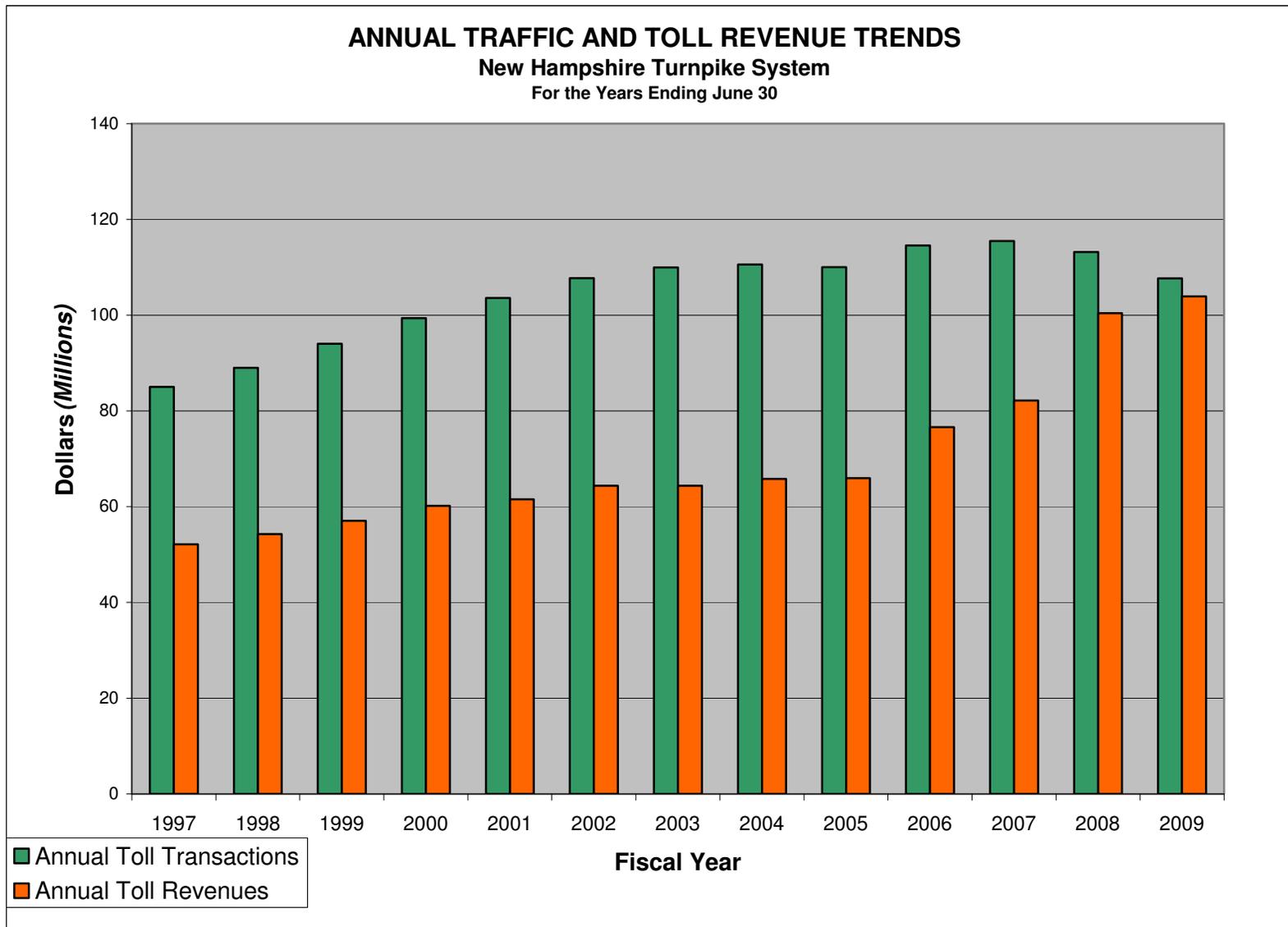
Fiscal Year	Annual Toll Transactions	Percent Change from Prior Year	Annual Toll Revenues*	Percent Change from Prior Year
2009 <sup>+</sup>	107,653,153	-4.9%	\$103,907,003	3.4%
2008 <sup>+</sup>	113,186,722	-2.0%	\$100,406,992	22.2%
2007 <sup>+</sup>	115,457,650	0.8%	\$82,175,322	7.2%
2006 <sup>+</sup>	114,562,787	4.1%	\$76,633,131	16.2%
2005 #	110,040,272	(0.5)%	\$65,956,309	0.3%
2004 #	110,573,506	0.5%	\$65,780,607	2.2%
2003	109,978,691	2.1%	\$64,367,301	0.0%
2002	107,729,932	4.0%	\$64,371,208	4.6%
2001	103,583,561	4.2%	\$61,536,675	2.3%
2000	99,363,028	5.7%	\$60,166,815	5.4%
1999	94,017,638	5.7%	\$57,080,882	5.1%
1998	88,987,246	4.7%	\$54,298,452	4.1%

\* Excludes charge account interest and miscellaneous income.

