



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

ANNUAL REPORT
With Respect to
TURNPIKE SYSTEM REVENUE BONDS

February 22, 2019

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ANNUAL REPORT
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This Annual Report dated February 22, 2019 (the “Annual Report”) of the State of New Hampshire (the “State”) is prepared and submitted in accordance with the requirements of the Continuing Disclosure Certificates dated December 1, 2009, January 5, 2012, August 30, 2012, November 5, 2012 and June 24, 2015 (collectively, the “Continuing Disclosure Certificates”) executed by the State for the benefit of the owners of \$217,215,000 State of New Hampshire Turnpike System Revenue Bonds, 2009 Series A (Federally Taxable – Build America Bonds – Direct Payment), 2009 Refunding Series B, the \$42,115,000 State of New Hampshire Turnpike System Revenue Bonds, 2012 Refunding Series (Delayed Delivery), the \$110,180,000 State of New Hampshire Turnpike System Revenue Bonds, 2012 Series C, the \$65,355,000 State of New Hampshire Turnpike System Revenue Bonds, 2012 Refunding Series B (Delayed Delivery) and the \$45,800,000 State of New Hampshire Turnpike System Revenue Bonds, 2015 Series A (collectively, the “Bonds”). The State’s audited financial statements pertaining to its Turnpike System for the fiscal year ended June 30, 2018, prepared in accordance with generally accepted accounting principles were filed with the Municipal Securities Rulemaking Board (MSRB) on December 27, 2018 and the financial statements were included in the State’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018 (the “CAFR”). The CAFR was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system on December 28, 2018. The Financial Statements are incorporated herein by reference.

For questions about this report or the need for additional information, please contact the New Hampshire Department of Transportation, Leonard Russell, Division of Finance, John O. Morton Building, 7 Hazen Drive, Concord, NH 03302-0483 or telephone 603.271.2546.

Annual Report

This Annual Report is submitted pursuant to the Continuing Disclosure Certificates and updates certain information contained in the State’s most recent Official Statement pertaining to the Bonds dated June 10, 2015 (the “Official Statement”), which contains certain information pertaining to the State’s Turnpike System. This Annual Report does not constitute an offer to sell or the solicitation of an offer to buy the Bonds.

Pursuant to the Continuing Disclosure Certificates, the State hereby updates the information requested in Section 4, “Content of Annual Reports,” of the Continuing Disclosure Certificates as follows (the headings and page numbers refer to the applicable portions of the Official Statement):

- THE TURNPIKE SYSTEM – General Description, with respect to the first paragraph on page 20:

General Description

The Turnpike System presently consists of 89 miles of limited access highway, 36 miles of which are part of the U.S. Interstate Highway System. The Turnpike System comprises a total of approximately 658 total lane miles, 172 bridges, 49 interchanges, 84 toll lanes, and 25 facilities. Since beginning operations in 1950, the Turnpike System has contributed to the development of the New Hampshire economy. It has also been a major factor in the growth of the tourist industry in the State. The Turnpike System consists of three limited access highways: the Blue Star Turnpike (I-95) and the Spaulding Turnpike, (together 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. See *State Demographic and Economic Statistics* in Appendix B for a general description of the State and its economy, including population, personal income, employment and employers, state and local taxation, housing, building activity, transportation and education.

- THE TURNPIKE SYSTEM – Maintenance of the Turnpike System, with respect to the table captioned “Renewal and Replacement Expenditures” on page 25:
 - See Attachment A.
- THE TURNPIKE SYSTEM – Toll Rates, with respect to the table captioned “Turnpike System Toll Rate Schedule” on page 35:
 - There have been no changes to the Turnpike System Toll Rate Schedule.
- THE TURNPIKE SYSTEM – Turnpike System – Historical Revenues and Expenditures, with respect to the table captioned “Statement of Revenues, Expenses and Changes in Net Position” on page 36:
 - See Attachment B.
- THE TURNPIKE SYSTEM – Management Discussion of Historical Revenues and Expenditures (only with respect to the preceding fiscal year) on pages 37 and 38:

Fiscal Year 2018

Gross Revenue available for operating expenses, debt service, reserves, and improvement increased by \$3.4 million or a 2.5% increase over the prior year. The 2018 revenues include:

Description	(Amounts in thousands)
Total Operating Revenues	\$ 134,839
Investment Income	1,080
Welcome Center Revenue	1,016
Facility Sustainment Reserve	169
BABS Subsidy	2,922
Miscellaneous Income	<u>675</u>
Gross Revenue	\$ 140,701

Total Operating Revenues increased \$3.5 million or 2.6% to \$134.8 million over the prior year.

