



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**



Front Cover:  
New open road tolling lanes completed June 2010 at the Hampton Toll Plaza.

STATE OF NEW HAMPSHIRE  
DEPARTMENT OF TRANSPORTATION



COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2010

Prepared by the Division of Finance

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New Hampshire Turnpike System  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2010

**Table of Contents**

	<b>Page</b>
<b>Introductory Section (Unaudited).....</b>	1
Turnpike System Map.....	2
Commissioner’s Letter.....	3-6
Organizational Listing.....	7
Letter of Transmittal.....	8-9
<b>Financial Section.....</b>	11
Independent Auditors’ Report.....	13-14
Management’s Discussion and Analysis.....	15-19
Basic Financial Statements .....	20
Statement of Net Assets.....	21
Statement of Revenues, Expenses, and Changes in Net Assets.....	22
Statement of Cash Flows.....	23
Notes – Table of Contents.....	25
Notes to the Financial Statements.....	26-38
<b>Other Supplementary Information Section (Unaudited).....</b>	39
Budget to Actual (Non-GAAP Budgetary Basis) Schedule .....	41-42
Note to Other Supplementary Information.....	43
<b>Statistical Section (Unaudited).....</b>	45
Statement of Net Assets, Comparative Fiscal Years Ended June 30.....	47
Statement of Revenues, Expenses, and Changes in Net Assets, Comparative Fiscal Years Ended June 30.....	48
Capital Assets, Comparative Fiscal Years Ended June 30.....	49
Schedule of Debt Service Coverage Ratio.....	50
Graphs: Gross Revenues, Direct Operating Expenses, and Net Revenue Available for Debt Service Debt Service Coverage Ratio.....	51
Annual Traffic and Toll Revenue Trends.....	52
Graph of Annual Traffic and Toll Revenue Trends.....	53
Turnpike System Toll Rate Schedule effective July 1, 2009.....	54

## **INTRODUCTORY SECTION**

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

*(Unaudited)*

# TURNPIKE SYSTEM

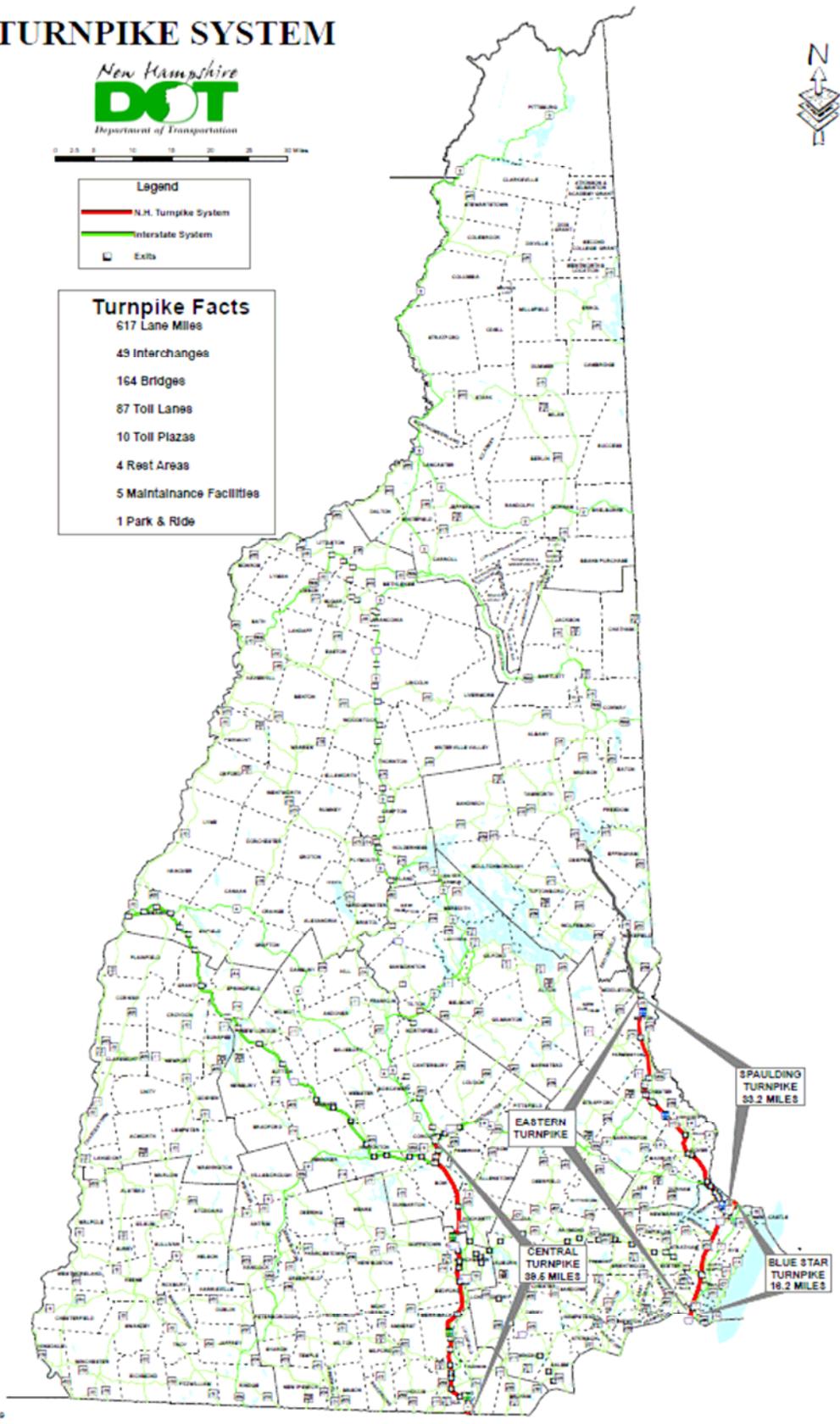


**Legend**

- N.H. Turnpike System
- Interstate System
- Exits

**Turnpike Facts**

- 617 Lane Miles
- 43 Interchanges
- 164 Bridges
- 67 Toll Lanes
- 10 Toll Plazas
- 4 Rest Areas
- 5 Maintenance Facilities
- 1 Park & Ride



October, 2009

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



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



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

December 28, 2010

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 ended June 30, 2010. Significant recent developments affecting the Turnpike System during this fiscal year include the following:

- Toll transactions rebounded to increase by 0.6% in fiscal year 2010, while toll revenue increased by 11.7% primarily due to the effect of the Hampton mainline plaza toll rate increase on July 1, 2009.
- Transactions increased in the E-ZPass Program (40% as of 6/30/06, up to 62% as of 6/30/10).
- The opening of new open road tolling (ORT) lanes at the Hampton Toll Plaza on June 17, 2010. The \$17.8 million ORT project has improved the level of service for E-ZPass customers and toll patrons by limiting traffic backups and congestion. The improved operations have environmental benefits by reducing air emissions and fuel consumption, as well as safety enhancements by eliminating last-second lane switching.
- Aggressive scheduling and progression of high priority construction projects on the Turnpike System continues with the widening of the Spaulding Turnpike in Rochester and the start of the Little Bay Bridge and Spaulding Turnpike improvements in Newington and Dover. Nine construction contracts with a total of approximately \$151.0 million have been contracted this fiscal year.
- The State's Treasurer's Office secured \$150.0 million in new Turnpike Revenue Bonds and refunded \$67.2 million of old Turnpikes Bonds in November 2009 at extremely favorable rates (3.97% all-in true interest for the \$150.0 million Build America Bonds and 3.49% for the refunded bonds).
- Chapter 144, Laws of 2009 authorized the acquisition and transfer of a 1.6-mile section of I-95 to the Turnpike System for \$120 million.
- Chapter 1, Laws of 2010 Special Session, authorized the acquisition and transfer of the I-93 Hooksett Rest Areas (less Liquor Store sites) to the Turnpike System for \$6.5 million.
- The General Bond Resolution requires the Turnpike System to maintain a Net Revenues covenant ratio of 1.20%; the 2010 ratio is 2.67%. The resolution also requires a Maximum Annual Debt Service Ratio of 1.0%; the 2010 ratio is 1.98%.

The Department of Transportation, Division of Finance, prepared this report. Responsibility for both the accuracy of the financial data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Department. To the best of our knowledge and belief, the enclosed

information is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results 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.

## **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 which are operated by a private vendor and a state licensing agency for the Blind and Visually Impaired. 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, but receive nominal revenue from the vending installations.

### ***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 Maine state line in Portsmouth, New Hampshire. It is 16.2 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 Route 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.

### ***I-95 Acquisition***

As a result of legislative action (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, including the Piscataqua River Bridge, 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 \$30.0 million (including interest) being paid in Fiscal Year 2010, \$20.0 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 generated approximately \$11.6 million that funded this acquisition.

The acquisition was in the best interest of the Turnpike in so much as this section of I-95 provides a critical link to the Maine Turnpike, and the traffic is principally turnpike traffic with the expectation that this segment would be maintained to the same standard as the rest of the Blue Star Turnpike (I-95).

#### *Open Road Tolling*

The new highway speed electronic tolling lanes at the Hampton Toll Plaza on Interstate 95 (Blue Star Turnpike) opened permanently for motorists early on the morning of June 17, 2010. New England's first Open Road Tolling (ORT) lanes were initially opened for a test period during Memorial Day Weekend. Approximately 50% (160,000) of all vehicles that passed through the Hampton Tolls that weekend used the ORT lanes.

The ORT lanes at the Hampton Tolls are expected to reduce traffic backups and improve service for E-ZPass customers, improve air quality by reducing emissions caused by idling, and reduce diversion to alternate routes by improving traffic flow.

The \$17.8 million Open Road Tolling project converted six plaza lanes to four ORT lanes (two in each direction) while also adding one additional tollbooth in each direction. ORT lanes can process nearly five times as many vehicles as a conventional cash toll lane and 60 percent more traffic than a dedicated E-ZPass lane where motorists must slow down to pass through. In addition to the ORT lanes, there will be a total of 12 toll lanes in use (six northbound and six southbound) for both cash paying and E-ZPass customers.

