



STATE OF NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION TURNPIKE SYSTEM

ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2025**



ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2025

Prepared by the State of New Hampshire
Department of Transportation
Division of Finance

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This document and related information can be accessed at:

<https://www.dot.nh.gov/navigating-nh/highways-and-toll-roads/turnpikes-projects/turnpikes-traffic-and-financial-reports>

ORGANIZATIONAL LISTING
STATE OF NEW HAMPSHIRE

Governor

Kelly A. Ayotte

Executive Council

Karen L Hill

Joseph D. Kenney

Janet L. Stevens

John A. Stephen

David K. Wheeler

State Treasurer

Monica I. Mezzapelle

Secretary of State

David M. Scanlan

Attorney General

John M. Formella

NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION

Commissioner

William J. Cass, P.E.

Deputy Commissioner

Vacant

Assistant Commissioner & Chief Engineer

David M. Rodrigue, P.E.

Director of Operations

Susan M. Klasen, P.E.

Director of Finance

Danielle M. Chandonnet

Financial Reporting Administrator

Wayne A. Gardner

Turnpike System Administrator

John W. Corcoran, P.E.

Turnpike System Assistant Administrator

Matthew R. Blixt

Project Manager

Sam B. Newsom

Business Administrator

Samantha L. Fauteux

Maintenance Superintendent

Dix E. Bailey

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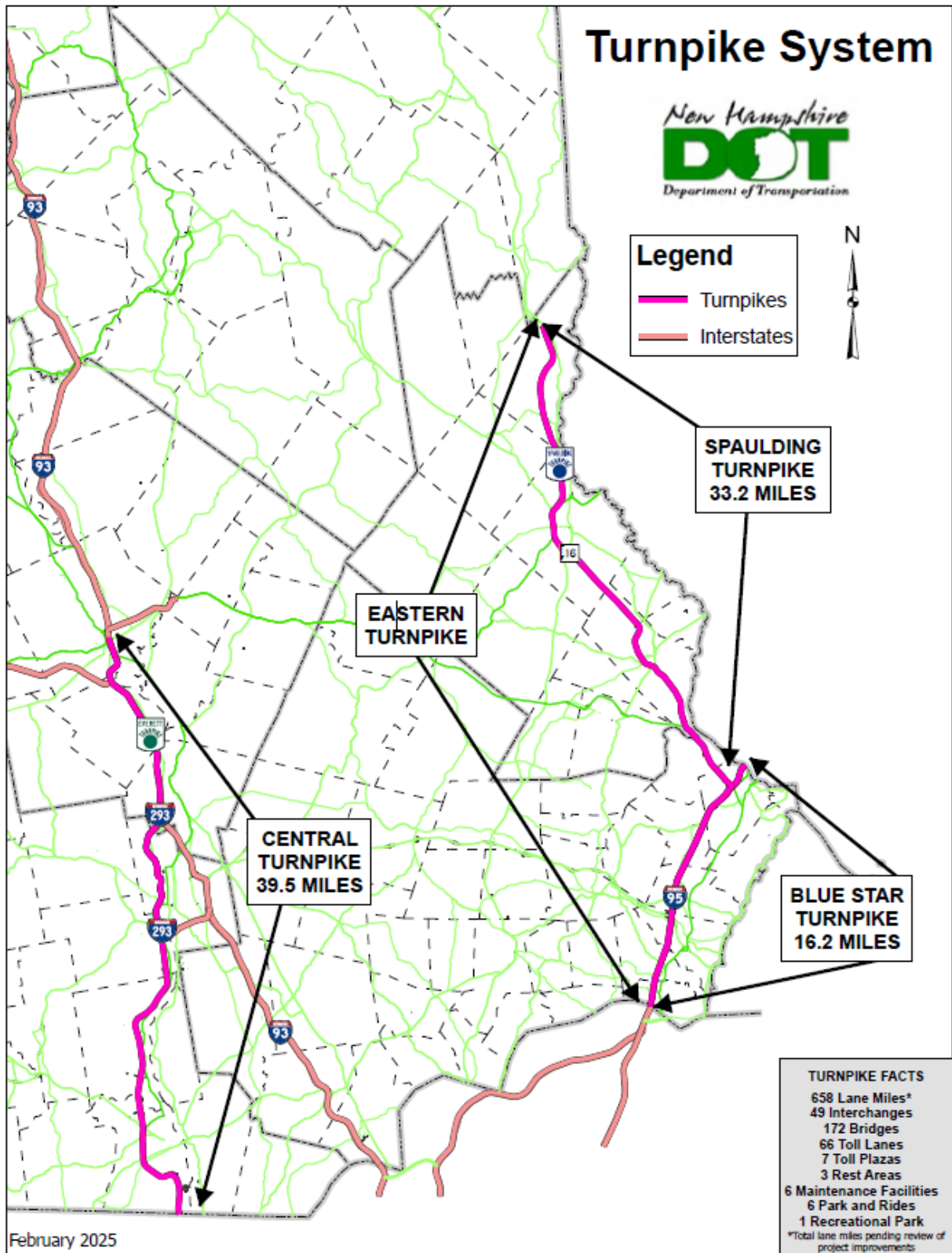
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INTRODUCTORY SECTION

(Unaudited)

This section includes the Turnpike System map and a letter addressed to the Citizens, the Governor of the State of New Hampshire, and the Honorable Council.





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



**William Cass, P.E.
Commissioner**

**David Rodrigue, P.E.
Assistant Commissioner**

**Michelle L Winters
Deputy Commissioner**

December 22, 2025

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

We are pleased to submit the Annual Financial Report of the New Hampshire Department of Transportation Turnpike System for the fiscal year ended June 30, 2025. 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 of operations, and cash flows of the Turnpike System. All disclosures necessary to enable the reader to gain an understanding of the Turnpike System's financial activities are included herein.

This report reflects NHDOT's commitment to transparency and accountability and demonstrates the effective use and application of toll user fees. While the Turnpike System continues to feel the effects of evolving commuting patterns, volume steadily improved during this reporting period. The Department also implemented fiscal and operational efficiencies which compensated for acutely increased material and labor costs. NHDOT personnel continue to innovate and provide our Turnpike system with unsurpassed oversight, improvement, and stewardship, preserving this engine of economic activity for all Granite Staters. We are proud to be NHDOT!

For further information, news, and online publications, please visit us at our website <http://www.nh.gov/dot>.

Respectfully submitted,

A handwritten signature in black ink that reads "William Cass".

William J. Cass, P.E.
Commissioner

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FINANCIAL SECTION

This section includes the independent auditors' report, the financial statements for the fiscal year ended June 30, 2025, and the accompanying notes to the financial statements.



KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the New Hampshire Turnpike System, an enterprise fund of the State of New Hampshire ("the Turnpike System"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Turnpike System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Turnpike System, as of June 30, 2025, and the changes in its financial position and cash flows thereof, for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Turnpike System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1(a) to the financial statements, the financial statements present only the Turnpike System and do not purport to, and do not, present fairly the financial position of the State of New Hampshire, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Turnpike System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information section listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary

information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and other supplementary information sections as listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2025 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, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Turnpike System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Turnpike System's internal control over financial reporting and compliance.

KPMG LLP

Albany, New York
December 22, 2025

New Hampshire Turnpike System
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

The Management's Discussion and Analysis of the New Hampshire Turnpike System's financial performance provides an overview of financial activities for the fiscal year ended June 30, 2025, with comparative information presented for the fiscal year ended June 30, 2024. This section should be read in conjunction with the Turnpike System financial statements which follow this section.

Financial Highlights

Traffic continued its steady climb towards pre-pandemic levels. Traffic on all Turnpikes peaked in 2019 at 124 million vehicles. FY 2025 total traffic was approximately 120 million vehicles, a recovery of 97.0% of the traffic loss experienced in FY 2020 and FY 2021.

In FY 2025, the Turnpike System implemented a revised violation fee structure aimed at improving payment compliance. Effective April 1, 2025, the updated fee schedule raised the second invoice penalty from \$0.50 to \$3.00 per transaction and substantially reduced the final violation fine from \$23.50 to \$4.00 per transaction. Collection efforts were also modified. Both changes resulted in a downward adjustment of \$10.2 million in expected revenues in an effort to align anticipated recoveries under these new paradigms.