Total Operating Expenses, excluding a prior year restatement of expense of \$40.0 million for the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, decreased \$2.9 million or 3.4% from the previous year due to a decrease in pollution remediation liabilities per GASB 49 *Accounting and Financial Reporting for Pollution Remediation Obligations* and reduced Renewal & Replacement Program activities due to a delay in the commencement of the I-95 High-level bridge rehabilitation project to allow for the completion of the Sarah Mildred Long bridge replacement that is also along the New Hampshire and Maine border.

Total Non-Operating Expenses increased by \$2.2 million or 30.4% to \$9.5 million primarily because of an increase in bond interest expense of \$1.0 million and \$1.2 million for expenses associated with the City of Dover utility work on the Spaulding Turnpike expansion project. Revenue from the City of Dover was recognized in fiscal year 2017 to offset these project costs. The bond interest expense increased over fiscal year 2017 due to capitalizing less interest expense to construction in progress in fiscal year 2018 compared to fiscal year 2017. Without this adjustment, bond interest expense would have declined from fiscal year 2017.

Renewal and Replacement Operating Expenses for fiscal years 2018 and 2017 were \$8.1 million and \$9.1 million respectively. Renewal & Replacement capitalized expenses for fiscal years 2018 and 2017 were \$0.6 million and \$0.1 million respectively. For fiscal year 2019, the budget is \$14.3 million. Appropriations for Renewal & Replacement expenditures do not lapse and are carried forward and made available in subsequent years.

Fiscal Year 2018 Status of Capital Fixed Assets

Capital Improvement Program Net Capital Assets increased \$7.9 million or 0.9% to \$923.3 million over the prior year. The Turnpike System capitalized \$28.5 million primarily in infrastructure, construction in progress, and work in progress – computer software. Accumulated Depreciation offsets the increases in Capital Assets by \$20.6 million.

Fiscal Year 2018 Summary of Liabilities and Debt Service

Total Liabilities decreased \$23.9 million or 4.9% to \$467.4 million. This change was driven by a decrease in outstanding principal on Revenue Bond liabilities, liabilities associated with Other Postemployment Benefits, and the pollution remediation liability at the Hampton Tolls. This is offset by increases in Accounts Payable for capital construction and operations invoices, Unearned Revenue for E-ZPass pre-paid deposits and revenue received from local municipalities in advance of construction for municipal-owned portions of the Spaulding Turnpike expansion project.

Current Liabilities consist primarily of accrued operating expenses, unearned revenue, and the current portion of revenue bonds. Current Liabilities increased by \$15.2 million or 32.5% due to a \$9.2 million increase in short-term revenue bonds payable, a \$3.1 million increase in unearned revenue primarily from funds received for E-ZPass pre-paid deposits on account as well as funds received in advance from the City of Dover for utility work, and a \$2.9 million increase in accounts payable for capital construction and operations invoices.

Non-current Liabilities, including a prior year \$40.7 million restatement for GASB 75, decreased by \$39.1 million primarily due to an \$30.0 million decrease in revenue bonds payable per current debt schedule, a \$8.5 million decrease in other postemployment benefits payable, and a \$1.3 million decrease in other liabilities offset by a \$0.7 million increase in claims and compensated absences payable and future pension obligations.

Restricted assets at fair market value are segregated into the following accounts as of June 30, 2018:

(Amounts in thousands)

Restricted Assets	2018	2017
Revenue Bond Debt Service Reserve Account	\$ -	\$ 13,954
Revenue Bond Insurance Reserve Account	3,523	3,434
Total Investments – Restricted	3,523	17,388
Revenue Bond Principal Debt Service Account	16,382	9,266
Revenue Bond Interest Debt Service Account	4,924	5,190
Revenue Bond Debt Service Reserve Account	41,159	27,396
Facility Sustainment and Reinvestment Reserve Account	323	154
Total Cash & Cash Equivalents – Restricted	62,788	42,006
Total Restricted Assets	\$ 66,311	\$ 59,394

The amounts shown above are invested in permitted investments in accordance with the Bond Resolution.