#### *Rte. 107 Seabrook*

Preliminary Engineering work has begun for the planned widening of the Route 107 bridge over I-95 in Seabrook. The expansion is expected to greatly improve the evacuation capacity of Route 107 and reduce traffic backups and improve air quality. The Town of Seabrook and a private developer have agreed to fund approximately 45% of the \$5.6 million project.

#### **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, park and picnic facilities are 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 in 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 had a Welcome Center at Exit 6 in Nashua, which was closed in November 2010 to be reconstructed to provide a satellite Department of Safety, Division of Motor Vehicle office and an E-ZPass Walk-In-Center. Although bus service to Boston was available from this facility as well as from the park and ride at Exit 8, it is now available only 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.

*Hooksett Rest Area Redevelopment*

The Turnpike System purchased both the northbound and southbound land at the Hooksett Rest Area from the New Hampshire Liquor Commission. The Liquor Commission owns the land beneath the Liquor Stores and the Liquor Stores' buildings. This project proposes to redevelop the existing rest areas and State liquor stores, which are located north of the Hooksett Toll Plaza into new service area facilities with new State liquor stores. The redevelopment proposal will involve the issuance of a request for proposals (RFP) to procure a developer/operator through a ground lease arrangement. The new service areas are envisioned to offer major branded and/or locally recognized food concepts and will be anchored with the new State liquor stores. Although these facilities will be an attractive option for travelers on the Turnpike, the project is not envisioned to have an effect on traffic. Any potential added revenue to the Turnpike System is deemed to be nominal, but will be determined through the RFP process. The developer/operator will be responsible for funding the redevelopment and future maintenance aspects of the new service area facilities. It is anticipated that the project will be started in the spring of 2011 and completed in 2013.

George N. Campbell, Jr.

A handwritten signature in black ink, appearing to read "G. N. Campbell, Jr.", written in a cursive style.

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**

Michael P. Pillsbury, P.E.

**Director of Operations**

Lyle W. Knowlton, P.E.

**Director of Financial Reporting**

Leonard L. Russell, CPA

**Turnpike System Administrator**

Christopher M. Waszczuk, P.E.

**Turnpike System Assistant Administrators**

John W. Corcoran, P.E. and David S. Smith, P.E.

**Business Administrator**

Margaret S. Blacker

**Maintenance Superintendent**

Dix E. Bailey

**Project Managers**

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



## DEPARTMENT OF TRANSPORTATION

### DIVISION of FINANCE

#### TRANSMITTAL LETTER

This report is divided into four sections: Introductory, Financial, Other Supplementary Information and Statistical. The Introductory section includes a Turnpike System map, the Commissioner's letter, an organizational listing, and this transmittal letter. The Financial section contains the independent auditors' report, management's discussion and analysis (MD&A), and financial statements with accompanying notes. The Other Supplementary Information section includes a budget to actual schedule and notes. The Statistical 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 Comprehensive Annual Financial Report (CAFR) 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>.

#### **Budgetary Process**

The Turnpike System budget is prepared on a biennial basis. Prior to the start of each biennium, the Turnpike System is 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 15<sup>th</sup> 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 then forwarded to the Governor to be enacted into law or to be vetoed.

Budgetary control for the Turnpike System is with the Department of Transportation. The Department is authorized to transfer appropriations within their departments with prior approval from the Legislative Fiscal Committee and the Executive Council.

#### **Internal Controls**

The Department of Transportation commissioner and directors are responsible for administering the agency in accordance with legislative and executive directives, to effectively service the citizens of the state and its transportation system.

Financial transactions are recorded in the NH First Enterprise Resource Planning (ERP) system. The state's centralized accounting system and other accounting procedures were designed to provide various controls to

provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use and the proper recording of financial transactions.

#### **Audits**

KPMG, LLP, the designated certified public accountant, has performed an independent audit of the Turnpike System basic financial statements for the fiscal year ended June 30, 2010.

This annual audit is independent of any review required by the Single Audit Act of 1984. The Single Audit Act established uniform financial audit requirements for State and local governments that expend \$500,000 or more in Federal assistance in any fiscal year.

#### **Annual Report**

Each year, the department publishes the New Hampshire Department of Transportation Annual Report, which contains a department-wide overview of all funds and all activities. This report contains information on operations, financial, and other non-financial data. A copy of the report may be obtained at the departments' web site at: <http://www.nh.gov/dot/media/publications.htm>.

#### **Acknowledgements**

In submitting this report, I would like to acknowledge the cooperation and assistance of the Department of Transportation management and staff, the Bureau of Turnpikes, and dedication of the employees of the Division of Finance.

Respectfully submitted,



Leonard L. Russell, CPA  
Director of Financial Reporting

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## **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, 2010 and the accompanying notes to the financial statements.

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**KPMG LLP**  
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## **Independent Auditors' Report**

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

We have audited the accompanying statement of net assets of the State of New Hampshire's Turnpike System (an enterprise fund of the State) as of June 30, 2010 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. An 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

As discussed in note 1, the financial statements present only the operations of the Turnpike System, an enterprise fund of the State, and do not purport to, and do not, present fairly the financial position of the State of New Hampshire as of June 30, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

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, 2010, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 15 through 19 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.



Our audit was conducted for the purpose of forming an opinion on the financial statements of the Turnpike System. The introductory, other supplementary information and statistical sections of this report are presented for purposes of additional analysis and are not a required part of the financial statements. These 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 28, 2010 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 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 28, 2010

**New Hampshire Turnpike System  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010**

This discussion and analysis of the Turnpike System's financial performance provides an overview of financial activities for the fiscal year ended June 30, 2010. 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 \$11.6 million or 10.9% in fiscal year 2010, primarily due to the Hampton main line plaza toll rate increase that was implemented on July 1, 2009.
- ❖ Operating expenses increased \$0.5 million to \$63.9 million or less than 1% increase over prior year.
- ❖ Investment in Net Capital Assets increased to \$628 million or 9.9% over prior year. The primary increase was due to: 1.) a 119% (or \$41.7 million) increase in construction in progress due to the construction on the Spaulding Turnpike (2<sup>nd</sup> barrel) and Exits 11 and 12, 2.) the purchase of the I-95 Piscataqua River Bridge and 1.6-mile segment from the State's Highway fund, and 3.) the purchase of the northbound and southbound Hooksett Rest Areas from the Liquor Commission.

**Using this 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 21 and the Statement of Revenues, Expenses and Changes in Net Assets on page 22, report the Turnpike's net assets and changes in them. Lastly, the Statement of Cash Flows on page 23 outlines the cash inflows and outflows related to the activity of the Turnpike System.

<b>Net Assets</b>		(Amounts in thousands)	
		<u>2010</u>	<u>2009</u>
<u>Assets:</u>	Current Assets	\$ 192,818	\$ 105,985
	Non-current Assets	3,250	2,884
	Capital Assets, Net	<u>627,845</u>	<u>571,308</u>
	Total Assets	<u>823,913</u>	<u>680,177</u>
<u>Liabilities:</u>	Current Liabilities	55,548	32,519
	Non-current Liabilities	<u>441,992</u>	<u>236,772</u>
	Total Liabilities	<u>497,540</u>	<u>269,291</u>
<u>Net Assets:</u>	Invested in Capital Assets, Net of Related Debt	215,477	325,975
	Restricted for Debt Repayments	51,418	40,489
	Unrestricted Net Assets	<u>59,478</u>	<u>44,422</u>
	Total Net Assets	<u>\$ 326,373</u>	<u>\$ 410,886</u>

The Turnpike System's total net assets at June 30, 2010 were approximately \$326.4 million, a 20.6% decrease from June 30, 2009. Total assets increased 21.1% to \$823.9 million. Total liabilities increased 84.8% to \$497.5 million. The decrease in net assets is due mainly to the increase in bonds and notes payable. Capital Assets (less depreciation and amortization) increased approximately \$56.5 million or 9.9%. See Note 4 for detail on changes in Capital Asset activity and Note 11b for information on the Capital Improvement Program.

Non-current liabilities increased primarily due to: 1.) the issuance of Revenue Bonds in November 2009 for \$150.0 million and 2.) a Long-Term Note Payable outstanding as of June 30, 2010 of \$75.8 million.

**New Hampshire Turnpike System  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010**

**Liabilities**

The Turnpike System total liabilities increased by \$228.2 million or 84.8% in fiscal year 2010, which is primarily attributed to the issuance of Revenue Bonds and a note payable in fiscal year 2010.

Current liabilities consist primarily of accrued operating expenses, deferred revenue, and the current portion of bonds and notes payable. The increase in current liabilities of \$23.0 million or 70.8% in fiscal year 2010 is largely due to the increase in the current portion of Notes Payable of \$15.3 million that is related to the purchase of the I-95 Piscataqua River Bridge and 1.6 roadway miles and an increase in the current portion of the Revenue Bonds Payable related to the November 2009 bond issuance. The table below shows current liabilities as of June 30, 2010 and June 30, 2009:

<b>Current Liabilities</b>	(Amounts in thousands)	
	<b>2010</b>	<b>2009</b>
Accounts Payable	\$ 6,547	\$ 5,961
Due to Other Funds	45	513
Deferred Revenue	7,475	6,901
Bonds Payable – Current Portion	17,734	14,124
Note Payable	15,350	0
Accrued Interest Payable	6,918	0
Accrued Compensated Absences and Workers Compensation	457	466
Other Current Liabilities	1,022	4,554
Total Current Liabilities	\$ 55,548	\$ 32,519

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.