Several major construction projects went online during the fiscal year, representing a total investment of \$53.8 million. Key initiatives included the completion or substantial completion of the following projects:

- The Newington Highway and Bridge Maintenance facility to effectively manage the Spaulding Turnpike from the Portsmouth Traffic Circle to Exit 9 in Dover,
- The second phase of the Everett Turnpike widening project increasing lane capacity in Merrimack, NH from Bedford Road to just south of Exit 13 (substantially completed), and
- Comprehensive systemwide upgrades to the tolling infrastructure including the replacement of all hardware and software in the open road toll lanes at both the Hooksett and Hampton stations, enhancing operational efficiency and reliability.

Using this Report

The Turnpike System is accounted for as an enterprise fund, reporting all the Turnpike System's financial activity, assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position using the accrual basis of accounting, much like a private business entity. As such, this annual report consists of financial statements, along with explanatory notes to the financial statements. The Statement of Net Position on page 21 and the Statement of Revenues, Expenses and Changes in Net Position on page 22 report the Turnpike's net position and change in net position. The Statement of Cash Flows on page 23 outlines the cash inflows and outflows and non-cash capital and related financing activities related to the activity of the Turnpike System.

New Hampshire Turnpike System
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

(I) Summary of Net Position					(Dollars in Thousands)
Type	FY 2025	FY 2024	\$ Change	% Change	
<u>Assets & Deferred Outflows</u>					
Current Assets	\$ 246,928	\$ 245,994	\$ 934	0.4%	
Non-Current Assets	980,246	968,969	11,277	1.2%	
Deferred Outflows of Resources	7,714	6,590	1,124	17.1%	
Total Assets & Deferred Outflows	1,234,888	1,221,553	13,335	1.1%	
<u>Liabilities & Deferred Inflows</u>					
Current Liabilities	54,587	64,118	(9,531)	(14.9%)	
Non-Current Liabilities	223,036	230,694	(7,658)	(3.3%)	
Deferred Inflows of Resources	22,770	26,171	(3,401)	(13.0%)	
Total Liabilities & Deferred Inflows	300,393	320,983	(20,590)	(6.4%)	
<u>Net Position</u>					
Net Investment in Capital Assets	\$ 764,889	\$ 736,192	\$ 28,697	3.9%	
Restricted for Debt Repayments	27,280	42,598	(15,318)	(36.0%)	
Restricted for Uninsured Risks	6,800	5,440	1,360	25.0%	
Restricted for Facility Sustainment and Reinvestment Reserve	767	1,129	(362)	(32.1%)	
Restricted for Loan Receivable & Ground Lease	15,032	14,660	372	2.5%	
Unrestricted	119,727	100,551	19,176	19.1%	
Total Net Position	\$ 934,495	\$ 900,570	\$ 33,925	3.8%	

Total Assets increased \$13.3 million, or 1.1% to \$1.2 billion.

Current Assets increased by \$0.9 million or 0.4% while Non-Current Assets increased \$11.3 million or 1.2%.

New Hampshire Turnpike System
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Current Asset performance against FY 2024 is noted in the chart below. Highlights are as follows:

- Cash and equivalents increased by \$23.0 million, or 14.0%, in FY 2025. This growth was primarily driven by reduced renewal and replacement activity during the year and a reduction in the reserve required for debt service.
- Investments – Restricted decreased by \$16.8 million, or 48.0%, in FY 2025. This reduction is primarily attributed to a decrease in the required Debt Service reserve balance as dictated by bond repayment schedule.
- Accounts Receivable declined by \$6.9 million, or 25.3%, primarily due to the downward adjustment made to realign revenue associated with outstanding violation fees. This reflects a more accurate estimate of collectible balances following changes to the violation fee structure.

(II) Current Assets

(Dollars in Thousands)

Type	FY 2025	FY 2024	\$ Change	% Change
Cash and Cash Equivalents	\$ 186,977	\$ 163,975	\$ 23,002	14.0%
Cash and Cash Equivalents - Restricted	16,684	14,250	2,434	17.1%
Investments - Restricted	18,163	34,917	(16,754)	(48.0%)
Accounts Receivable (Net of Allowances)	20,502	27,449	(6,947)	(25.3%)
Loan Receivable - Restricted & Ground Lease	115	112	3	2.7%
Due from Other Funds	107	140	(33)	(23.6%)
Inventories	4,314	5,085	(771)	(15.2%)
Prepaid Assets	66	66	-	0.0%
Total Current Assets	\$ 246,928	\$ 245,994	\$ 934	0.4%

Non-Current Assets rose by \$11.3 million, or 1.2%, in FY 2025, driven by the completion and continued progress of several capital projects that expanded the Turnpike System's asset base. Notable developments include the completion of the Spaulding Turnpike Highway and Bridge Maintenance Facility in Newington, the addition of a third lane on the Everett Turnpike in Merrimack, and comprehensive system-wide upgrades to all tolling stations. These asset increases were partially offset by \$29.1 million in accumulated depreciation. For further details, refer to Note 4 – Capital Assets and Note 11(b) – Capital Improvement Program.

New Hampshire Turnpike System
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

(III) Non-Current Assets

(Dollars in Thousands)

Type	FY 2025	FY 2024	\$ Change	% Change
Loan Receivable Long-Term - Restricted & Ground Lease	\$ 14,917	\$ 14,548	\$ 369	2.5%
Net Capital Assets	965,329	954,421	10,908	1.1%
Total Non-Current Assets	\$ 980,246	\$ 968,969	\$ 11,277	1.2%

Current Liabilities, consisting primarily of accrued operating expenses, unearned revenue, and the current portion of revenue bonds, decreased \$9.5 million, or 14.9% in FY 2025. The overall decrease was partially driven by a reduction in amounts due to other funds, stemming from timing differences between the processing of payables and the corresponding cash transfers to settle those liabilities. Additionally, the decline in Revenue Bonds Payable reflects scheduled repayments in accordance with established bond amortization schedules. For further information, refer to Notes 2 and 3 regarding investment activity.

(IV) Current Liabilities

(Dollars in Thousands)

Type	FY 2025	FY 2024	\$ Change	% Change
Accounts Payable	\$ 15,550	\$ 14,320	\$ 1,230	8.6%
Accrued Payroll	89	72	17	23.6%
Due to Other Funds	7,991	11,038	(3,047)	(27.6%)
Unearned Revenue	18,287	16,910	1,377	8.1%
Revenue Bonds Payable	8,570	17,575	(9,005)	(51.2%)
Accrued Interest Payable	2,443	2,694	(251)	(9.3%)
Claims and Compensated Absences Payable	669	643	26	4.0%
Other Liabilities	988	866	122	14.1%
Total Current Liabilities	\$ 54,587	\$ 64,118	\$ (9,531)	(14.9%)

New Hampshire Turnpike System
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Non-Current Liabilities decreased by \$7.7 million, or 3.3%, compared to the prior fiscal year, primarily due to the timing of payments aligned with the bond repayment schedule. For detailed computations, refer to Note 8. An increase in Other Post-Employment Benefits (OPEB)—driven by a higher discount rate and rising Medicare medical and prescription costs influenced by the Inflation Reduction Act—was partially offset by a favorable trend in compensated absences, helping to moderate the overall liability impact.

(V) Non-Current Liabilities

(Dollars in Thousands)

Type	FY 2025	FY 2024	\$ Change	% Change
Revenue Bonds Payable	\$ 189,471	\$ 199,488	\$ (10,017)	(5.0%)
Net Pension	9,494	10,271	(777)	(7.6%)
Total Other Postemployment Benefits	17,430	13,278	4,152	31.3%
Claims & Compensated Absences Payable	2,378	3,386	(1,008)	(29.8%)
Other Non-Current Liabilities	4,263	4,271	(8)	(0.2%)
Total Non-Current Liabilities	\$ 223,036	\$ 230,694	\$ (7,658)	(3.3%)

New Hampshire Turnpike System
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

The Turnpike System's primary revenues are generated through the collection of tolls on the System's three Turnpikes (Central, Blue Star, and Spaulding). While total operating revenues decreased by \$8.3 million from FY 2024 to \$140.3 million, the combined toll operating revenue for FY 2025 totaled \$129.8 million – an increase of \$2.7 million over FY 2024. Of this amount, the Blue Star Turnpike generated \$67.7 million, the Central Turnpike \$44.0 million, and the Spaulding Turnpike \$18.1 million. See Turnpike System Revenue and Traffic Trends below.

Total Operating Expenses increased by \$6.9 million, or 6.8%, to \$109.2 million primarily due to the following:

- Depreciation Expense rose by \$3.5 million in FY 2025, reflecting the addition of \$53.8 million in completed equipment and infrastructure projects to the Turnpike System's capital asset portfolio.
- Increased consumption of toll equipment inventory to replace aged components in the tolling system.