There were no changes to the **Turnpike System Bond ratings** during fiscal year 2018, however on February 15, 2019 Standard & Poor’s increased the bond rating from “A+” (outlook: stable) to “AA-” (outlook: stable) and notice of this change was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system on

February 19, 2019. The current ratings assigned to the Bonds by Fitch Ratings, Inc., Moody's Investors Services, Inc., and Standard & Poor's are "A+" (outlook: stable), "A1" (outlook: stable) and "AA-" (outlook: stable), respectively.

- THE TURNPIKE SYSTEM, with respect to the table captioned "Schedule of Debt Service Coverage Ratio" on page 45:
 - See Attachment C and C-1.
- TURNPIKE SYSTEM INDEBTEDNESS, with respect to the table captioned "Turnpike System Debt Service" on page 47:
 - See Attachment D.
- CAPITAL IMPROVEMENT PROGRAM, with respect to the description and the table captioned "Project Descriptions" on pages 47-51:

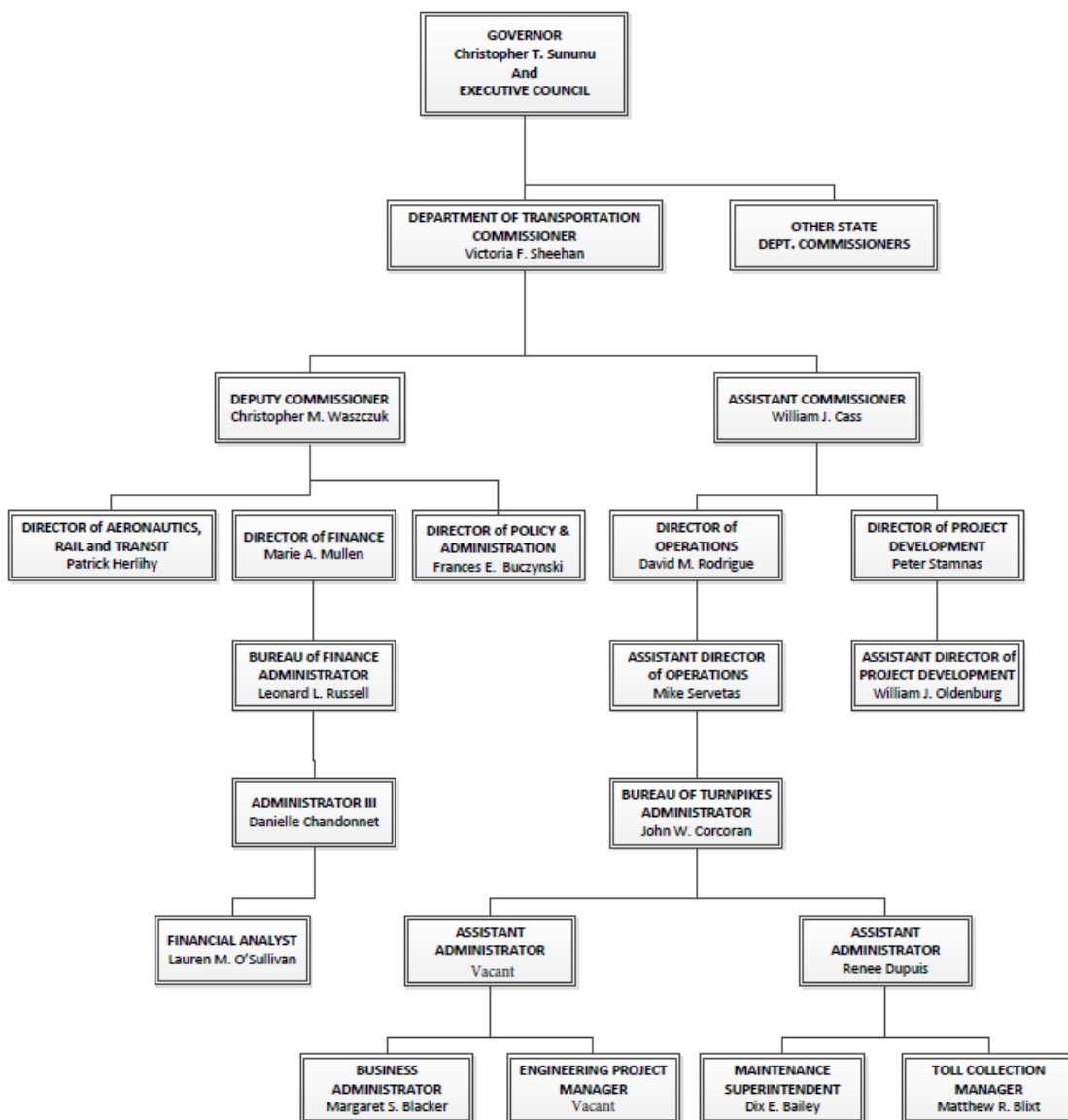
In 1986, the State Legislature adopted the State's first Ten-Year Capital Improvement Program for transportation in New Hampshire, including specific components relating to the Turnpike System. Every two years, this long-term capital program is updated and revised. The Turnpike System component of the Ten-Year Plan, as from time to time modified by the Legislature, is referred as the "Capital Improvement Program." The current total estimated cost of the Capital Improvement Program, including expenditures to date, is approximately \$1.5 billion through fiscal year 2028, which the State has funded and intends to fund through Bond proceeds, investment earnings, available toll revenues, and federal funds. As of June 30, 2018, almost \$961 million had been expended on the Capital Improvement Program, of which amount; approximately \$716 million had been funded with proceeds of Bonds.