**Revenues and Expenses**

<b>Changes in Net Assets</b>	(Amounts in thousands)	
	<b>2010</b>	<b>2009</b>
Operating Revenue	\$ 118,403	\$ 106,757
Operating Expenses	63,877	63,346
Operating Income	54,526	43,411
Non-Operating (Expenses)	(138,633)	(16,251)
Net Income Before Capital Contributions	(84,107)	27,160
Capital Contributions	(406)	3,952
Change in Net Assets	(84,513)	31,112
Net Assets – July 1	410,886	379,774
Net Assets – June 30	\$ 326,373	\$ 410,886

**New Hampshire Turnpike System  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010**

**Operating Revenues**

The Turnpike System's primary revenues are generated from toll collections. The Central Turnpike generated net revenue of \$43.9 million; the Blue Star Turnpike \$57.7 million and the Spaulding Turnpike finished the year with \$14.4 million in net revenue. Another \$2.4 million was also generated in other income, including toll violation administrative fees, toll evasion fines, property damage reimbursement, and miscellaneous revenue, for combined toll operating revenue of \$118.4 million for the year ended June 30, 2010.

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

During the twelve months ended on June 30, 2010, the number of traffic transactions processed through the E-ZPass program was 61.8% of the total transactions. 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 Chapter 143, Laws of 2009, the toll rate increase provided 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 also will 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.

**Operating Expenses**

Operating expenses for the year increased approximately \$531 thousand or 0.8% over the previous year. This marginal increase in operating expenses is largely due to a \$791 thousand increase in depreciation expense as a result of purchasing the I-95 bridge from the Highway Fund and a decrease in repair expense associated with vehicles and equipment.

***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 an account to finance extension studies, maintenance, construction, reconstruction and extensions of the Turnpike System wherever located, interest on bonded indebtedness or retirement of bonded indebtedness or other costs which may be properly charged against these accounts or to the New Hampshire Turnpike System. The Turnpike System has set aside a cumulative total of \$2.0 million of its General Reserve Account for unanticipated Renewal and Replacement Costs.

The independent engineer, HNTB Corporation (HNTB), conducted an infrastructure study of the Turnpike System to assist in planning for future Renewal and Replacement (R&R) 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 in FY 2005 and 2006 and due to the increased costs of materials, the level of expenditure going forward should be greater than that which had been previously planned. The Turnpike System concurred with HNTB's recommendations and increased the R&R budget for 2008 and 2009 to \$8.3 million and \$10.0 million, respectively. Actual spending amounted to \$11.8 million and \$7.8 million in 2008 and 2009 respectively.

For fiscal year 2010, the Turnpike System modified budget and actual expenses for R&R were \$9.6 million and \$7.8 million, respectively. For the fiscal years 2011 and 2012, taking into account the analysis conducted by HNTB, the anticipated budget is \$9.8 million and \$9.2 million respectively for Renewal and Replacement, with major expenditures for resurfacing, bridge rehabilitation, bridge painting, major sign rehabilitation, and toll plaza canopy repairs.

**New Hampshire Turnpike System  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010**

Appropriations for Renewal and Replacement expenditures do not lapse and are carried forward and made available in subsequent years.

**Non-Operating Revenues (Expenses)**

Net non-operating expenses increased by \$122.4 million or 753.1%. The net increase in fiscal year 2010 was due to the expense recognized on 3 different capital asset transactions. See Note 4.

**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. This Standard was implemented during fiscal year 2009. See Note 12.

***Reporting for Intangible Assets***

The Governmental Accounting Standards Board (GASB) issued statement Number 51—*Accounting and Financial Reporting for Intangible Assets*. This Statement requires governments to classify all intangible assets subject to this statement as capital assets. Intangible capital assets include: Computer Software and Easements (such as drainage, slope construction, utility). This Statement was implemented during fiscal year 2010. See Note 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

**New Hampshire Turnpike System  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010**

prepares the final budget proposal, for submission to the Legislature, setting forth the Governor's financial program for the upcoming two fiscal years.

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

**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 2010 and to demonstrate the Turnpike System's accountability for the revenue it received from toll collections. If there are questions about this report or the need for additional information, contact the New Hampshire Department of Transportation, Division of Finance, John O. Morton Building, 7 Hazen Drive, Concord, NH 03302-0483.

## **BASIC FINANCIAL STATEMENTS**

STATE OF NEW HAMPSHIRE  
DEPARTMENT OF TRANSPORTATION - TURNPIKE SYSTEM  
STATEMENT OF NET ASSETS  
For the Fiscal Year Ended June 30, 2010  
(Amounts in Thousands)

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 77,466
Cash and Cash Equivalents – Restricted	109,001
Receivables (Net of Allowances for Uncollectibles)	5,310
Inventories	927
Prepaid Assets	114
<b>Total Current Assets</b>	<b>192,818</b>

**Non-current Assets:**

Bond Issue Costs	3,250
Capital Assets:	
Land	108,751
Buildings	4,831
Equipment and Computer Software	37,167
Construction in Progress	76,758
Infrastructure	671,146
Less: Allowance for Depreciation and Amortization	(270,808)
Net Capital Assets	627,845
<b>Total Non-current Assets</b>	<b>631,095</b>

<b>Total Assets</b>	<b>823,913</b>
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**LIABILITIES**

**Current Liabilities:**

Accounts Payable	6,547
Due to Other Funds	45
Accrued Payroll	962
Deferred Revenue	7,475
General Obligation Bonds Payable	584
Revenue Bonds Payable	17,150
Note Payable to Highway Fund	15,350
Accrued Interest Payable	6,918
Claims and Compensated Absences Payable	457
Other Liabilities	60
<b>Total Current Liabilities</b>	<b>55,548</b>

**Non-current Liabilities:**

Revenue Bonds Payable (Net of Unamortized Discount)	361,090
Note Payable to Highway Fund	75,777
Claims and Compensated Absences Payable	2,546
Other Noncurrent Liabilities	2,579
<b>Total Non-current Liabilities</b>	<b>441,992</b>

<b>Total Liabilities</b>	<b>497,540</b>
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**NET ASSETS**

Invested in Capital Assets (Net of Related Debt)	215,477
Restricted for Debt Repayments	51,418
Unrestricted Net Assets	59,478
<b>Total Net Assets</b>	<b>\$ 326,373</b>

See accompanying notes to financial statements.

STATE OF NEW HAMPSHIRE  
DEPARTMENT OF TRANSPORTATION – TURNPIKE SYSTEM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
For the Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

**OPERATING REVENUES**

Toll Revenue - Cash	\$ 47,883
Toll Revenue – E-ZPass	68,153
Other Toll Operating Revenue	1,653
Transponder Revenue	714
<b>Total Operating Revenues</b>	<b>118,403</b>

**OPERATING EXPENSES**

Personnel Services	11,352
Payroll Benefits	5,464
Enforcement	5,025
Renewal & Replacement	7,793
Other Administration	3,545
Repairs	2,667
Indirect Costs	2,010
Heat, Light and Power	1,215
Bank & Credit Card Fees	2,037
Rentals	771
E-ZPass Processing Fees	5,259
Transponder Expense	769
Depreciation	15,970
<b>Total Operating Expenses</b>	<b>63,877</b>
Operating Income	54,526

**NON-OPERATING REVENUES (EXPENSES)**

Investment Income	2,108
Miscellaneous	194
Intra-entity Acquisition of Land and Bridge from Highway Fund (for Notes Payable)	(116,566)
Intra-entity Acquisition of Land and Improvements from Another State Agency	(6,222)
Loss on the Sale of Other Capital Assets	(952)
Interest on Bonds and Notes	(16,223)
Amortization of Bond Issuance Costs	(972)
<b>Total Non-operating Revenues (Expenses)</b>	<b>(138,633)</b>
<b>Change in Net Assets Before Capital Contributions</b>	<b>(84,107)</b>
Capital Contributions	(406)
<b>Change in Net Assets</b>	<b>(84,513)</b>
<i>Net Assets - July 1</i>	410,886
<i>Net Assets - June 30</i>	<b>\$ 326,373</b>

See accompanying notes to financial statements.

STATE OF NEW HAMPSHIRE  
DEPARTMENT OF TRANSPORTATION - TURNPIKE SYSTEM  
STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2010

(Amounts in Thousands)

**Cash Flows from Operating Activities:**

Receipts from Customers	\$ 118,078
Payments to Employees	(16,795)
Payments to Suppliers	(17,220)
Net Cash Provided by Operating Activities	<u>84,063</u>

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

Acquisition and Construction of Capital Assets	(82,243)
Capital Contributions	(406)
Hooksett Rest Area Land Purchase	(6,500)
Interest Paid on Revenue and General Obligation Bonds and Note Payable	(16,236)
Principal Paid on Bonds	(16,539)
Principal Paid on Note Payable Due Highway Fund	(28,873)
Gross Proceeds from Issuance of Bonds	221,781
Paid to Refunding Agent	(71,774)
Net Cash Used for Capital and Related Financing Activities	<u>(790)</u>

**Cash Flows from Investing Activities:**

Sale of Investments	142,060
Purchase of Investments	(137,060)
Other Income	2,302
Net Cash Provided by Investing Activities	<u>7,302</u>

Net Increase in Cash and Cash Equivalents	90,575
Cash and Cash Equivalents - July 1	<u>95,892</u>
Cash and Cash Equivalents - June 30	<u><u>186,467</u></u>

**Reconciliation of Operating Income to Net Cash Provided  
(Used) by Operating Activities:**

Operating Income	54,526
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	15,970
Change in Operating Assets and Liabilities:	
Increase in Receivables	(895)
Decrease in Inventories	138
Increase in Accounts Payable and Other Accruals	13,750
Increase in Deferred Revenue	574
Net Cash Provided by Operating Activities	<u><u>\$ 84,063</u></u>

**Noncash Investing, Capital, and Financing Activities:**

The Turnpike system acquired a 1.6-mile section of Route I-95 including the Piscataqua River Bridge for \$120 million from the Highway fund. The asset was recorded at the Highway's net book value of \$3.4 million. A non-operating expense of \$116.6 million was recognized.