Total Non-Operating Revenues increased by \$1.2 million, or 171.4%, primarily due to a decrease in interest paid on bonds and notes based on the revenue bond payment schedule and receipt of overdue BABS interest subsidies.

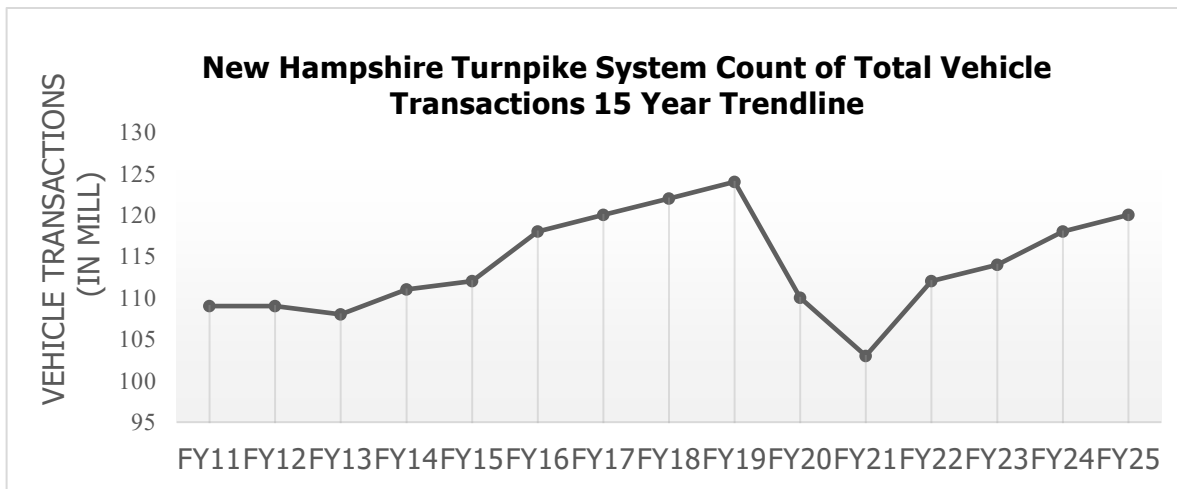
(Dollars in
Thousands)

(VI) Summary of Revenues, Expenses, and Changes in Net Position

Type	FY 2025	FY 2024	\$ Change	% Change
Operating Revenues	\$ 140,257	\$ 148,510	\$ (8,253)	(5.6%)
Operating Expenses	(109,216)	(102,275)	(6,941)	6.8%
Operating Income	31,041	46,235	(15,194)	(32.9%)
Non-Operating Revenues (Expenses)	1,821	671	1,150	171.4%
Change in Net Position Before Capital Contributions	32,862	46,906	(14,044)	(29.9%)
Capital Contributions	1,063	110	953	866.4%
Change in Net Position	33,925	47,016	(13,091)	(27.8%)
Net Position - July 1	900,570	853,554	47,016	5.5%
Net Position - June 30	\$ 934,495	\$ 900,570	\$ 33,925	3.8%

Turnpike System Revenue and Traffic Trends

During the twelve months ending June 30, 2025, the number of traffic transactions processed through the E-ZPass system accounted for 90.8% of total toll transactions, an increase of 0.4% over FY 2024. The Bureau of Turnpikes reports a total of 119,659,123 transactions passing through Turnpike toll plazas during FY 2025. Overall, the Turnpike System experienced an increase in traffic transactions of 1.6 million, or 1.4%, over the previous year, continuing to recover from the COVID-19 emergency. See chart below.



Maintenance of the Turnpike System

The Turnpike System is maintained and repaired by the Bureau of Turnpikes, within the Operations Division at the Department of Transportation. All maintenance and repair costs have been funded from Turnpike operating revenues since the beginning of the Turnpike System in 1950. 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 contracted independent engineering consultant, HNTB Corporation (HNTB), completed a review and assessment of the Renewal & Replacement Program in November 2022. These assessments are typically updated every 5 years and provide recommendations on program funding levels and insight on the condition of the Turnpike infrastructure. The Turnpike facilities were deemed in overall "good" condition and the current R&R program funding meets both bond covenants and the demands of the system. Prioritization recommendations included bridge preservation/rehabilitation, culvert and drainage needs, repair and rehabilitation of the remaining toll plazas, and the construction of replacement storage facilities in Merrimack and Hooksett. The assessment also recommended funding levels of \$115.4 million for the Renewal & Replacement Program for fiscal years 2023 through 2028.

New Hampshire Turnpike System
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

For FY 2025 and FY 2024, the Turnpike System's operating expenses for Renewal & Replacement were \$13.0 million and \$15.1 million, respectively. Renewal & Replacement capitalized expenses for fiscal years 2025 and 2024 were \$3.7 million and \$5.5 million, respectively. For FY 2026, the budget for Renewal & Replacement is \$39.4 million. See Note 8(d) Revenue Bond Resolutions for additional information.

Appropriations for Renewal & Replacement expenditures do not lapse, are carried forward and made available in subsequent years. The carryforward balance on June 30, 2025, including commitments, was \$19.5 million.

Changes in Key Personnel

Effective September 6, 2024, **Eileen Clifford** assumed the Turnpike System Accountant IV position. Prior to this role, Ms. Clifford held the positions of Senior Accountant and Assistant Controller with Wentworth Douglass Hospital, Frisbie Memorial Hospital/HCA, and most recently with the University System of New Hampshire. She earned a Bachelor of Arts degree in Economics from the University of Vermont, a Graduate Certificate in Accounting from Bentley University and has 30 years of general accounting experience.

Effective March 31, 2025, **Andre Briere, Colonel, USAF(RET)** left his position as Deputy Commissioner for a position at the Maine Turnpike Authority.

Budget and Appropriation Process

The Legislature meets in session 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.

The Turnpike System, a Bureau of the State of New Hampshire Department of Transportation, 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 cash basis, and consists primarily of salaries and benefits, maintenance, and expenses related 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

New Hampshire Turnpike System
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

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

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

Capital Improvement Program

Under the provisions of State law, New Hampshire Revised Statutes Annotated (RSA) 240, as amended by 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 law RSA 237-A:2 authorized the issuance of \$766.0 million of revenue bonds to fund these projects.

The ten-year capital improvement program, adopted by the Legislature in 1986 and amended through 2025, 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 budgeted expenditures during the ten-year plan period of 2025 – 2034 is \$624.1 million.

The Turnpike System's bond credit ratings as of June 30, 2025, were as follows: Fitch Ratings A+, outlook stable, Moody's Investors Service Aa3, outlook stable, and Standard & Poor's AA, outlook stable.

Contacting the Turnpike System'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, with a general overview of the Turnpike System's financial activity for FY 2025 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, please contact the New Hampshire Department of Transportation, Division of Finance, John O. Morton Building, 7 Hazen Drive, Concord, NH 03302-0483.

BASIC FINANCIAL STATEMENTS

New Hampshire Turnpike System
Statement of Net Position
For the Fiscal Year Ended June 30, 2025

ASSETS and DEFERRED OUTFLOWS of RESOURCES

Current Assets:	(Dollars in Thousands)
Cash and Cash Equivalents	\$ 186,977
Cash and Cash Equivalents – Restricted	16,684
Investments – Restricted	18,163
Accounts Receivable (Net of Allowances)	20,502
Loan Receivable – Restricted & Ground Lease	115
Due from Other Funds	107
Inventories	4,314
Prepaid Assets	66
Total Current Assets	246,928
Non-Current Assets:	
Loan Receivable Long-Term – Restricted & Ground Lease	14,917
Capital Assets:	
Land	101,375
Land Improvements	2,003
Buildings	39,945
Equipment and Computer Software	107,507
Work in Progress – Computer Software	145
Construction in Progress	58,484
Infrastructure	1,247,400
Less: Accumulated Depreciation	(591,530)
Net Capital Assets	965,329
Total Non-Current Assets	980,246
Total Assets	1,227,174
Deferred Outflows of Resources:	
Pension and Other Postemployment Benefits (OPEB)	5,939
Loss on Refunding	1,775
Total Assets and Deferred Outflows of Resources	1,234,888

LIABILITIES and DEFERRED INFLOWS of RESOURCES

Current Liabilities:	
Accounts Payable	15,550
Accrued Payroll	89
Due to Other Funds	7,991
Unearned Revenue	18,287
Revenue Bonds Payable	8,570
Accrued Interest Payable	2,443
Claims and Compensated Absences Payable	669
Other Liabilities	988
Total Current Liabilities	54,587
Non-Current Liabilities:	
Revenue Bonds Payable	189,471
Net Pension	9,494
Total Other Postemployment Benefits	17,430
Claims and Compensated Absences Payable	2,378
Other Non-current Liabilities	4,263
Total Non-current Liabilities	223,036
Total Liabilities	277,623
Deferred Inflows of Resources:	
Pension, OPEB and Ground Lease	22,770
Total Liabilities and Deferred Inflows of Resources	300,393

NET POSITION

Net Investment in Capital Assets	764,889
Restricted for Debt Repayments	27,280
Restricted for Uninsured Risks	6,800
Restricted for Facility Sustainment and Reinvestment Reserve	767
Restricted for Loan & Ground Lease Receivable	15,032
Unrestricted	119,727
Total Net Position	\$ 934,495

See accompanying notes to financial statements.