- CAPITAL IMPROVEMENT PROGRAM EXPENDITURES, with respect to the table captioned "Capital Improvement Program Expenditures" on page 52:
 - See Attachment E.
- APPENDIX A, with respect to the report titled " New Hampshire Turnpike System Traffic and Revenue Study":
 - See Appendix A for "Annual Traffic and Toll Revenue Trends" for the fiscal years ending 2001 through 2018.
- APPENDIX B, with respect to the section title "State Demographic and Economic Data":
 - The most recent State Demographic and Economic Data for Fiscal Year 2018 are included in the State of New Hampshire CAFR for the Year Ended June 30, 2018 pages 159-161 filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website under the Continuing Disclosures for the State of New Hampshire General Obligation Capital Improvement Bonds, Series 2018A.

Fiscal Year 2018 Financial Statements


- APPENDIX C, with respect to the section title “Turnpike System Audited Financial Statements Fiscal Year 2014”:
 - The audited financial statements for Fiscal Year 2018 are filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website.

The following chart shows the organization of State government relating to the Turnpike System:



This Annual Report has been executed and delivered on behalf of the State pursuant to the Continuing Disclosure Certificates.

STATE OF NEW HAMPSHIRE

By:  _____
Victoria F. Sheehan
Commissioner
Department of Transportation

RENEWAL AND REPLACEMENT COSTS
Fiscal Years 2003 through 2021
GAAP Basis and Budget
(Amounts in thousands)

<u>Fiscal Year</u>	<u>Amount</u>
2003	7,058
2004	4,973
2005	3,114
2006	4,567
2007	8,552
2008	11,842
2009	7,805
2010	7,793
2011	14,309
2012	9,320
2013	9,628*
2014	11,279*
2015	8,229*
2016	7,911*
2017	9,251*
2018	8,689*
2019	24,083**
2020	22,880***
2021	20,924***

* Beginning in 2013, Renewal and Replacement Costs are capitalized, if appropriate, per Generally Accepted Accounting Principles (GAAP). For fiscal year 2018, approximately \$8.1 million was expensed and \$0.6 million was capitalized.

** Fiscal year 2019 includes the authorized budget amount of \$14.3 million plus a carryover from fiscal year 2018 of \$9.8 million.