*See accompanying notes to financial statements.*

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**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**Notes - Table of Contents**

1.	Summary of Significant Accounting Policies	
a.	Financial Reporting Entity	26
b.	Measurement Focus and Basis of Accounting	26
c.	Restricted Assets	26
d.	Accounts Receivable	26
e.	Cash Equivalents	26
f.	Capital Assets	26
g.	Revenue Bond Discounts/Premiums and Issuance Costs	27
h.	Compensated Absences	27
i.	Net Assets	27
j.	Revenues and Expenses	27
k.	E-ZPass Program	27
l.	Inventory	27
m.	Capital Contributions	28
n.	Estimates	28
2.	Cash and Cash Equivalents	28
3.	Restricted Assets	29
4.	Capital Assets	30
5.	Inter-fund Activity	31
6.	Deferred Revenue	31
7.	Operating and Capital Leases	31
8.	Long-Term Debt	31
a.	Bonds Authorized and Un-issued	31
b.	Changes in Long-Term Liabilities	32
c.	Debt Maturity	32
d.	Bond Resolutions	33
e.	Long-Term Note Payable-Debt Maturity	33
f.	Debt Refunding	34
9.	Employee Benefit Plans	34
a.	Plan Description	34
b.	Funding Policy	35
c.	Health Care Insurance for Retired Employees	35
10.	Risk Management	36
11.	Commitments	36
a.	E-ZPass Customer Service Contract	36
b.	Capital Improvement Program	36
c.	Maintenance	36
d.	Litigation	37
12.	Pollution Remediation Obligations	37
13.	Accounting and Financial Reporting for Intangible Assets	37

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**(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 GAAP as applicable to government enterprise funds and, as such, the activities of the Turnpike System are reported using the economic resources, measurement focus and accrual basis of accounting. 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-ZPass violations. The accounts receivable balance as of June 30, 2010 is net of a \$2.1 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.

**(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

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

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) Net Assets**

The Invested in Capital Assets, Net of Related Debt is a balance comprised of the capital assets (net of Accumulated Depreciation) less the total Bonds Payable (net of amortized premium, discount and loss on refunding). The Restricted for Debt Repayments account is the Restricted Cash and Cash Equivalents balance. The Unrestricted Net Assets is the remaining balance.

**(j) 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.

**(k) 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, A Xerox Company) 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 a customer is charged for a transponder is the same approximate cost to the Turnpike System.

**(l) 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, A Xerox Company, located in New Jersey. Transponder inventories are reported monthly at the Newark location and quarterly at the walk-in centers.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**(m) Capital Contributions**

The Turnpike System receives Federal Highway Administration (FHA) grants through the Highway Fund, for capital improvements, exclusive of Renewal and Replacement expenses. These are classified as Capital Contributions after Non-operating revenue (expenses). In the current year, \$406 thousand was reimbursed to the Highway Fund for excess funding from fiscal year 2009.

**(n) 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 financial statements and accompanying notes. Actual results could differ from those estimates.

**(2) Cash and Cash Equivalents**

Except for separate cash and investment accounts maintained in accordance with legal restrictions, the State pools cash and investments. 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 State Treasury policies have been adopted to minimize risk associated with deposits:

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

**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.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

As of June 30, 2010, the Turnpike System's bank balances exposed to custodial credit risk is as follows:

(Amounts in thousands)

	Collateralized and Held In State's Name	Un-collateralized	Federal Deposit Insurance Fund	Total
Certificates of Deposit	\$5,000	0	0	\$5,000
Demand Deposits	21,197	0	250	21,447
Money Market	108,813	45,958	500	155,271
US Treasury Note	7,190	0	0	7,190
<b>Total</b>	<b>\$142,200</b>	<b>\$45,958</b>	<b>\$750</b>	<b>\$188,908</b>

The \$108.8 million in money market deposits is collateralized by a Letter of Credit from a Federal Home Loan Bank. The State has a collateralized Municipal Deposit agreement with RBS Citizens Bank, N.A.

**(3) Restricted Assets**

The resolutions of the Turnpike System revenue bonds (see Note 8d, Bond Resolutions) require the Turnpike System to maintain certain accounts (below). The Turnpike System deposits all revenues into a Turnpike System revenue account, which are then applied first to the payment of operating expenses and then to fund accounts required by the resolutions.

Restricted assets at fair value are segregated into the following accounts as of June 30, 2010:

(Amounts in thousands)

Revenue Bond Interest Debt Service Account	\$ 5,523
Revenue Bond Principal Debt Service Account	6,518
Revenue Bond Debt Service Reserve Account	34,377
Revenue Bond Cash Construction Account	57,583
Revenue Bond Insurance Reserve Account	3,000
Revenue Bond General Reserve Account	2,000
Total Restricted Assets	<u>\$ 109,001</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 Note 8c, Bonds-Debt Maturity. 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 Cash Construction Account is used to report the available balance of the bond proceeds. Payments made from this account cover the projects costs of the respective projects for which the bonds were issued. The November 2009 net bond proceeds were \$140.9 million. The proceeds were derived from a total issue of \$150.0 million less \$7.9 million for the debt service reserve and less the \$1.2 million for bond issue costs. Bond proceeds of \$83.3 million were spent through June 30, 2010. 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 renewal and replacement costs, 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

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

any excess of interest earned on non-purpose investments (as defined in section 148 of the *Internal Revenue Code of 1986*, as amended).

Under an arrangement from 1995, JP Morgan Chase Bank, N.A. owns the exclusive right, expiring April 1, 2020, to deliver eligible securities as an investment of a portion of the monthly deposits to the Revenue Bond Interest and Principal Debt Service Accounts.

**(4) Capital Assets**

Capital Asset activity for the year ended June 30, 2010 was as follows:

(Amounts in thousands)

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets not Being Depreciated:				
Land and Land Improvements	\$ 107,357	\$ 2,715	\$ (1,321)	\$ 108,751
Construction in Progress	35,070	66,235	(24,547)	76,758
Capital Assets not Being Depreciated:	142,427	68,950	(25,868)	185,509
Other Capital Assets:				
Equipment	36,583	932	(348)	37,167
Buildings and Building Improvements	4,828	3	0	4,831
Infrastructure	630,309	40,837	0	671,146
Subtotal Other Capital Assets	671,720	41,772	(348)	713,144
Total Capital Assets	814,147	110,722	(26,216)	898,653
Less Accumulated Depreciation for:				
Equipment	(23,744)	(3,149)	348	(26,545)
Buildings and Building Improvements	(2,892)	(72)	0	(2,964)
Infrastructure	(216,203)	(25,096)	0	(241,299)
Total Accumulated Depreciation	(242,839)	(28,317)	348	(270,808)
Capital Assets, Net	\$ 571,308	\$ 82,405	\$ (25,868)	\$ 627,845

In fiscal year 2010, the Turnpike System recorded 3 non-operating expenses that included: 1.) the purchase of the I-95 bridge from the State of New Hampshire (Highway Fund) which resulted in an intra-entity expense of \$116.5 million; 2.) the purchase of the North and South Bound Hooksett Rest Areas from the State of New Hampshire (Liquor Commission) which resulted in an intra-entity expense of \$6.2 million and 3.) the sale of 3 contiguous parcels of Turnpike System owned land in Manchester, which resulted in a loss of \$952 thousand. The I-95 and Hooksett Rest Area asset values were recorded at the related party's net book value of \$3.4 million (\$15.8 million in cost and \$12.4 million in accumulated depreciation) and \$278 thousand in cost, respectively.

At June 30, 2010, the Turnpike System had contractual commitments for capital Turnpike System improvement projects of \$76.4 million.

In accordance with FASB Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, interest is capitalized on fixed assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

the same period. In fiscal year 2010, interest cost that was capitalized amounted to \$3.3 million. This amount is net the \$4,700 interest income.

**(5) Inter-fund Activity**

In fiscal year 2010, expenses were incurred due to work performed by other state agencies for the Turnpike System. Enforcement expenses of \$5.0 million from the Department of Safety, and bridge maintenance, sign crew, pavement marking and mechanical services from the Department of Transportation Highway Bureau of \$2.0 million, accounted for the majority of inter-fund 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.

**(7) Operating and Capital Leases**

The Turnpike System currently has no operating or capital leases that are directly charged.

**(8) Long-Term Debt**

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

Bonds authorized and un-issued amounted to \$221.0 million of revenue bonds prior to June 30, 2010. The Legislature has established a 10-year highway construction and reconstruction plan for the Turnpike System to be funded from Turnpike revenues. This legislation also authorized the Governor and Executive Council to issue up to \$766.0 million of bonds to support this plan. To date, the State has issued \$545.0 million of revenue bonds for this plan. In November 2009, the Turnpike System issued \$67.2 million in tax-exempt refunding bonds that refunded bonds issued in 1999.