<sup>+</sup> Toll Revenue amounts used in FY06 through FY09 agree to the Consolidated Annual Financial Reports. Cash basis revenue was used in prior years.

# Hampton toll plaza: One-way tolls September-October 2003 and July-October 2004.

See accompanying Independent Auditors' Report.



See accompanying Independent Auditors' Report.

(Unaudited)

STATE OF NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION  
TURNPIKE SYSTEM TOLL RATE SCHEDULE  
EFFECTIVE July 1, 2009

		2 axles - single rear tires	3 axles - single rear tires	4 axles - single rear tires	5 axles - single rear tires	2 axles - dual rear tires	3 axles - dual rear tires	4 axles - dual rear tires	5 axles - dual rear tires	6 axles - dual rear tires	7 axles - dual rear tires	8 axles - dual rear tires	9 axles - dual rear tires
Plaza	Fare Type/Class	1	2	3	4	5	6	7	8	9	10	11	12
Hooksett Main	Cash Fare	1.00	\$ 1.25	\$ 1.50	\$ 1.75	\$ 2.00	\$ 2.50	\$ 3.00	\$ 3.50	\$4.00	\$ 4.50	\$ 5.00	\$ 5.50
	E-ZPass Fare	\$0.70	\$0.88	\$1.05	\$1.23	\$1.80	\$2.25	\$2.70	\$3.15	\$3.60	\$4.05	\$4.50	\$4.95
Hooksett Ramp	Cash Fare	0.50	0.75	1.00	1.25	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50
	E-ZPass Fare	\$0.35	\$0.53	\$0.70	\$0.88	\$0.90	\$1.35	\$1.80	\$2.25	\$2.70	\$3.15	\$3.60	\$4.05
Bedford Main	Cash Fare	1.00	1.25	1.50	1.75	2.00	2.50	3.00	3.50	4.00	4.50	5.00	5.50
	E-ZPass Fare	\$0.70	\$0.88	\$1.05	\$1.23	\$1.80	\$2.25	\$2.70	\$3.15	\$3.60	\$4.05	\$4.50	\$4.95
Bedford Road	Cash Fare	0.50	0.75	1.00	1.25	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50
	E-ZPass Fare	\$0.35	\$0.53	\$0.70	\$0.88	\$0.90	\$1.35	\$1.80	\$2.25	\$2.70	\$3.15	\$3.60	\$4.05
Exit 11	Cash Fare	0.50	0.75	1.00	1.25	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50
	E-ZPass Fare	\$0.35	\$0.53	\$0.70	\$0.88	\$0.90	\$1.35	\$1.80	\$2.25	\$2.70	\$3.15	\$3.60	\$4.05
Merrimack Industrial	Cash Fare	0.50	0.75	1.00	1.25	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50
	E-ZPass Fare	\$0.35	\$0.53	\$0.70	\$0.88	\$0.90	\$1.35	\$1.80	\$2.25	\$2.70	\$3.15	\$3.60	\$4.05
Hampton Main	Cash Fare	2.00	2.25	2.50	2.75	4.00	4.50	5.00	5.50	6.00	6.50	7.00	7.50
	E-ZPass Fare	\$1.40	\$1.58	\$1.75	\$1.93	\$3.60	\$4.05	\$4.50	\$4.95	\$5.40	\$5.85	\$6.30	\$6.75
Hampton Side	Cash Fare	0.75	1.00	1.25	1.50	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00
	E-ZPass Fare	\$0.53	\$0.70	\$0.88	\$1.05	\$1.35	\$1.80	\$2.25	\$2.70	\$3.15	\$3.60	\$4.05	\$4.50
Dover Toll	Cash Fare	0.75	1.00	1.25	1.50	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00
	E-ZPass Fare	\$0.53	\$0.70	\$0.88	\$1.05	\$1.35	\$1.80	\$2.25	\$2.70	\$3.15	\$3.60	\$4.05	\$4.50
Rochester Toll	Cash Fare	0.75	1.00	1.25	1.50	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00
	E-ZPass Fare	\$0.53	\$0.70	\$0.88	\$1.05	\$1.35	\$1.80	\$2.25	\$2.70	\$3.15	\$3.60	\$4.05	\$4.50

See accompanying Independent Auditors' Report.

**(This page left blank intentionally.)**

# *Dedication*

This annual report is dedicated to Harvey Goodwin. Harvey retired from the New Hampshire Department of Transportation after almost thirty-seven years of service, most recently, twelve years as the Administrator of the Turnpikes Bureau where he oversaw the successful implementation of E-ZPass electronic tolling. Harvey also served as Administrator of the Bridge Maintenance Bureau for seven years, after several years in the Construction Bureau.



**(This page left blank intentionally.)**





Aerial photo of the bridge carrying I-95 over the Piscataqua River between Portsmouth, New Hampshire and Kittery, Maine.