New Hampshire Turnpike System
Statement of Revenue, Expense, and Changes in Net Position
For the Fiscal Year Ended June 30, 2025

OPERATING REVENUES

(Dollars in Thousands)

Toll Revenue – Cash	\$ 11,225
Toll Revenue – E-ZPass	118,589
Other Toll Operating Revenue	9,752
Transponder Revenue	691

Total Operating Revenues

140,257

OPERATING EXPENSES

Personnel Services	9,353
Payroll Benefits	4,078
Enforcement	9,471
Renewal & Replacement	13,042
Supplies, Materials and Other	3,249
Equipment and Repairs	5,649
Indirect Costs	2,827
Welcome Centers	1,097
Heat, Light and Power	937
Bank and Credit Card Fees	4,041
Rentals	1,395
E-ZPass Processing Fees	18,043
Transponder Expense	621
Depreciation and Amortization	35,413

Total Operating Expenses

109,216

Operating Income

31,041

NON-OPERATING REVENUES (EXPENSES)

Investment Income	5,702
Facilities Rental and Concession Revenue	2,283
Facility Sustainment Reserve	149
Build America Bonds Subsidy	1,428
Miscellaneous Income	666
Gain on Sale of Other Capital Assets	198
Interest on Bonds	(8,560)
Miscellaneous Expense	(45)

Total Non-operating Revenues (Expenses)

1,821

Change in Net Position Before Capital Contributions

32,862

Capital Contributions

1,063

Change in Net Position

33,925

Net Position - July 1

900,570

Net Position - June 30

\$ 934,495

See accompanying notes to financial statements.

New Hampshire Turnpike System
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025

Cash Flows from Operating Activities

(Dollars in Thousands)

Receipts from Customers	\$ 148,988
Payments to Employees	(15,203)
Payments to Suppliers	(62,380)

Net Cash Provided by Operating Activities	71,405
--	---------------

Cash Flows from Non-Capital Financing Activities

Receipts from Municipalities	260
Welcome Center Rental Income	1,377
Facility Sustainment Reserve Fund Receipt	518
Facility Sustainment Reserve Fund Loan Receipt	(484)
Private Local Receipts	1,063

Net Cash Provided by Non-Capital Financing Activities	2,734
--	--------------

Cash Flows from Capital and Related Financing Activities

Acquisition and Construction of Capital Assets	(45,098)
Interest Paid on Revenue Bonds	(10,002)
Principal Paid	(17,575)
Costs of Issuances	(45)
Build America Bonds Subsidy Receipt	1,561

Net Cash Used by Capital and Related Financing Activities	(71,159)
--	-----------------

Cash Flows from Investing Activities

Purchase of Investments	(51,419)
Proceeds from Sales and Maturities of Investments	68,173
Investment Income	5,702

Net Cash Provided by Investing Activities	22,456
--	---------------

Net Increase in Cash and Cash Equivalents	25,436
---	--------

Total Cash and Cash Equivalents - July 1	178,225
--	---------

Total Cash and Cash Equivalents - June 30	\$ 203,661
--	-------------------

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ 31,041
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	35,413
Miscellaneous Income	407
Change in Operating Assets and Liabilities:	
Receivables	6,947
Inventories	771
Net Pension Liability (Net of Deferred Amounts)	(495)
Net Other Postemployment Benefits Liability (Net of Deferred Amounts)	(1,294)
Accounts Payable and Other Accruals	(2,762)
Deferred Revenue	1,377

Net Cash Provided by Operating Activities	\$ 71,405
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Turnpike Non-Cash Capital and Related Financing Activities

Capital Contributions	1,063
Non-Cash Capital Acquisition	3,642

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, 2025**

Note 1) Summary of Significant Accounting Policies

The accompanying financial statements of the New Hampshire Turnpike System (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 standard-setting body for establishing governmental accounting and financial reporting principles.

(a) Financial Reporting Entity

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 Annual Comprehensive Financial Report (ACFR) of the State. These financial statements are only of the Turnpike Fund and are not intended to present the net position, changes in net position, or, where applicable, cash flows of the State or the State of New Hampshire Department of Transportation. The Turnpike System constructs, maintains, and operates toll roads, including bridges over those roads and transaction facilities and issues revenue bonds, which are repaid from tolls and other revenues. State law New Hampshire Revised Statutes Annotated (RSA) 240, as amended, established a ten-year highway construction and reconstruction plan and authorized major expansion and improvement projects as part of a Capital Improvement Program. State law RSA 237-A:2 authorized the issuance of \$766.0 million of revenue bonds to fund these projects as more fully described in Note 8.

(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.

(c) Restricted Assets

The proceeds of the Turnpike System Revenue Bonds, as well as certain resources set aside for their repayment (Revenue Bond Debt Service Reserve, Debt Service Reserve – Investment, Principal Debt Service, Interest Debt Service and Insurance Reserve - Investment) are classified as restricted assets on the Statement of Net Position because their use is limited by a bond resolution. Additionally, assets in the Facility Sustainment and Reinvestment Reserve Fund are restricted per contract with the 3rd party operator of the Hooksett Welcome Centers. See Note 7(c) - Ground Lease Contract – Facility Sustainment and Reinvestment Reserve for further information.

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

(d) Accounts Receivable (Net of Allowances)

Accounts Receivable primarily consist of outstanding E-ZPass reciprocity and violation tolls and fees as detailed in the table below. The balance as of June 30, 2025 is shown net of allowances. Accounts Receivable for violations and fees amounted to \$52.5 million with an uncollectible reserve of \$46.0 million.

(Dollars in thousands)

Accounts Receivable	Amount
E-ZPass Reciprocity	\$ 8,420
Toll Revenue in Transit	1,199
Violation Tolls and Fees Receivable (Net of Allowances)	6,474
Interest Receivable	2,592
Welcome Center Rent	1,377
Credit Card Equity Fees	224
Property Damage	33
Miscellaneous	183
Total Accounts Receivable	\$ 20,502

(e) Cash Equivalents

Cash equivalents represent short-term investments with maturity dates within three months of the date acquired and recorded at cost.

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

(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. Capital assets purchased or constructed by other funding sources are recorded at cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized but expensed. Capital assets also include certain identified Renewal & Replacement costs.

Depreciation is computed using the straight-line method over the estimated useful lives of the capital assets:

Asset	Thresholds	Depreciable Life	Annual Depreciation Rate
Infrastructure	All bridges and roads	50	2.0%
Buildings	>= \$100,000	40	2.5%
Building Improvements & Land Improvements	>= \$100,000	20	5.0%
Toll Equipment	>= \$ 10,000	10	10.0%
Equipment	>= \$ 10,000	5	20.0%
Computer Software (Amortized)	>= \$500,000	5	20.0%

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

(g) Adoption of New Accounting Pronouncements

During the fiscal year ended June 30, 2025, the Turnpike System implemented the following new accounting standards:

GASB Statement No. 101: Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means. Furthermore, this Statement requires that a liability for certain types of compensated absences, including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or non-cash settlement to be made. This statement was implemented by the State in FY25, and all calculations related to compensated absences are prepared at the State, rather than the Enterprise level.

GASB Statement No. 102: Certain Risk Disclosures

The objective of this Statement is to provide users of governmental financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Turnpike System has applied the accounting and financial reporting requirements under GASB 102.