Also in November 2009, the Turnpike System issued \$150.0 million of new American Recovery and Reinvestment Act (ARRA) Build America Bonds. This program provides a subsidy to the Turnpike System through the State, on interest paid, which is taxable to the bond investors. Proceeds from the November 2009 ARRA bonds issuance are restricted to only fund costs on the following capital projects:

**Central Turnpike**

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

**Spaulding Turnpike**

- Engineering, right-of-way acquisition and construction in Rochester 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 including widening Little Bay Bridges and reconstructing a section 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 carrying I-95 over the Taylor River.
- Repair and improve bridge on US Route 107 over I-95 in Seabrook.
- Construction of a sound-wall on I-95 in Portsmouth.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

The State Treasury, with the approval of the Governor and Council, may allocate proceeds in excess of stipulated projects of the ARRA Bonds to other projects related to the Turnpike 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	\$ 1,301	\$ 0	\$ (717)	\$ 584	\$ 584	\$ 0
Note Payable to Highway Fund	0	120,000	(28,873)	91,127	15,350	75,777
Claims and Compensated Absences Payable	3,029	899	(925)	3,003	457	2,546
Revenue Bonds	244,032	219,406	(85,198)	378,240	17,150	361,090
Other: Pollution Remediation	3,000	413	(834)	2,579	0	2,579
<b>Total</b>	<b>\$ 251,362</b>	<b>\$ 340,718</b>	<b>\$ (116,547)</b>	<b>\$ 475,533</b>	<b>\$ 33,541</b>	<b>\$ 441,992</b>

**(c) Bonds - Debt Maturity**

The long-term bonds of the Turnpike System consist almost entirely of revenue bonds (including ARRA Bonds). A small portion of State general obligation bonds, backed by the full faith and credit of the State, remain outstanding at June 30, 2010. Interest rates on Turnpike System revenue bonds range from 2.9% to 6.3%. The annual maturities are as follows:

(Amounts in thousands)

Payable June 30,	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Revenue Interest Rebate	Net Interest	Total Principal	Total Interest
2011	\$ 584	\$ 15	\$ 17,150	\$ 19,726	\$ (3,131)	\$ 16,610	\$ 17,734	\$ 19,741
2012	0	0	17,020	18,961	(3,131)	15,830	17,020	18,961
2013	0	0	19,460	18,196	(3,131)	15,065	19,460	8,196
2014	0	0	16,460	17,262	(3,131)	14,131	16,460	17,262
2015	0	0	21,690	16,476	(3,131)	13,345	21,690	16,476
2016 thru 2020	0	0	102,890	67,021	(15,653)	51,368	102,890	67,021
2021 thru 2025	0	0	63,455	45,631	(14,714)	30,917	63,455	45,631
2026 thru 2030	0	0	50,725	28,970	(10,139)	18,831	50,725	28,970
2031 thru 2035	0	0	30,070	16,606	(5,812)	10,794	30,070	16,606
2036 thru 2040	0	0	38,925	6,023	(2,108)	3,915	38,925	6,023
Subtotal	584	15	377,845	254,872	(64,081)	190,806	378,429	254,887
Un-amortized Premium	0	0	10,637	0	0	0	10,637	0
Un-amortized Loss on Refunding	0	0	(10,242)	0	0	0	(10,242)	0
<b>Total</b>	<b>\$ 584</b>	<b>\$ 15</b>	<b>\$ 378,240</b>	<b>\$ 254,872</b>	<b>\$ (64,081)</b>	<b>\$ 190,806</b>	<b>\$ 378,824</b>	<b>\$ 254,887</b>

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**(d) Bond Resolutions**

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

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

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

The resolutions further require for the Turnpike System to request payment from the Revenue Bond Construction Account. An Authorized Officer shall sign a written order and file the request with the Treasurer.

The Turnpike System is required to review the adequacy of its tolls after each fiscal year. If this review indicates that the tolls and charges are, or will be, insufficient to meet the requirements described above, then the Independent Engineer of the Turnpike System will make a study and recommend a schedule of tolls and charges which will provide revenues sufficient to comply with the requirements described above. For fiscal year 2010, 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 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, except for the requirement to adequately transfer funds into the "Turnpike System Revenue Bond Debt Service Account".

**(e) Long-Term Note Payable - Debt Maturity**

In order to acquire the 1.6-mile segment of I-95 owned by the Highway System, the Turnpike System entered into a Long-Term Note Payable with payments to be made to the Highway Fund. Interest will be paid at the State's borrowing rate over a maximum period of 20 years. The current interest rate on the note is 4%. However, the Commissioner of Transportation and the State Treasurer may agree from time to time to modify the payment schedule with respect to payments due to the State from and after July 1, 2011.

During fiscal year 2010, a cash payment of \$30.0 million was made to the Highway Fund. The annual maturities are as follows:

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

(Amounts in thousands)

Payable June 30,	Principal	Interest	Total
2011	\$ 15,350	\$ 4,650	\$ 20,000
2012	2,882	2,988	5,870
2013	2,999	2,871	5,870
2014	3,121	2,749	5,870
2015	3,248	2,623	5,871
2016 thru 2020	18,327	11,025	29,352
2021 thru 2025	22,362	6,990	29,352
2026 thru 2029	22,838	2,110	24,948
Total	\$ 91,127	\$ 36,006	\$ 127,133

**(f) Debt Refunding**

In November 2009, the Turnpike System issued \$67.2 million 2009 Refunding Series B Turnpike System Revenue Bonds to advance refund \$70.2 million of outstanding 1999 Series A Turnpike System Revenue Bonds. The net proceeds of the 2009 Series B Bonds of \$71.2 million were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1999 Series A Bonds. As a result, the 1999 Series A Bonds are considered defeased and the liability has been removed from the Turnpike System's balance sheet.

Although the advance refunding resulted in an accounting loss of \$2.4 million for the year ended June 30, 2010, the Turnpike System reduced its aggregate debt service payments by \$23.0 million over the next 20 years and obtained an economic gain (the difference between the present values of the old and new debt service payments) of \$8.2 million.

**(9) 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 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. 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. 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.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

In 2007, legislation was passed that permits the transfer of assets into the special account for earnings in excess of 10 1/2 percent as long as the actuary determines the funded ratio of the consolidated retirement system to be at least 85 percent. If the funded ratio of the system is less than 85 percent, no assets will be transferred to the special account.

The New Hampshire Retirement System issues publicly available financial reports that may be obtained by writing to them at 54 Regional Drive, Concord, New Hampshire 03301-8507 or from their website at <http://www.nhrs.org>.

**(b) Funding Policy**

The Plan is financed by contributions from the members, the State and local employers, and investment earnings. In fiscal year 2010, by statute, Group I members contributed 5.0% of gross earnings, except for state employees hired after July 1, 2009 who contributed 7% 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 State'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, 2010, 2009, and 2008 were \$663 thousand, \$705 thousand, and \$672 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 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 active employees are authorized by State law (RSA 21-I: 30) and provided through the State's Employee Benefit Risk Management Fund (State Fund), which is the state's self-insurance fund implemented in October 2003 for active state employees and retirees. The State funds the Employee Benefit Risk Management on a pay-as-you-go basis, and recovers this cost from its agencies using an allocation based on current qualified payroll.

The Turnpike System recognizes its portion of the costs of this benefit currently, based on payments into the State Fund. Contributions to the State Fund totaled \$663 thousand for fiscal year 2010. An additional \$276 thousand was paid from the NHRS Medical Premium Subsidy program on behalf of 172 Turnpike System retirees.

The State's long term cost of retirement health care and other post employment benefits (OPEB) are determined actuarially on a statewide basis as required under GASB 45. The most recent Actuarial Valuation was performed as of June 30, 2009. Disclosure of the annual OPEB cost, funding status, net OPEB obligation the components of cost and other information concerning the plan are provided in the State of New Hampshire Comprehensive Annual Financial Report.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**(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.

The following table presents the changes in claim liabilities during the fiscal years ended June 30, 2009 and 2010:

(Amounts in thousands)

	<b>6/30/2008 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>6/30/2009 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>6/30/2010 Balance</b>	<b>Current</b>	<b>Long- Term</b>
Workers Compensation Claims Payable	\$2,318	\$0	\$273	\$2,045	\$36	\$181	\$1,900	\$172	\$1,728

**(11) Commitments**

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

Upon inception of the E-ZPass program, the Turnpike System entered into a 3-year contract, renewable through 2013, with Affiliated Computer Services (ACS, A Xerox Company) located in Newark, NJ, to process E-ZPass transactions. In September 2010, the contract with ACS was renewed for an additional year for an amount not to exceed \$6 million. This one-year renewal will allow the Turnpike System to evaluate how best to proceed with the customer service responsibilities.

**(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. excess toll revenues, bond proceeds), the Turnpike System capital improvement program expenditures during the ten-year plan period of 2011 – 2020 are expected to be in the range of \$550 – \$580 million.

**(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 (R&R) costs from the Turnpike General Reserve account. It is the

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

State's policy to retain \$2.0 million of its' Turnpike General Reserve account for unanticipated Renewal and Replacement Costs.

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. 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. The Turnpike System concurred with HNTBs' recommendations. Thus, in 2008, 2009, and 2010, the R&R budget was \$8.3 million, \$10.0 million and \$9.6 million, respectively.

In keeping with the recommendations of HNTB, the Turnpike System expenditures for Renewal and Replacement was \$9.6 million in FY 2010, \$7.8 million in FY 2009 and \$11.8 million in FY 2008. For the fiscal years 2011 and 2012, the budget is \$8.0 million and \$9.2 million respectively, with major expenditures for resurfacing, bridge rehabilitation, bridge painting, major sign rehabilitation, and toll plaza canopy repairs. This budgeted amount does not include encumbrances for R&R projects contracted in previous years. Appropriations for Renewal and Replacement Costs do not lapse and are carried forward to subsequent years.

**(d) *Litigation***

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 the State Attorney General's Office, payment of claims by the Turnpike System for amounts not covered by insurance in the aggregate, are not expected to have a material adverse effect on the Turnpike's financial position.

**(12) *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 \$3.0 million at June 30, 2009, which was reduced to \$2.2 million at June 30, 2010 as a result of a re-estimate by an independent consulting firm. There were no PRO payments made during fiscal year 2010 because the property owner, the Town of Hudson, has not determined the best use of the property.

Also during 2010, the Turnpike System recognized a PRO liability of \$413 thousand due to groundwater pollution at the Hampton Toll Plaza. Estimates used to quantify the cost of remediation include the cubic yards of material to be excavated and removed from the landfill and the removal of hazardous material.

**(13) *Accounting and Financial Reporting for Intangible Assets***

GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, is a new standard that characterizes an intangible asset, as an asset that lacks physical substance, is non-financial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents, and trademarks. Specific to the Turnpike System, easements with an indefinite useful life have been historically classified as land.

During fiscal year 2010, the Turnpike System researched all projects for temporary and/or permanent easements. Projects were determined to be active or closed. Temporary easements expire when a project is closed. Temporary easements are considered a project cost. If the project is capitalized, then the cost will be part of Construction in Process and will be amortized over 50 years. If the project is expensed, the easement cost will be expensed.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

Permanent easements have been recorded in land. Historical costs prior to July 1, 2009 are already included in assets. The effect of this GASB Statement on the financial statements is immaterial.