*** Proposed biennial Governor's Recommended State budget (Turnpike funds only).

Turnpike System-Historical Revenues and Expenditures

The Turnpike System is part of the State primary government and is accounted for as an enterprise fund of the State. The financial information below is derived from audited financial statements of the Turnpike System.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION New Hampshire Turnpike System (Amounts in thousands) For the Fiscal Years Ended June 30

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Operating Revenues</u>					
Tolls and Other Operating Revenue	\$ 134,839	\$ 131,388	\$ 130,714	\$ 124,412	\$ 119,325
<u>Operating Expenses</u>					
Personnel Services	10,644	9,850	9,074	9,868	9,703
Payroll Benefits	6,880	6,064	5,026	5,599	6,101
Enforcement	8,208	8,748	7,221	6,312	5,843
Renewal & Replacement	8,128	9,144	7,523	7,544	9,430
Supplies, Materials and Other [†]	1,822	4,807	2,238	3,467	2,859
Equipment and Repairs [†]	5,133	4,475	3,991	4,988	4,467
Indirect Costs	2,473	2,460	2,501	2,645	2,571
Welcome Centers [‡]	960	880	939	-	-
Heat, Light, and Power	1,054	986	939	1,095	1,266
Bank and Credit Card Fees	3,503	2,915	2,538	2,328	2,225
Rentals	928	1,051	632	1,076	956
E-ZPass Processing Fees	6303	6,909	6,869	6,362	5,876
Transponder Expense	765	758	1,055	620	602
Depreciation and Amortization	26,628	27,286	22,143	22,398	22,832
Impairment of Capital Assets	-	-	-	27,675	-
GASB 75 Pension Expense Adjustment [*]	-	39,990	-	-	-
GASB 68 Pension Expense Adjustment ^{§§}	-	-	-	-	10,138
Total Operating Expenses	<u>83,429</u>	<u>123,323</u>	<u>72,689</u>	<u>101,977</u>	<u>84,869</u>
Operating Income	<u>51,410</u>	<u>5,065</u>	<u>58,025</u>	<u>22,435</u>	<u>34,456</u>
<u>Non-Operating Revenues (Expenses)</u>					
Investment Income	1,080	434	998	87	78
Welcome Center Revenue [‡]	1,016	884	774	118	-
Facility and Sustainment Reinvestment Reserve ^{**}	169	-	-	-	-
Build America Bonds Subsidy ^{**}	2,922	-	-	-	-
Miscellaneous Income	335	4,524	3,135	3,157	3,112
Gain/ (Loss) on the Sale of Other Capital Assets	340	88	46	7	(87)
Interest on Bonds and Note	(14,101)	(13,142)	(15,402)	(14,005)	(15,512)
Miscellaneous Expense	(44)	(48)	(79)	(390)	(44)
Local Non-Operating Expense [§]	(1,183)	-	-	-	-
Total Non-Operating Revenues/(Expenses)	<u>(9,466)</u>	<u>(7,260)</u>	<u>(10,528)</u>	<u>(11,026)</u>	<u>(12,453)</u>
Change in Net Position Before Capital Contributions	<u>41,944</u>	<u>(2,195)</u>	<u>47,497</u>	<u>11,409</u>	<u>22,003</u>
Capital Contributions	<u>104</u>	<u>44</u>	<u>87</u>	<u>74</u>	<u>3,108</u>
Change in Net Position	42,048	(2,151)	47,584	11,483	25,111
Net Position – July 1[*]	<u>592,300</u>	<u>594,451</u>	<u>546,867</u>	<u>535,384</u>	<u>510,273</u>
Net Position – June 30^{§§*}	<u>\$ 634,348</u>	<u>\$ 592,300</u>	<u>\$ 594,451</u>	<u>\$ 546,867</u>	<u>\$ 535,384</u>

[†]Beginning in fiscal year 2015, certain identified Supplies, Materials and Other costs were moved to Equipment and Repair. Fiscal year 2014 is restated to reflect the change in the amount of \$59,000 for comparative purposes.

[‡]Beginning in fiscal year 2016, expenses related to operation of the Welcome Centers are reported separately. Prior fiscal years reported Welcome Center expenses in the other operating expense lines.

^{*}Fiscal year 2017 Net Position restated per GASB 75 for other postemployment benefits liability reporting. The net position in fiscal year 2017 is reduced by \$40.0 million to \$592.3 million from \$632.29 million.

[‡]Hooksett Welcome Center Concession Operations began in fiscal year 2015.