New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

(h) Compensated Absences

All full-time State employees in classified service earn annual and sick leave. Accrued compensatory time, earned for overtime worked, generally 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, Medicare 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) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are defined as a consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

(j) Postemployment Liabilities

The State participates in two defined benefit pension plans, the State of New Hampshire Retirement System (NHRS) and the New Hampshire Judicial Retirement Plan (NHJRP) and participates in two other postemployment benefit (OPEB) plans - a funded plan administered by NHRS hereafter referred to as the Trusted OPEB Plan and a nonfunded plan hereafter referred to as the Non-Trusted OPEB Plan. The Turnpike System's employees participate in the NHRS retirement plan and the Trusted and Non-Trusted OPEB plans (see Note 9-Employee Benefit Plans for activity related to these plans). The Turnpike's participation in the Trusted OPEB plan and its corresponding liability is immaterial to the financial statements.

For purposes of measuring the total/net postemployment liabilities, deferred outflows of resources and deferred inflows of resources and related postemployment expenses related to each plan, information about the fiduciary net position and additions to/deductions from fiduciary net position has been determined on the same basis as it is reported by each plan, if applicable. For this purpose, benefit payments are recognized when due and payable in accordance with each plans' benefit terms, and plan investments are reported at fair value.

New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

(k) Revenues and Expenses

Revenues and expenses are classified on the Statement of Revenues, Expenditures and Changes in Net Position as operating or non-operating. Operating revenues and expenses are a direct result of Turnpike operations and include toll and violation toll and fee collections, transponder sales, reimbursements due for eligible operating expenses, costs to operate and maintain the Turnpike System as well as administrative and depreciation expenses. Non-operating revenue includes interest earned on investments, interest subsidies, rental incomes, and sales on concessions, vending machines, land, and equipment.

(l) E-ZPass Program

Upon enrolling in the E-ZPass program, participants establish pre-paid toll accounts. These pre-paid toll receipts are collected by a third-party vendor on behalf of the Turnpike System and recorded by the Turnpike System as unearned 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 sold and shipped to customers by the vendor. The sale price a customer is charged for a transponder is the same approximate cost to the Turnpike System.

(m) Inventory

Inventories for aggregates, supplies, and materials are valued using the weighted average method. Included in the inventory amount are the value of aggregates (salt, sand, asphalt, etc.), E-ZPass transponders, and toll equipment replacement parts. Aggregates such as salt are stored at various salt shed locations along the Turnpike System. Transponders are received and stored by the vendor at the E-ZPass Customer Service Center located in Concord, New Hampshire and at walk-in E-ZPass Service Centers located in Nashua and Portsmouth, New Hampshire. Toll equipment replacement parts are stored at Turnpike and vendor warehouses throughout the State for expedient replacement as needed.

(n) Capital Contributions

The Turnpike System receives Federal Highway Administration (FHWA) grants through the State's Highway Fund for capital improvements, exclusive of Renewal & Replacement expenses and payments made by private entities. These are classified as Capital Contributions.

(o) Estimates

The preparation of financial statements in conformity with GAAP 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.

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

(p) Unearned Revenue

In the Turnpike System financial statements, unearned revenue is recognized when cash is received prior to being earned.

(q) Investments

GASB Statement No. 72, Fair Value Measurement and Application, requires that investments be reported at fair value except for certain investments which are reported using the amortized cost method of valuation. The Turnpike System discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy is as follows:

Level 1 – Quoted or published prices (unadjusted) in active markets for identical assets and liabilities that are accessible at the measurement date.

Level 2 – Inputs other than quoted or published prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active because they most often are priced based on transactions involving similar but not identical securities or do not trade with sufficient frequency.

Level 3 – Unobservable inputs for the asset or liability.

In determining fair value, the Turnpike System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. If an investment is in an active market where quoted prices exist, the market price of an identical security is used to report fair value. Certain U.S. government securities utilize pricing that may involve estimation using similar securities or trade dates. As these investments are generally not traded in an active market, fair value measurements are determined using market data and matrix pricing.

As of June 30, 2025, the Turnpike System's investments totaled \$18.2 million.

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

Note 2) Cash and Cash Equivalents and Investments

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.

General Reserve Account: On June 30, 2025, the balance of cash and cash equivalents in the General Reserve Account was approximately \$143.3 million. These funds are intended to be used for capital construction projects.

Debt Securities: The State Treasury invests in U.S. Treasury instruments and Money Market Mutual Funds. On June 30, 2025, the Turnpike System's holding of U.S. Treasury Bonds and Notes was \$9.4 million, and holdings of Money Market Mutual Funds was \$8.7 million. Concentration risk is the risk of loss attributed to the magnitude of an investment in a single issuer.

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 State Treasurer does utilize such arrangements where prudent and/or cost effective. All banks, where the State has deposits and/or active accounts, are monitored as to their financial health through the services of Veribanc, Inc., a bank rating firm. In addition, ongoing reviews with officials of depository institutions are used to allow for frequent monitoring of custodial credit risk. All deposits at FDIC-insured depository institutions (including noninterest bearing accounts) are insured by the FDIC up to the standard maximum amount of \$250,000 for each deposit insurance ownership category, examples which are collateralized are per RSA 383-B:3-301(e)(2); Ban 1450 Collateralization of Public Deposits. 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 a minimum rating of green and one star as assigned by Veribanc, Inc.

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

As of June 30, 2025, the Turnpike System's bank balances exposed to custodial credit risk for cash and cash equivalents are as follows:

(Dollars in thousands)

Type	Collateralized and Held in State's Name	Uncollateralized	Federal Deposit Insurance Corporation	Total
Demand Deposits & Cash	\$194,466	\$17,582	\$250	\$212,298
Total	\$194,466	\$17,582	\$250	\$212,298

Whereas all payments made to the State are to be in U.S. dollars, foreign currency risk is essentially nonexistent on State deposits.

In addition to \$212.3 million in bank balances shown above, the Turnpike System also reported \$77.5 thousand in change at the toll plazas for a total Cash & Cash Equivalents as of June 30, 2025 amount of \$212.4 million.

Investments: On June 30, 2025, the value of investments totaled \$18.2 million.

Certificates of deposits must be with state or federally chartered banking institutions with a branch in New Hampshire. The institution must have a minimum rating of green and one star as assigned by Veribanc, Inc.

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

The Turnpike System categorizes its fair value measurements within the fair value hierarchy established in accordance with U.S. GAAP. See Note 1(q) - Investments for fair value hierarchy leveling.

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

The following table summarizes the Turnpike System's investments measured at fair value and net asset value, by type, as of June 30, 2025.

(Dollars in Thousands)				
Investments Classified in the Fair Market Value and Net Asset Value Hierarchy				
	Level 1	Level 2	NAV	Total
U.S. Government Obligations	\$ -	\$ 9,448	\$ -	\$9,448
Money Market Mutual Fund	\$ 8,715	-	-	\$8,715
Total	\$ 8,715	\$ 9,448	\$ -	\$18,163

Credit risk is the risk that the issuer or other counterparty will not fulfill its obligations. The State may invest in investment-grade securities which are defined as those with a grade B or higher. Obligations of the U.S. Government or obligations backed by the U.S. Government are not considered to have credit risk. Government-sponsored Enterprise securities, considered high-quality, income-generating investments offering relatively safe, predictable income and competitive returns over Treasuries, have the implied backing of the U.S. Government but are not explicitly guaranteed and are exposed to potential credit risk. Money market funds to be considered and utilized are those funds invested in the U.S. Treasury, Agency or other securities commonly referred to as being "within first tier categories" and/or which have the highest rating available from at least one nationally recognized rating agency.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the State's investments. Interest rate risk is primarily measured and monitored by defining or limiting the maturity of any investments or weighted average maturity (WAM) of a group of investments. The WAM is dollar-weighted in terms of years. The specific target or limits of such maturity and percentage allocations are tailored to meet the investment objectives and are defined in the investment guidelines associated with those funds. The WAM on June 30, 2025 for the Turnpike System's investments is 0.01 years.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investments that are in the possession of an outside party. The State's selection criteria are aimed at investing in only high-quality institutions where default is extremely unlikely. The Turnpike System's investments are held by its custodian in the name of the Turnpike System.