**OTHER SUPPLEMENTARY INFORMATION**

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

*(Unaudited)*

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**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Other Supplementary Information**  
**For the Fiscal Year Ended June 30, 2010**  
**(Unaudited)**

State of New Hampshire				
Department of Transportation - Turnpike System				
Budget to Actual (Non-GAAP Budgetary Basis) Schedule				
For the Fiscal Year Ended June 30, 2010				
(Amounts in thousands)				
	Budgeted		Actual	Variance
	Original	Final	(Budgetary Basis)	(Favorable) Unfavorable (with Final Budget)
<b>Revenues</b>				
<i>Restricted</i>				
Transponder Sales	\$ 900	\$ 43	\$ 714	\$ (671)
Private Local Funds	0	0	32	(32)
Bonds Interest Subsidy	0	1,304	1,304	0
Vending Machine Income	0	7	7	0
<b>Total Restricted Revenue</b>	<b>900</b>	<b>1,354</b>	<b>2,057</b>	<b>703</b>
<i>Unrestricted</i>				
Spaulding Toll Cash Receipts	5,422	7,000	5,984	1,016
Blue Star Toll Cash Receipts	19,200	20,000	23,059	(3,059)
Central NH Toll Cash Receipts	18,128	19,000	18,412	588
Property Damage	40	162	30	132
Miscellaneous	350	2,075	278	1,797
Administration Fees - Electronic Toll Collection	0	0	6	(6)
Toll Evasion	50	26	17	9
Lottery Vending	0	0	38	(38)
Rental Income	100	58	111	(53)
Cash Management Interest	400	1,485	262	1,223
Combined Debt Service Interest	700	710	0	710
Debt Service Interest	5	0	0	0
General Reserve Interest	50	80	8	72
Insurance Reserve Interest	50	120	12	108
Debt Service Principal	50	67	0	67
Construction Account Interest 2009	0	0	2	(2)
Statement Fee Revenue	900	32	34	(2)
Violation Enforcement System Admin Fees Less than 30 Days	800	937	993	(56)
Violation Enforcement System Admin Fees Over 30 Days	20	0	0	0
Central Toll E-ZPass Revenue	17,915	24,500	29,326	(4,826)
Blue Star Toll E-ZPass Revenue	18,975	24,400	30,811	(6,411)
Spaulding Toll E-ZPass Revenue	5,360	7,700	8,017	(317)
Right-of-Way Property Sales	0	0	326	(326)
<b>Total Unrestricted Revenue</b>	<b>88,515</b>	<b>108,352</b>	<b>117,726</b>	<b>(9,374)</b>
<b>Total Revenue</b>	<b>\$ 89,415</b>	<b>\$ 109,706</b>	<b>\$ 119,783</b>	<b>\$ (10,077)</b>

(Continued)

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Other Supplementary Information**  
**For the Fiscal Year Ended June 30, 2010**  
**(Unaudited)**

State of New Hampshire Department of Transportation - Turnpike System Budget to Actual (Non-GAAP Budgetary Basis) Schedule For the Fiscal Year Ended June 30, 2010 (Amounts in thousands)	Budgeted		Actual	Variance
	Original	Final	(Budgetary Basis)	(Favorable) Unfavorable (with Final Budget)
<b>Expenditures</b>				
Welcome Centers and Rest Area Operations	\$ 1,346	\$ 1,346	\$ 1,194	\$ (152)
Administration and Support	6,246	6,908	6,025	(883)
Renewal and Replacement	9,600	9,600	6,742	(2,858)
Central Operations	5,733	5,733	5,277	(456)
Central Maintenance	5,228	5,313	3,920	(1,393)
East NH Turnpike Blue Star Operations	4,266	4,266	3,640	(626)
East NH Turnpike Blue Star Maintenance	2,662	2,662	1,629	(1,033)
East NH Turnpike Spaulding Operations	2,077	2,077	1,923	(154)
East NH Turnpike Spaulding Maintenance	1,699	1,699	1,332	(367)
Toll Collection	9,450	9,450	8,927	(523)
Turnpike Debt Service	29,050	31,654	31,629	(25)
Transponder Inventory Fund	0	75	629	554
Retirees Health Insurance	1,185	1,185	663	(522)
Workers Compensation	600	600	187	(413)
Unemployment Compensation	25	25	8	(17)
<b>Total Expenses before Capital Expenses</b>	<b>79,167</b>	<b>82,593</b>	<b>73,725</b>	<b>(8,868)</b>
<b>Capital Expenses</b>				
RSA 237:2 I Blue Star Memorial	0	0	(301)	(301)
RSA 237:2 III Central NH Turnpike	0	0	3	3
RSA 237:2 VII Central NH Turnpike	0	0	11,818	11,818
Toll Collection Equipment	0	80,000	13,425	(66,575)
Laws of 1992, Chapter 217-Spaulding Exit 10	0	0	2	2
Spaulding Turnpike Second Barrel	0	0	39,969	39,969
Spaulding Turnpike/US 4/NH 16	0	0	2,748	2,748
<b>Total Capital Expenses</b>	<b>0</b>	<b>80,000</b>	<b>67,664</b>	<b>(12,336)</b>
<b>Total Expenses</b>	<b>79,167</b>	<b>162,593</b>	<b>141,389</b>	<b>(21,204)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 9,348</b>	<b>\$ (54,241)</b>	<b>\$ (23,663)</b>	<b>\$ 30,578</b>

See accompanying Independent Auditors' Report.  
The Note to Other Supplementary Information is an integral part of this schedule.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Note to Other Supplementary Information**  
**For the Fiscal Year Ended June 30, 2010**  
**(Unaudited)**

**1) Budget Control**

The Laws of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature for adoption. This budget, which includes a separate budget for each year of the two years, consists of three parts: Part I is the Governor's program for meeting all expenditure needs and estimating revenues; Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government; and Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

The Turnpike System operating budget is prepared principally on a modified cash basis and adopted for enterprise funds, with the exception of the Capital Projects Appropriations. This budget represents individual projects that extend over several fiscal years. Since the Capital Projects Fund comprises appropriations for multi-year projects, it is not included in the Budget to Actual Comparisons Statement.

In addition to the enacted biennial operating budget, the Governor may submit to the Legislature supplemental budget requests necessary to meet expenditures during the current biennium. Appropriation transfers can be made within a department without the approval of the Legislature; therefore, the legal level of budgetary control is at the departmental level.

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

Unexpended balances of appropriations at year end will lapse to undesignated fund balance and be available for future appropriations unless they have been encumbered or legally defined as non-lapsing, which means the balances are reported as reservation of fund balance. The balance of unexpended encumbrances is brought forward into the next fiscal year. The Capital Projects Fund unencumbered appropriations lapse in two years unless extended or designated as non-lapsing by law.

Budget to Actual Comparisons and additional budgetary information are included in the Other Supplementary Information section.

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## **STATISTICAL SECTION**

This section includes other relevant financial and operational information.

*(Unaudited)*

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**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Statistical Section**  
**For the Fiscal Year Ended June 30, 2010**

<b>STATE OF NEW HAMPSHIRE</b>							
<b>DEPARTMENT OF TRANSPORTATION – TURNPIKE SYSTEM</b>							
<b>STATEMENT OF NET ASSETS</b>							
<b>Comparative Fiscal Years Ended June 30</b>							
(Amounts in thousands)							
	<b>Change 2010 versus 2009</b>			<b>Change 2009 versus 2008</b>			
	<b>2010</b>	<b>\$</b>	<b>%</b>	<b>2009</b>	<b>\$</b>	<b>%</b>	<b>2008</b>
<b>ASSETS</b>							
<b>Current Assets:</b>							
Cash and Cash Equivalents	\$ 77,466	\$ 22,063	39.8%	\$ 55,403	\$ 1,346	2.5%	\$ 54,057
Cash and Cash Equivalents – Restricted	109,001	68,512	169.2	40,489	(108)	(0.3)	40,597
Investments	0	(5,000)	(100.0)	5,000	5,000	100.0	0
Receivables (Net of Allowances for Un-collectibles)	5,310	1,395	35.6	3,915	(180)	(4.4)	4,095
Inventories	927	(138)	(13.0)	1,065	(198)	(15.7)	1,263
Prepaid Assets	114	1	0.9	113	113	100.0	0
<b>Total Current Assets</b>	<b>192,818</b>	<b>86,833</b>	<b>81.9</b>	<b>105,985</b>	<b>5,973</b>	<b>6.0</b>	<b>100,012</b>
<b>Non-current Assets:</b>							
Bond Issue Costs	3,250	366	12.7	2,884	(224)	(7.2)	3,108
Capital Assets:							
Land	108,751	1,394	1.3	107,357	(3,306)	(3.0)	110,663
Buildings	4,831	3	0.1	4,828	(0)	0.0	4,828
Equipment and Computer Software	37,167	584	1.6	36,583	927	2.6	35,656
Construction in Progress	76,758	41,688	118.9	35,070	8,988	34.5	26,082
Infrastructure	671,146	40,837	6.5	630,309	19,153	3.1	611,156
Less: Allowance for Depreciation and Amortization	(270,808)	(27,969)	11.5	(242,839)	(14,818)	6.5	(228,021)
Net Capital Assets	627,845	56,537	9.9	571,308	10,944	2.0	560,364
<b>Total Non-current Assets</b>	<b>631,095</b>	<b>56,903</b>	<b>9.9</b>	<b>574,192</b>	<b>10,720</b>	<b>1.9</b>	<b>563,472</b>
<b>Total Assets</b>	<b>823,913</b>	<b>143,736</b>	<b>21.1</b>	<b>680,177</b>	<b>16,693</b>	<b>2.5</b>	<b>663,484</b>
<b>LIABILITIES</b>							
<b>Current Liabilities:</b>							
Accounts Payable	6,547	586	9.8	5,961	892	17.6	5,069
Due to Other Funds	45	(468)	(91.2)	513		0.0	513
Accrued Payroll	962	48	5.3	914	123	15.5	791
Deferred Revenue	7,475	574	8.3	6,901	68	1.0	6,833
General Obligation Bonds Payable - Current	584	(40)	(6.4)	624	(850)	(57.7)	1,474
Revenue Bonds Payable - Restricted	17,150	3,650	27.0	13,500	230	1.7	13,270
Note Payable to Highway Fund	15,350	15,350	100.0	0	0	0.0	0
Accrued Interest Payable	2,127	2,127	100.0	0	0	0.0	0
Accrued Interest Payable - Restricted	4,791	1,155	31.8	3,636	(171)	(4.5)	3,807
Claims and Compensated Absences Payable	457	(9)	(1.9)	466	38	8.9	428
Other Liabilities	60	56	1400.0	4	(681)	(99.4)	685
<b>Total Current Liabilities</b>	<b>55,548</b>	<b>23,029</b>	<b>70.8</b>	<b>32,519</b>	<b>(351)</b>	<b>(1.1)</b>	<b>32,870</b>
<b>Non-current Liabilities:</b>							
General Obligation Bonds Payable	0	(677)	(100.0)	677	(670)	(49.7)	1,347
Revenue Bonds Payable (Net of Unamortized Discount)	361,090	130,558	56.6	230,532	(13,163)	(5.4)	243,695
Note Payable to Highway Fund	75,777	75,777	100.0	0	0	0.0	0
Claims and Compensated Absences Payable	2,546	(17)	(0.7)	2,563	(235)	(8.4)	2,798
Other Non-current Liabilities	2,579	(421)	(14.0)	3,000	0	0.0	3,000
<b>Total Non-current Liabilities</b>	<b>441,992</b>	<b>205,220</b>	<b>86.7</b>	<b>236,772</b>	<b>(14,068)</b>	<b>(5.6)</b>	<b>250,840</b>
<b>Total Liabilities</b>	<b>497,540</b>	<b>228,249</b>	<b>84.8</b>	<b>269,291</b>	<b>(14,419)</b>	<b>(5.1)</b>	<b>283,710</b>
<b>NET ASSETS</b>							
Invested in Capital Assets (Net of Related Debt)	215,477	(110,498)	(33.9)	325,975	25,397	8.4	300,578
Restricted for Debt Repayments	51,418	10,929	27.0	40,489	(108)	(0.3)	40,597
Unrestricted Net Assets	59,478	15,056	33.9	44,422	5,823	15.1	38,599
<b>Total Net Assets</b>	<b>\$326,373</b>	<b>\$(84,513)</b>	<b>(20.6)%</b>	<b>\$410,886</b>	<b>\$ 31,112</b>	<b>8.2%</b>	<b>\$379,774</b>