^{**}Beginning in fiscal year 2018, revenue received for the Facility Sustainment and Reinvestment Reserve and Build America Bonds Subsidy are reported separately. Prior fiscal years reported these revenues in Miscellaneous Income.

[§]Local Non-Operating expense is a one-time expenses associated with the City of Dover utility work on the Spaulding Turnpike expansion project related to FY17.

^{§§}Fiscal year 2014 Net Position restated per GASB 68 for pension liability reporting. The net position in fiscal year 2014 is reduced by \$10.1 million to \$535.4 million from \$545.5 million.

SCHEDULE OF DEBT SERVICE COVERAGE RATIO
For the Fiscal Years 2018 - 2000
(Amounts in thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses	(A) Net Revenue Available for Service	(B) Revenue Bond Debt Service Requirements	(A / B) Revenue Bond Coverage Ratio	(C) G.O. Bond Debt Service Requirements	(D) Renewal & Replacement	(B+C+D) Total	(A /
									(B+C+D)) All Obligations Coverage Ratio
2018	\$ 137,421	\$ 48,673 ¹	\$ 88,748	\$ 41,343 ²	2.15	\$ -	\$ 12,820	\$ 54,163	1.64 ³
2017	\$ 133,046	\$ 49,903 ¹	\$ 83,143	\$ 41,345 ²	2.01	\$ -	\$ 9,600	\$ 50,945	1.63 ³
2016	\$ 132,725	\$ 43,023 ¹	\$ 89,702	\$ 41,332 ²	2.17	\$ -	\$ 9,700	\$ 51,032	1.76 ⁴
2015	\$ 124,811	\$ 44,361 ¹	\$ 80,450	\$ 39,091 ²	2.06	\$ -	\$ 8,900	\$ 47,991	1.68 ⁴
2014	\$ 119,373	\$ 42,469 ¹	\$ 76,904	\$ 39,044 ²	1.97	\$ -	\$ 10,000	\$ 49,044	1.57 ⁴
2013	\$ 118,027	\$ 42,213 ¹	\$ 75,814	\$ 38,299 ²	1.98	\$ -	\$ 9,800	\$ 48,099	1.58 ⁴
2012	\$ 118,856 ⁵	\$ 40,653 ¹	\$ 78,203	\$ 33,328	2.35	\$ -	\$ 9,200	\$ 42,528	1.84 ⁴
2011	\$ 119,314	\$ 42,339 ¹	\$ 76,975	\$ 33,745	2.28	\$ 599	\$ 9,800	\$ 44,144	1.74 ⁴
2010	\$ 119,407	\$ 40,171 ¹	\$ 79,236	\$ 29,656	2.67	\$ 669	\$ 9,600	\$ 39,925	1.98
2009	\$ 107,660	\$ 40,361 ¹	\$ 67,299	\$ 25,873	2.60	\$ 1,597	\$ 10,040	\$ 37,510	1.79
2008	\$ 106,814	\$ 37,122 ¹	\$ 69,692	\$ 25,710	2.71	\$ 1,713	\$ 8,300	\$ 35,723	1.95
2007	\$ 89,054	\$ 36,158 ¹	\$ 52,896	\$ 28,078	1.88	\$ 2,985	\$ 6,047	\$ 37,110	1.43
2006	\$ 83,054	\$ 41,784 ¹	\$ 41,270	\$ 25,831	1.60	\$ 4,219	\$ 5,871	\$ 35,921	1.15
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

1. Fiscal years 2006 through 2018 calculations of Direct Operating Expenses deduct the entire amount of current year depreciation expense (Turnpikes, Federal, & Highway match portions). Prior year calculations reflect the historical practice of deducting only the Turnpikes portion of depreciation expense.
2. For fiscal years 2013 through 2018, the debt service requirement consists of total payments to the Debt Service Account as required by the bond resolution. Debt service requirement calculations in the previous fiscal years consisted of the actual principal and interest paid during the fiscal year. Debt service reflects reduced Build America Bonds subsidy payments resulting from federal sequestration.
3. Unaudited toll covenant calculations indicate adequate toll revenues for fiscal year 2018. The revenue bond coverage ratio was satisfied at 2.15 for the 1.2 times test. The all obligations coverage ratio was satisfied at 1.64 for the 1.0 times test, as calculated by the Department.
4. During fiscal year 2016, a note payable of \$418 thousand (including interest) was made to the State Highway Fund. This payment was final payment to the State Highway Fund for the I-95 Piscataqua River Bridge Acquisition. The Turnpike System's unrestricted cash balances at June 30, 2011-2016 was deemed more than sufficient to satisfy the Note Payable to the State Highway Fund and accordingly, the Note Payable to State Highway Fund was not included in the all obligations ratio for fiscal years 2011 through 2016.
5. Gross Revenues less Federal revenue of \$1.3 million.