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

Note 3) Restricted Assets

The resolutions of the Turnpike System revenue bonds 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 amounted to \$34.8 million with \$16.7 million designated as Cash and Cash Equivalents – Restricted and \$18.1 million designated as Investments – Restricted. Restricted assets are separated into the following accounts as of June 30, 2025:

(Dollars in Thousands)	
Restricted Assets	Amount
Revenue Bond Debt Service Reserve Account	\$ 9,448
Revenue Bond Principal Debt Service Account	6,272
Revenue Bond Interest Debt Service Account	2,443
Total Investments – Restricted	18,163
Revenue Bond Insurance Reserve Account	6,800
Revenue Bond Debt Service Reserve Account	9,117
Facility Sustainment and Reinvestment Reserve Account	767
Total Cash & Cash Equivalents – Restricted	16,684
Total Restricted Assets	\$ 34,847

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 Principal Debt Service Account and Revenue Bond Interest Debt Service Account are used to segregate resources accumulated for debt service payments on given maturity dates. See Note 8(c), Bonds - Debt Maturity. A Revenue Bond Special Redemption Account is 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. In addition to the above accounts, the Revenue Bond Insurance Reserve Account is established to report the amount that is available to insure against risks that would not otherwise be covered by policies of insurance. A Revenue Bond Rebate Account also would be used to report any excess of interest earned on non-purpose investments (as defined in section 148 of the Internal Revenue Code of 1986, as amended). Both the Revenue Bond Special Redemption Account and the Revenue Bond Rebate Account had zero balances as of June 30, 2025. The Facility Sustainment and Reinvestment Reserve Account is established to provide funding for facility maintenance, repair, and capital improvement projects of the Hooksett Welcome Centers (Welcome Centers) should the operator fail to meet physical facility performance standards. The account's funding, spending, and cap limits are subject to the terms and conditions of the Ground Lease Contract between the Turnpike System and the operator.

New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 4) Capital Assets

Capital Asset activity for the fiscal year ended June 30, 2025 was as follows:

(Dollars in Thousands)

Type	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets not Being Depreciated:					
Land	\$ 101,261	\$ 114	\$ -	\$ -	\$
Work in Progress – Computer Software	971	2,010	-	(2,836)	145
Construction in Progress	71,477	38,155	-	(51,148)	58,484
Total Capital Assets not being Depreciated:	173,709	40,279	-	(53,984)	160,004
Other Capital Assets:					
Equipment and Computer Software	96,879	4,117	(6,327)	12,838	107,507
Buildings and Building Improvements	18,779	23	-	21,143	39,945
Depreciable Land Improvements	2,003	-	-	-	2,003
Infrastructure	1,225,493	1,955	-	19,952	1,247,400
Subtotal Other Capital	1,343,154	6,095	(6,327)	53,933	1,396,855
Total Capital Assets	1,516,863	46,374	(6,327)	(51)	1,556,859
Less Accumulated Depreciation & Amortization for:					
Equipment and Computer Software	(59,805)	(10,441)	6,325	-	(63,921)
Buildings and Building Improvements	(5,325)	(1,018)	-	-	(6,343)
Depreciable Land Improvements	(999)	(100)	-	-	(1,099)
Infrastructure	(496,313)	(23,854)	-	-	(520,167)
Total Accumulated Depreciation and Amortization	(562,442)	(35,413)	6,325	-	(591,530)
Net Capital Assets	954,421	10,961	(2)	(51)	965,329

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

On June 30, 2025, the Turnpike System had contractual commitments for capital Turnpike System improvement projects of \$28.8 million.

The Turnpike System's capital assets also include intangible assets as per GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets. This standard 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. Intangible assets for the Turnpike System include both land easements and computer software.

Easements with an indefinite useful life are classified as land assets. Temporary easements, which expire when a project is closed, are considered a project cost. If the project is capitalized, then the cost becomes a part of Infrastructure and is amortized over 50 years. If the project is expensed, the easement cost will be expensed in the same period.

Computer software acquisitions that the Department owns the license to or requires extensive customization from the licensee for Department use is considered an intangible asset. If the software is capitalized, the cost will be amortized over 5 years. If the software is expensed, the software cost will be expensed in the same period.

Also included in the capitalization of assets, per GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements, interest is capitalized as part of the historical cost of acquiring certain qualifying assets. However, beginning in fiscal year 2021, the New Hampshire Turnpike System adopted GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (GASB 89) which supersedes GASB Statement No. 62 (see Note 1(g)). Interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Prior interest cost capitalized remains in the total cost of assets. Capitalized interest remaining in Construction in Process (CIP) at June 30, 2025 totals \$2.6 million.

Note 5) Inter-fund Activity

In FY 2025, expenses were incurred due to work performed by other State agencies on behalf of the Turnpike System. Enforcement expenses of \$9.5 million were incurred for services provided by the New Hampshire Department of Safety. Services provided by the Department of Information Technology and the Department of Transportation, Division of Operations' Bureaus including Bridge Maintenance, Traffic, Transportation Systems, Management & Operations (TSMO), and Mechanical Services resulted in \$2.8 million of expenses and account for most of the remaining inter-fund activity. New Hampshire Department of Business and Economic Affairs, Division of Travel and Tourism operations of the Seabrook and Hooksett Welcome Centers amounted to \$1.1 million.

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

Note 6) Unearned Revenue

Unearned Revenue primarily consists of prepaid toll monies received from customers on their transponder accounts. Revenue is recognized when a customer uses the E-ZPass toll system on the Turnpike. In FY 2025, Unearned Revenue included approximately \$17.5 million in pre-paid tolls as well as \$0.8 million from municipalities and developers to support their share of construction improvements.

Note 7) Leases

The Turnpike System is a lessee for various non-cancellable leases of buildings and equipment. In accordance with the State thresholds, a lease liability and an intangible right-to-use lease asset is recognized when annual payments of \$50,000 or more are contracted or incurred at any time during the lease term. During FY 2025, no lessee lease met this threshold.

The Turnpike System is a lessor for a ground lease contract with Granite State Hospitality, LLC (GSH). GSH was formed in 2013 to develop, operate, and maintain both northbound and southbound rest areas on I-93 in the Town of Hooksett. The rest areas are full-service welcome centers with concession and fuel sales, visitor centers, and State Liquor and Wine Outlet Stores. The ground lease contract was evaluated under GASB Statement No. 60 (GASB 60), Accounting and Financial Reporting for Service Concession Arrangements; GASB Statement No. 87 (GASB 87), Leases; and GASB Statement No. 94 (GASB 94), Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The agreement is reported under GASB 87. This agreement does not meet the GASB 60 Service Concession Agreement requirements as the Turnpike System does not set pricing and has limited control over the business.

For calculation and reporting purposes, the ground lease term was determined to include the remaining non-cancellable period of the lease plus the additional lease extension of 5 years approved by Governor & Council on May 31, 2023. The discount rate of 3.0% used to determine present value of the lease aligns with the percentage rate increase in the ground lease contract. In accordance with GASB 87, the Turnpike System recognized a lease receivable and deferred inflow of resources for this lease to be amortized over the term of the lease using the straight-line basis.

(a) Ground Lease Contract – Current

Under the terms of the Ground Lease contract, the Turnpike System receives minimum guaranteed rent, with tiered rent payments based on the sale of gasoline and tiered percentage rent based on gross concession sales. In FY 2025, the guaranteed minimum rent payment was \$0.6 million. In addition to the minimum rent, the Turnpike System receives additional rental income if fuel or

New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

concession sales exceed contractual thresholds. For FY 2025, the Turnpike System recorded \$1.9 million in total rental receipts. Per GASB 87, an annual portion of the Deferred Inflows of Resources is amortized over the remaining term of the lease. For FY 2025, \$0.4 million was received as lease amortization interest.

(Dollars in Thousands)	
Hooksett Welcome Center Rent	Amount
Guaranteed Minimum Rent	\$ 550
Fuel Sales	248
Concession Sales	1,129
Subtotal	1,927
Lease Amortization Interest Income	356
Total Hooksett Welcome Center	2,283

(b) Ground Lease Contract – Long Term (guaranteed rent)

In the Ground Lease contract, the Turnpike System will receive future minimum guaranteed rent of \$22.4 million over the remainder of the 35-year term, plus the 5-year extension. On June 30, 2025, the projected future guaranteed minimum lease revenue and interest is approximately \$22.4 million as shown below:

(Dollars in Thousands)			
Fiscal Year	Principal	Interest	Total
2026	\$ 115	\$435	\$ 550
2027	119	431	550
2028	122	428	550
2029	126	424	550
2030	130	420	550
2031-2035	1,431	2,019	3,450
2036-2040	2,827	1,673	4,500
2041-2045	3,284	1,216	4,500
2046-2050	3,815	685	4,500
2051-2053	2,579	121	2,700
Total	\$ 14,548	\$ 7,852	\$ 22,400

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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

(c) Ground Lease Contract – Facility Sustainment and Reinvestment Reserve

The Turnpike System also maintains a Facility Sustainment and Reinvestment Reserve Account funded by the operator which provides resources for facility maintenance, repair, and capital improvement projects should the Developer/Operator fail to meet established, contractual performance standards. This account is currently capped at \$1.1 million and is subject to periodic adjustments every 5 years based on the consumer price index in accordance with the terms of the ground lease contract. On November 26, 2024, Granite State Hospitality received a loan for \$0.6 million against the Facility and Reinvestment Reserve to expand the southbound General Store. The loan has a base repayment plan of \$16,666.67 per month over 36 months beginning December 2024. As per the signed agreement, the required monthly payment of 1.0% of net sales constitutes an agreed-upon increase in the amount of monthly payments. This will continue until full repayment of the loan or until such time the reserve fund cap is reached. As of June 30, 2025, Granite State Hospitality had repaid \$0.12 million of the loan and made additional monthly contributions totaling \$0.12 million, leaving a balance due of \$0.36 million.