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Statistical Section**  
**For the Fiscal Year Ended June 30, 2010**

<b>STATE OF NEW HAMPSHIRE</b>							
<b>DEPARTMENT OF TRANSPORTATION – TURNPIKE SYSTEM</b>							
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS</b>							
<b>Comparative Fiscal Years Ended June 30</b>							
<i>(Amounts in thousands)</i>							
	<b>Change 2010 versus 2009</b>			<b>Change 2009 versus 2008</b>			
	<b>2010</b>	<b>\$</b>	<b>%</b>	<b>2009</b>	<b>\$</b>	<b>%</b>	<b>2008</b>
<b><u>OPERATING REVENUES</u></b>							
Toll Revenue- Cash	\$ 47,883	\$ 2,578	5.7%	\$ 45,305	\$ (447)	(1.0)%	\$ 45,752
Toll Revenue- E-ZPass	68,153	9,551	16.3	58,602	3,947	7.2	54,655
Other Toll Operating Revenue	1,653	(545)	(24.8)	2,198	(705)	(24.3)	2,903
Transponder Revenue	714	62	9.5	652	(242)	(27.1)	894
<b>Total Operating Revenues</b>	<b>118,403</b>	<b>11,646</b>	<b>10.9</b>	<b>106,757</b>	<b>2,553</b>	<b>2.5</b>	<b>104,204</b>
<b><u>OPERATING EXPENSES</u></b>							
Personnel Services	11,352	217	1.9	11,135	512	4.8	10,623
Payroll Benefits	5,464	364	7.1	5,100	394	8.4	4,706
Enforcement	5,025	(343)	(6.4)	5,368	138	2.6	5,230
Renewal & Replacement	7,793	(12)	(0.2)	7,805	(4,037)	(34.1)	11,842
Other Administration	3,545	(198)	(5.3)	3,743	1,225	48.6	2,518
Repairs	2,667	(520)	(16.3)	3,187	138	4.5	3,049
Indirect Costs	2,010	(59)	(2.9)	2,069	244	13.4	1,825
Heat, Light and Power	1,215	(18)	(1.5)	1,233	(268)	(17.9)	1,501
Bank & Credit Card Fees	2,037	303	17.5	1,734	45	2.7	1,689
Rentals	771	(212)	(21.6)	983	110	2.6	873
E-ZPass Processing Fees	5,259	142	2.8	5,117	830	19.4	4,287
Transponder Expense	769	76	11.0	693	(128)	(15.6)	821
Depreciation	15,970	791	5.2	15,179	(2,396)	(13.6)	17,575
<b>Total Operating Expenses</b>	<b>63,877</b>	<b>531</b>	<b>0.8</b>	<b>63,346</b>	<b>(3,193)</b>	<b>(4.8)</b>	<b>66,539</b>
Operating Income	54,526	11,115	25.6	43,411	5,746	15.3	37,665
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>							
Investment Income	2,108	1,272	152.2	836	(1,710)	(67.2)	2,546
Miscellaneous	194	54	8.6	140	(185)	(56.9)	325
Loss on the Acquisition of Property from Related State Agency	(122,788)	(122,788)	(100.0)	0	0	0.0	0
Loss on the Sale of Property	(952)	3,043	(76.2)	(3,995)	(3,995)	0.0	0
Interest on Bonds and Notes	(16,223)	(3,270)	25.2	(12,953)	649	(4.8)	(13,602)
Amortization of Bond Issuance Costs	(972)	(693)	248.4	(279)	(9)	3.3	(270)
<b>Total Non-operating Revenues (Expenses)</b>	<b>(138,633)</b>	<b>(122,382)</b>	<b>753.1</b>	<b>(16,251)</b>	<b>(5,250)</b>	<b>47.7</b>	<b>(11,001)</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>(84,107)</b>	<b>(111,267)</b>	<b>(409.7)</b>	<b>27,160</b>	<b>496</b>	<b>1.9</b>	<b>26,664</b>
Capital Contributions	(406)	(4,358)	(110.3)	3,952	(4,864)	(55.2)	8,816
<b>Change in Net Assets</b>	<b>(84,513)</b>	<b>(115,625)</b>	<b>(371.6)</b>	<b>31,112</b>	<b>(4,368)</b>	<b>(12.3)</b>	<b>35,480</b>
<i>Net Assets – July 1</i>	410,886	31,112	8.2	379,774	35,480	10.3	344,294
<i>Net Assets – June 30</i>	<b>\$ 326,373</b>	<b>\$ (84,513)</b>	<b>(20.6)%</b>	<b>\$ 410,886</b>	<b>\$ 31,112</b>	<b>8.2%</b>	<b>\$ 379,774</b>

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Statistical Section**  
**For the Fiscal Year Ended June 30, 2010**

<b>STATE OF NEW HAMPSHIRE</b>					
<b>DEPARTMENT OF TRANSPORTATION - TURNPIKE SYSTEM</b>					
<b>CAPITAL ASSETS</b>					
<b>Comparative Fiscal Years Ended June 30</b>					
<i>(Amounts in thousands)</i>					
	<b>Fiscal Years Ended June 30</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Capital Assets not Being Depreciated:</b>					
Land and Land Improvements	\$108,751	\$107,357	\$110,663	\$110,412	\$106,958
Construction in Progress	76,758	35,070	26,082	58,984	71,414
Capital Assets not Being Depreciated:	<u>185,509</u>	<u>142,427</u>	<u>136,745</u>	<u>169,396</u>	<u>178,372</u>
<b>Other Capital Assets:</b>					
Equipment	37,167	36,583	35,656	33,468	31,268
Buildings and Building Improvements	4,831	4,828	4,828	4,828	4,828
Infrastructure	671,146	630,309	611,156	558,936	536,114
Subtotal Other Capital Assets	<u>713,144</u>	<u>671,720</u>	<u>651,640</u>	<u>597,232</u>	<u>572,210</u>
Total Capital Assets	<u>898,653</u>	<u>814,147</u>	<u>788,385</u>	<u>766,628</u>	<u>750,582</u>
<b>Less Accumulated Depreciation for:</b>					
Equipment	(26,545)	(23,744)	(20,909)	(18,162)	(17,719)
Buildings and Building Improvements	(2,964)	(2,892)	(2,820)	(2,747)	(2,675)
Infrastructure	(241,299)	(216,203)	(204,292)	(190,067)	(178,977)
Total Accumulated Depreciation	<u>(270,808)</u>	<u>(242,839)</u>	<u>(228,021)</u>	<u>(210,976)</u>	<u>(199,371)</u>
Capital Assets, Net	<u>\$627,845</u>	<u>\$571,308</u>	<u>\$560,364</u>	<u>\$555,652</u>	<u>\$551,211</u>

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Statistical Section**  
**For the Fiscal Year Ended June 30, 2010**