STATE OF NEW HAMPSHIRE
 ENTERPRISE FUND - TURNPIKE SYSTEM
 TURNPIKE REVENUE BONDS
 COVENANT TEST-GAAP BASIS
 FOR THE TWELVE-MONTH PERIOD ENDING JUNE 30, 2018 (Amounts in thousands)

Operating Revenue per Financial Statements	\$134,839	
Non-Operating Revenue	5,862	
BABs Interest	(2,922)	
Facility & Sustainment Reserve	(169)	
Private/Local Funds	(189)	
GROSS REVENUES FOR BOND CALCULATION	<u>137,421</u>	
Operating Expenses	83,429	
Renewal and Replacement	(8,128)	
Depreciation	(26,628)	
DIRECT OPERATING EXPENSES FOR COVENANT CALCULATION	<u>48,673</u>	
NET REVENUES FOR COVENANT CALCULATION	<u>\$88,748</u>	A
DEBT SERVICE- REVENUE BONDS		
Principal	25,007	
Interest	19,258	
BABs Subsidy	(2,922)	
TOTAL DEBT SERVICE- REVENUE BONDS	<u>\$41,343</u>	B
DEBT SERVICE- GENERAL OBLIGATION BONDS		
Principal	-	
Interest	-	
TOTAL DEBT SERVICE- GENERAL OBLIGATION BONDS	<u>-</u>	C
RENEW AND REPLACEMENT		
Annual (Fiscal Year 2018 Budgeted Amount)	<u>\$12,820</u>	D

COVENANTS	<u>RATIO</u>	<u>MINIMUM AMOUNT</u>	<u>COVENANT SATISFIED?</u>
One of the following tests must be satisfied:			
1. The value of (A) must be greater than 1.2 times the value of (B). To test compliance with this covenant, the following formula is used to provide a ratio comparison: The ratio of (A) divided by (B) must be greater than the ratio of 1.2.	<u>2.15</u>	<u>1.20</u>	<u>YES</u>
2. The value of (A) must be greater than the sum of (B+C+D). To test compliance with this covenant, the following formula is used to Provide a ratio comparison. The ratio of (A) divided by (B+C+D) must be greater than the ratio of 1.00.	<u>1.64</u>	<u>1.00</u>	<u>YES</u>

TURNPIKE SYSTEM DEBT SERVICE ^{*(1)}
For Fiscal Years 2018 through 2043
(on an Accrual Basis)

Fiscal Year Ending June 30	Existing Debt Service	Debt Service on 2015 Series A Bonds	Total Debt Service Payable By Turnpike
2018	\$33,021,993	\$8,321,500	\$41,343,493
2019	33,020,659	8,317,313	41,337,972
2020	30,917,596	10,420,125	41,337,721
2021	26,325,617	15,013,000	41,338,617
2022	26,523,271	8,019,125	34,542,396
2023	26,337,289	1,317,750	27,655,039
2024	26,263,478	-	26,263,478
2025	20,807,702	-	20,807,702
2026	20,676,168	-	20,676,168
2027	20,691,276	-	20,691,276
2028	20,705,381	-	20,705,381
2029	20,724,400	-	20,724,400
2030	15,174,807	-	15,174,807
2031	15,186,630	-	15,186,630
2032	15,194,044	-	15,194,044
2033	15,197,519	-	15,197,519
2034	15,204,916	-	15,204,916
2035	15,211,258	-	15,211,258
2036	15,218,826	-	15,218,826
2037	15,226,028	-	15,226,028
2038	15,235,890	-	15,235,890
2039	15,243,377	-	15,243,377
2040	9,433,197	-	9,433,197
2041	6,522,167	-	6,522,167
2042	6,520,900	-	6,520,900
2043	543,400	-	543,400
	\$481,127,789	\$51,408,813	\$532,536,602

* Totals may not add due to rounding.