On June 30, 2025, The Facility Sustainment and Reinvestment Reserve Account had a balance of approximately \$0.77 million.

Note 8) Non-Current Liabilities

(a) Bonds Authorized and Unissued

Bonds authorized and un-issued amounted to \$50.2 million of revenue bonds on June 30, 2025. 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. As of June 30, 2025 the State had issued \$715.8 million of revenue bonds for this plan.

Turnpike System Bond Ratings

Bond ratings assigned to the Turnpike System are as follows:

- Fitch Ratings ~ A+ (stable)
- Moody's Investors Service ~ Aa3 (stable)
- Standards & Poor's ~ AA- (stable)

New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

(b) Changes in Non-current Liabilities

The following is a summary of the changes in liabilities for bonds, pension, other postemployment benefits, compensated absences, uninsured claims, and pollution remediation during FY 2025:

(Dollars in Thousands)

Type	Beginning Balance	Increases	Decreases	Ending Balance	Current	Long-Term
Revenue Bonds	\$217,063	\$ --	\$19,022	\$198,041	\$8,570	\$189,471
Net Pension Liability	10,271	--	777	9,494	--	9,494
Total OPEB Liability	13,278	4,152	--	17,430	--	17,430
Claims and Compensated Absences Payable	4,029	92	1,074	3,047	669	2,378
Pollution Remediation and Other	5,137	829	715	5,251	988	4,263
Total	\$249,778	\$5,073	\$21,588	\$233,263	\$10,227	\$223,036

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

(c) Bonds - Debt Maturity

Bonds of the Turnpike System consist of revenue bonds (including ARRA Bonds). Interest rates on Turnpike System revenue bonds range from 4.00% to 6.01%. The annual maturities on a cash basis are as follows:

(Dollars in Thousands)

Payable June 30,	Revenue Principal	Revenue Interest	Revenue Interest Rebate	Net Interest
2026	\$8,570	\$9,356	\$ (1,368)	\$ 7,988
2027	11,415	8,888	(1,368)	7,520
2028	10,970	8,329	(1,368)	6,961
2029	12,010	7,754	(1,368)	6,386
2030	12,370	7,145	(1,368)	5,777
2031 through 2035	49,120	27,764	(5,813)	21,951
2036 through 2040	63,070	12,019	(2,109)	9,910
2041 through 2044	17,025	1,039	--	1,039
Subtotal	184,550	82,294	(14,762)	67,532
Unamortized Premium	13,491	-	-	-
Total	\$ 198,041	\$82,294	\$ (14,762)	\$67,532

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) did not include Build America Bonds (BABs) sequestration relief on reimbursements for direct-pay bonds and it extended the sequestration through Federal fiscal year 2030. The reduction in funding because of sequestration is 5.7% beginning October 1, 2020. The revenue interest rebate has been reduced by 5.7% through 2030.

**New Hampshire Turnpike System
Notes to the Financial Statements
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(d) Revenue 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 always adequate, 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 evidence 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 & Replacement (R&R) requirement for the fiscal year.

The resolutions further require the Turnpike System to request payment from the Revenue Bond Construction Account and an Authorized Officer shall sign a written order and file the request with the State 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 2025, 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 necessary.

The resolutions establish an R&R requirement with respect to each fiscal year. R&R 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.

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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

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

(Dollars in Thousands)

Type	Expensed	Capitalized	Total
Renewal & Replacement	\$13,042	3,669	16,711

Note 9) Employee Benefit Plans

(a) New Hampshire Retirement System

Plan Description: The New Hampshire Retirement System (NHRS) is the administrator of a cost-sharing, multiple-employer Public Employee Retirement System established in 1967 by State law RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. NHRS is a contributory defined-benefit plan providing service, disability, death, and vested retirement benefits to members and beneficiaries. NHRS covers substantially all full-time State employees, public school teachers and administrators, permanent firefighters, and police officers within the State of New Hampshire. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. NHRS is divided into two membership groups. Group I consist of State and local employees and teachers. Group II consists of firefighters and police officers. All assets are in a single trust and are available to pay retirement benefits to its members and beneficiaries.

Group I members at age 60 (age 65 for members beginning service on or after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final compensation (AFC). The yearly pension amount is 1/60 (1.67%) of average final compensation multiplied by years of creditable service (1/66 of AFC times creditable service for members beginning service on or after July 1, 2011). AFC is defined as the average of the three highest salary years for members vested prior to January 1, 2012, and five years for members not vested on January 1, 2012. At age 65, the yearly pension amount is recalculated at 1/66 (1.5%) of AFC multiplied by years of creditable service.

Members in service with 10 or more years creditable service who are between age 50 and 60 or members in service with at least 20 or more years of service, whose combination of age and service is 70 or more, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

Group II members who are age 60, or members who are at least age 45 with a minimum of 20 years of creditable service (age 50 with a minimum of 25 years of creditable service or age 60 for members beginning service on or after July 1, 2011) can receive a retirement allowance at a rate of 2.5% of AFC for each year of service not to exceed 40 years (2% of AFC times creditable service up to 42.5 years for members beginning service on or after July 1, 2011). A member who began service on or after July 1, 2011 shall not receive a service retirement allowance until attaining age 52.5 but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service. However, the allowance will be reduced by $\frac{1}{4}$ of one percent for each month prior to age 52.5 that the member receives the allowance.

Members of both groups may qualify for vested deferred allowances, disability allowances, and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation, service, or both.

Pursuant to State laws RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, the New Hampshire Retirement System also provides a postretirement medical premium subsidy for Group I employees and teachers and Group II police officers and firefighters.

NHRS publicly issues financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their web site at <http://www.nhrs.org>.

Funding Policy: NHRS is financed by contributions from the members, the State and local employers, and investment earnings. By statute, Group I members contributed 7.0% of gross earnings. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The Turnpike System contributed 12.5% of gross payroll for Group I members.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2025, the Turnpike System reported a liability of \$9.5 million for its proportionate share of the net pension liability of NHRS. This net pension liability is measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 with update procedures used to roll the total pension liability forward to June 30, 2024. The State's proportion of the net pension liability was based on the State's share of contributions to NHRS relative to the contributions of all participating employers, actuarially determined. The Turnpike System's net pension liability and pension expense, along with related deferred outflows of resources and deferred inflows of resources was calculated using an allocated proportion among the State's governmental and business-type activities (0.18%), based on the Turnpikes' share of the State's contributions to NHRS relative to the State's total contributions to NHRS. For the year ended June 30, 2025, the Turnpike System recognized pension expense of \$0.5 million.

New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

As of June 30, 2025, the Turnpike System reported deferred outflows and inflows of resources relating to pensions from the following sources:

(Dollars in Thousands)

Deferred Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension	\$ --	\$ (133)
Differences between expected and actual experience	211	(2)
Change in actuarial assumptions	--	(111)
Changes in employer proportion	565	(16)
Change in employer proportion (entity)	--	(1,090)
Contributions subsequent to the measurement date	1,183	--
Total	\$ 1,959	\$ (1,352)

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

(Dollars in Thousands)

Fiscal Year Ended June 30,	Amortization of Deferred Amounts
2026	\$ (570)
2027	291
2028	(205)
2029	(92)
Total	\$ (576)

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Notes to the Financial Statements
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Actuarial Assumptions: NHRS total pension liability, measured as of June 30, 2024, was determined by a roll forward of the actuarial valuation as of June 30, 2023, using the following actuarial assumptions:

Inflation	2.25%
Salary increases	6.00% average, including inflation
Wage inflation	3.00%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality tables with credibility adjustments for each group and projected fully generational mortality improvements using Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2019 - June 30, 2023.