**SCHEDULE OF DEBT SERVICE COVERAGE RATIO**  
**For the Fiscal Years 1996 - 2010**  
(Amounts in thousands)

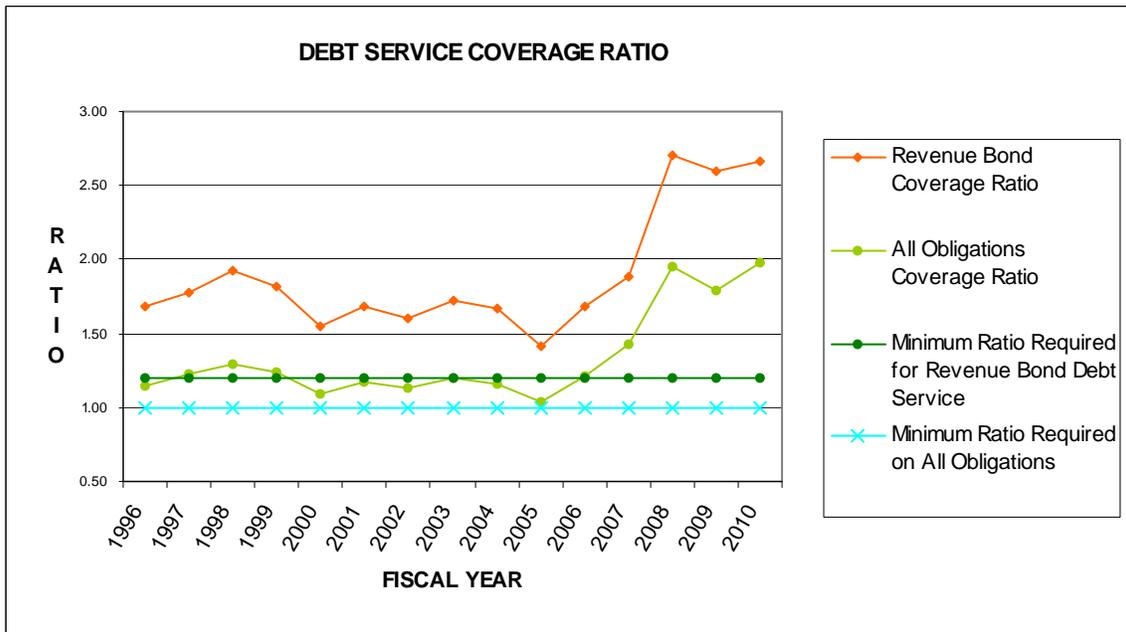
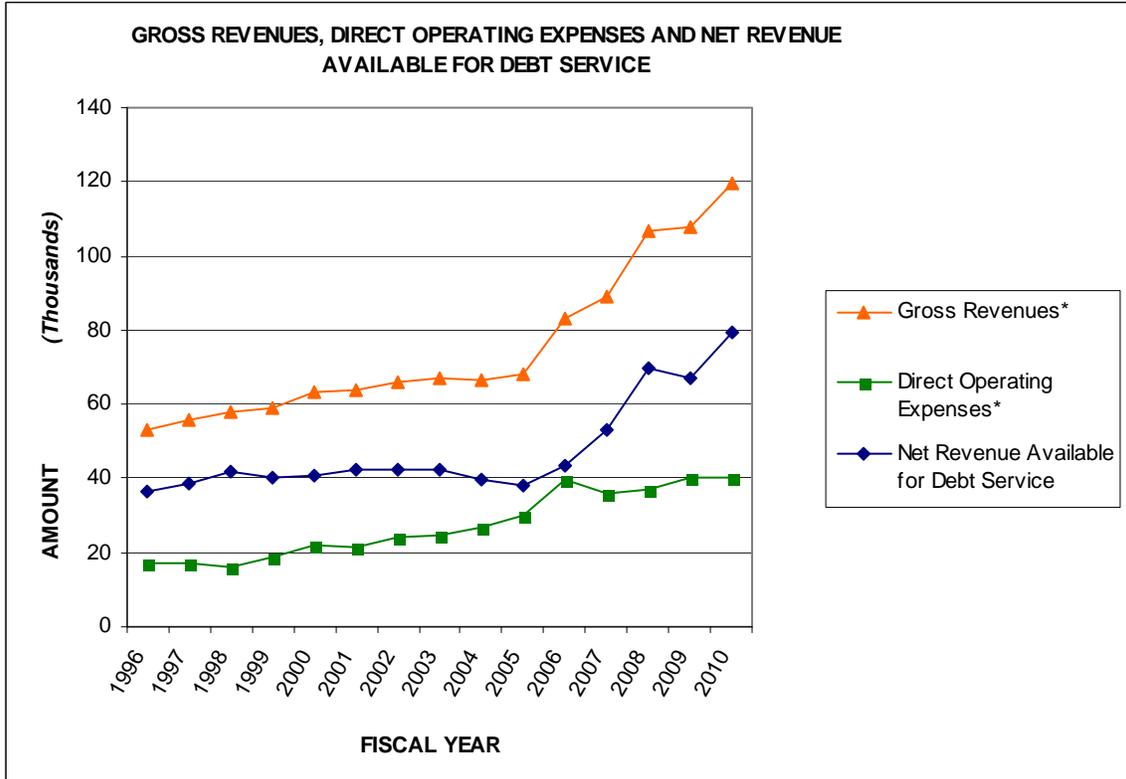
Fiscal Year	Gross Revenues	Direct Operating Expenses	(A)	(B)	(A / B)	(C)	(D)	(B+C+D) Total	(A / (B+C+D))
			Net Revenue Available for Service	Revenue Bond Debt Service Requirements	Revenue Bond Coverage Ratio	G.O. Bond Debt Service Requirements			Renewal & Replacement
2010 <sup>1</sup>	119,407	40,171 <sup>1</sup>	79,236	29,656	2.67	669	9,600	39,925	1.98
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 2010 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.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Statistical Section**  
**For the Fiscal Year Ended June 30, 2010**



\* As defined in Turnpike System Bond Resolutions.  
 See accompanying Independent Auditors' Report.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
**Statistical Section**  
**For the Fiscal Year Ended June 30, 2010**

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

The table below shows annual toll transaction and revenue trends for the Turnpike System during the period beginning with fiscal year 2010 and ending with fiscal year 1998.

Fiscal Year	Annual Toll Transactions	Percent Change from Prior Year	Annual Toll Revenues*	Percent Change from Prior Year
2010 <sup>+</sup>	108,299,821	.6%	\$116,036,026	11.7%
2009 <sup>+</sup>	107,653,154	-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.

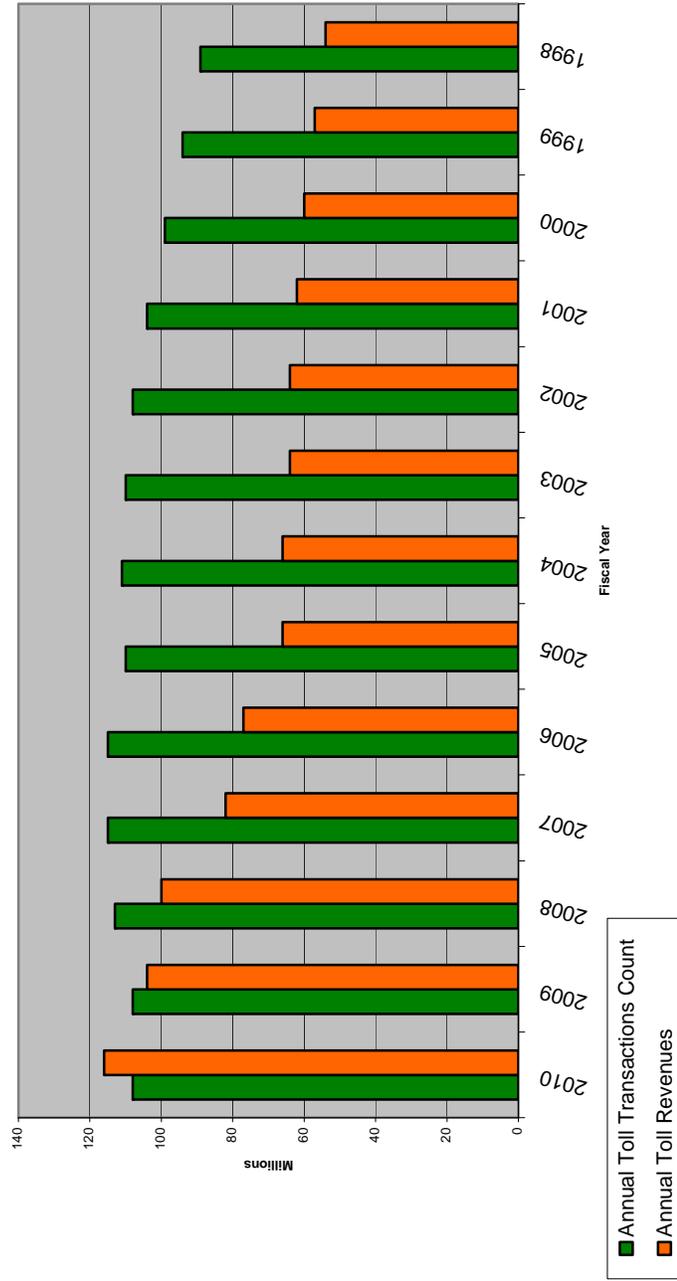
# Hampton toll plaza: One-way tolls September-October 2003 and July-October 2004.

See accompanying Independent Auditors' Report.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
 Statistical Section  
 For the Fiscal Year Ended June 30, 2010

**ANNUAL TRAFFIC AND TOLL REVENUE TRENDS**

New Hampshire Turnpike System  
 For the Years Ended June 30



See accompanying Independent Auditors' Report.

**NEW HAMPSHIRE TURNPIKE SYSTEM**  
 Statistical Section  
 For the Fiscal Year Ended June 30, 2010

**TOLL RATE SCHEDULE**  
 Effective July 1, 2009

	Fare		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	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													
Hooksett Ramp	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 Main	Cash Fare	0.50	0.75	1.00	1.25	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00													
Bedford Road	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	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00													
Merrimack Industrial	E-ZPass Fare	0.35	\$ 0.53	\$ 0.70	\$ 0.88	\$ 1.00	\$ 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													
Hampton Side	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													
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													
Rochester Toll	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													
	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													

Back Cover:

Aerial photo of Rochester interchange construction at Exit 12 on the Spaulding Turnpike.