⁽¹⁾ Net of direct payments expected to be received from the United States Treasury. While the State is entitled to request subsidies in the amount of 35% of taxable interest payable by the State in connection with its \$150,000,000 Turnpike System Revenue Bonds, 2009 Series A (Federally Taxable - Build America Bonds - Direct Payment), due to the effects of sequestration, the State has received and currently expects to receive through federal fiscal year 2025, approximately 6.2% less than the requested amount. See "Security for the Bonds — Toll Rate Covenant — Build America Bonds."

**CAPITAL IMPROVEMENT PROGRAM EXPENDITURES AND ESTIMATED
FISCAL YEARS 1986 THROUGH 2019**

Set forth below is a table of Capital Improvement Program expenditures on an unaudited cash basis for fiscal years 1986 through 2009, on a GAAP basis for fiscal years 2010 through 2018, and on a forecasted basis for fiscal years 2019 and 2020. The timing and amounts of forecasted capital expenditures are subject to change.

<u>Fiscal Year Ending June 30,</u>	<u>Capital Expenditures</u>
1986	\$ 3,703,014
1987	12,846,330
1988	15,092,609
1989	34,183,782
1990	31,457,483
1991	25,308,194
1992	29,988,101
1993	33,941,502
1994	30,665,402
1995	40,452,057
1996	29,198,433
1997	24,917,835
1998	26,260,770
1999	30,544,034
2000	19,719,168
2001	10,148,747
2002	6,469,689
2003	10,242,505
2004	19,437,590
2005	20,503,930
2006	13,176,569
2007	8,514,987
2008	9,159,186
2009	23,250,730
2010	66,088,919
2011	51,613,827
2012	59,322,096*
2013	77,656,689
2014	52,836,197
2015	31,356,833
2016	44,040,110
2017	35,282,902
2018	<u>33,229,735</u>
Actual	960,609,955
2019	32,010,000**
2020	<u>43,520,000**</u>
Estimated	<u>75,530,000</u>
Total	<u>\$1,036,139,955</u>

* The Annual Report with Respect to Turnpike System Revenue Bonds dated February 22, 2013 reported \$59,142,096 which was understated by \$180,000.

** Estimate from Turnpike System Priority Capital Improvement Program (Status Report –February, 2019).

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 2001 and ending with fiscal year 2018.

Fiscal Year	Annual Toll Transactions	Percent Change from Prior Year	Annual Toll Revenues*	Percent Change from Prior Year
2018	122,145,223	1.64%	\$130,405,000	1.93%
2017 [†]	120,173,383	1.54%	\$127,938,000	0.63%
2016	118,354,448	5.39%	\$127,143,000	4.77%
2015 ^{††}	112,301,452	0.73%	\$121,353,000	3.27%
2014	111,482,133	2.99%	\$117,516,000	1.69%
2013	108,245,229	-0.44%	\$115,562,000	-1.10%
2012	108,718,537	0.00%	\$116,844,000	0.16%
2011	108,723,856	0.36%	\$116,659,180	0.54%
2010	108,336,576	0.63%	\$116,036,026	11.67%
2009	107,653,154	-4.90%	\$103,907,003	3.40%
2008	113,186,722	-2.00%	\$100,406,992	22.20%
2007	115,457,650	0.80%	\$82,175,322	7.20%
2006 ⁺	114,562,787	4.10%	\$76,633,131	16.20%
2005 [#]	110,040,272	-0.50%	\$65,956,309	0.30%
2004 [#]	110,573,506	0.50%	\$65,780,607	2.20%
2003	109,978,691	2.10%	\$64,367,301	0.00%
2002	107,729,932	4.00%	\$64,371,208	4.60%
2001	103,583,561	4.20%	\$61,536,675	2.30%

* Excludes charge account interest and miscellaneous income.

[†] FY17 Annual Toll Revenues was revised.

^{††} The Exit 12 Bedford Road toll plaza on the Central Turnpike was discontinued at 9:00pm July 18, 2014.

+Beginning with FY06, Toll Revenue amounts agree to the Annual Financial Reports. Cash basis revenue was used in prior years.

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