Long-Term Rates of Return: The long-term expected rate of return on pension plan investments was selected from a best estimate range determined by using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

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Notes to the Financial Statements
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The following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation (%)	30 Year Geometric Return (%)
Broad US Equity	24.00	5.40
Global US Equity	16.00	5.65
Total Public Equity	40.00	
Real Estate Equity	10.00	4.00
Private Equity	10.00	6.65
Total Private Market Equity	20.00	
Private Debt	10.00	5.05
Total Private Debt	10.00	
Core US Fixed Income	25.00	2.15
Total Fixed Income	25.00	
Infrastructure	5.00	4.35
Total Infrastructure	5.00	
Total	100.00	

Discount Rate: The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are determined based on the expected payroll of current members only. Employer contributions are determined based on the Plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

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The following table illustrates the sensitivity of the Turnpike System's proportionate share of NHRS's net pension liability to changes in the discount rate. In particular, the table presents the Turnpike System's proportionate share of NHRS's net pension liability measured at June 30, 2024, assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the single discount rate:

(Dollars in Thousands)

Fiscal Year Ended	1% Decrease to 5.75%	Current Single Rate Assumption 6.75%	1% Increase to 7.75%
June 30, 2025	\$ 13,274	\$ 9,494	\$ 6,346

(b) Other Postemployment Benefits (OPEB)

Plan Description: RSA 21-I:30 specifies that the State provides certain health care benefits for retirees and their spouses through a single employer (primary government with component units) defined postemployment benefit plan, previously defined as the Non-Trusted OPEB Plan. These benefits include group hospitalization, hospital medical care, surgical care and other medical care. Substantially all of the State's employees who were hired on or before June 30, 2003, and have 10 years of service, may become eligible for these benefits if they reach normal retirement age while working for the State and receive their pensions on a periodic basis rather than a lump sum.

During fiscal year 2004, legislation was passed that requires State Group I employees hired on or after July 1, 2003, to have 20 years of state service in order to qualify for retiree health benefits. During fiscal year 2011, legislation was passed that requires Group II employees to have 20 years of State service to qualify for retiree health benefits. Additionally, during fiscal year 2012, legislation was passed requiring Group I employees hired after July 1, 2011, to have 25 years of state service and increased the normal retirement age for Group I and Group II employees hired after July 1, 2011.

These and similar benefits for active employees and retirees are authorized by RSA 21-I:30 and provided through the Employee and Retiree Benefit Risk Management Fund, (the Fund), a single-employer group health fund, which is the State's self- insurance internal service fund implemented in October 2003 for active State employees and retirees. The Fund covers the cost of medical and prescription drug claims by charging actuarially developed working rates to State agencies for participating employees, retirees, and eligible spouses.

An additional major source of funding for retiree benefits is from the medical subsidy payment described earlier, which totaled approximately \$6.18 million in fiscal year ended June 30, 2025 and \$6.34 million in fiscal year ended June 30, 2024. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Turnpike System's contributions to the fund on behalf of Turnpike Retirees for fiscal years ended June 30, 2025 and June 30, 2024 were \$0.55 million and \$0.57 million, respectively.

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Notes to the Financial Statements
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Total OPEB Liability: The Turnpike System's proportionate share of the State's total Non-Trusted OPEB Plan liability is \$17.4 million, measured as of June 30, 2024, and was determined by an actuarial valuation as of December 31, 2022. The Turnpike System's proportionate share of the State's total Non-Trusted OPEB Plan liability is the ratio attributable to each fund/component unit based on each participant's calculated liability. As of the measurement date, the Turnpike System's proportion was 1.28%.

Actuarial Assumptions and Other Inputs: The total Non-Trusted OPEB Plan liability as of June 30, 2024 was measured by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.75%
Salary increases:	Group I employees: 14.75% decreasing over 12 years to an ultimate level of 3.25%.
Discount rate:	3.93% as of June 30, 2024 and 3.65% as of June 30, 2023.
Healthcare cost trend rates:	
Medical:	Non-Medicare: 7.70% in 2024, then 7.00% decreasing by 0.25% each year to an ultimate level of 4.50% per year. Medicare: 0.00% through 2024, then 40.44% in 2025, 9.38% in 2026, 6.72% in 2027, 7.63% in 2028, 7.34% in 2029, and 7.07% in 2030, then 5.50% decreasing by 0.25% per year to an ultimate level of 4.5% per year.
Prescription Drug:	Non-Medicare: 3.90% in 2024, then 9.50% decreasing by 0.50% each year to an ultimate level of 4.50% per year. Medicare: 0.00% through 2024, then 40.44% in 2025, 9.38% in 2026, 6.72% in 2027, 7.63% in 2028, 7.34% in 2029, and 7.07% in 2030, then 5.50% decreasing by 0.25% per year to an ultimate level of 4.5% per year.
Administrative Expense:	3% per year.
Contributions:	Retiree contributions are expected to increase with a blended medical, prescription drug and administrative expense trend.

The discount rate was based on the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index (3.93% as of June 30, 2024 and 3.65% as of June 30, 2023). This determination is in accordance with GASB Statement No 75.

Pre-Retirement mortality rates were based on the PubG-2010 Headcount-Weighted Employee General Mortality Tables for Group I projected generationally for males and females with Scale MP-2019. Healthy Annuitant mortality rates were based on the PubG-2010 Headcount-Weighted Employee

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Notes to the Financial Statements
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Healthy Retiree General Mortality Tables for Group I projected generationally for males and females with Scale MP-2019. Disabled Annuitant mortality rates were based on the PUBNS-2010 Headcount-Weighted Non-Safety Disabled Retiree Mortality Tables for Group I projected generationally for males and females with Scale MP-2019.

The assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study by New Hampshire Retirement System for the period July 1, 2015 through June 30, 2019. A new experience study based on the period July 1, 2019 to June 30, 2023 was released as of April 5, 2024. If the complete set of assumptions from the experience study dated April 5, 2024 were to be used in this report, the NOL as of June 30, 2024 would decrease by approximately 4.0%. These assumptions will be used to complete the actuarial valuation and review as of December 31, 2024 to be used for the basis of the GASB 75 Reports for the June 30, 2026 and 2027 reporting dates.

Changes in assumptions include trend revisions that reflect current experience and future expectations.

Sensitivity of the Turnpike System Non-Trusted OPEB Plan liability to changes in the discount rate:

The following presents sensitivity of the Turnpike System's proportionate share of the total Non-Trusted OPEB Plan liability to changes in the discount rate. In particular, the table presents the Turnpike System's proportionate share of the Total OPEB liability measured at June 30, 2024 if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

(Dollars in Thousands)

Fiscal Year Ended	1% Decrease to 2.93%	Current Discount Rate 3.93%	1% Increase to 4.93%
June 30, 2025	\$20,232	\$17,430	\$15,177

Sensitivity of the Turnpike System OPEB liability to changes in the healthcare cost trend rates:

The following presents sensitivity of the Turnpike System's proportionate share of the total Non-Trusted OPEB Plan liability to changes in the healthcare cost trend rates. In particular, the table presents the Turnpike System's proportionate share of total Non-Trusted OPEB Plan liability measured at June 30, 2024, if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare trend cost rates:

(Dollars in Thousands)

Fiscal Year Ended	1% Decrease	Current Trend Rate	1% Increase
June 30, 2025	\$14,645	\$17,430	\$20,991

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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

Related to OPEB: For the year ended June 30, 2025, the Turnpike System recognized an OPEB expense of \$(0.3) million. As of June 30, 2025, the Turnpike System reported deferred outflows and inflows of resources on its financial statements related to the Non-Trusted OPEB Plan from the following sources:

(Dollars in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ (724)
Changes in assumptions	3,492	(7,243)
Changes in employer proportion	10	(347)
Contributions subsequent to the measurement date	478	--
Total	\$ 3,980	\$ (8,314)

Amounts reported as deferred outflows of resources related to the Non-Trusted OPEB Plan resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the total Non-Trusted OPEB Plan liability in the year ended June 30, 2025.

Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to the Non-Trusted OPEB Plan will be recognized in OPEB expense as follows:

(Dollars in Thousands)

Year ended June 30,	Amount
2026	\$ (1,816)
2027	(2,170)
2028	(826)
Total	\$ (4,812)

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

Note 10) Risk Management and Insurance

(a) Principle of Self-Insurance

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. As a general operating rule, the State self-insures against all damages, losses, and expenses except to the extent that the provisions of law direct the purchase of commercial insurance. Should risk assessment indicate that commercial insurance is economical and beneficial for the State or general public the State may elect to purchase insurance. Settled claims, under the insurance program, have not exceeded insurance coverage in any of the last three fiscal years.

(b) Employee and Retiree Health Benefits

During fiscal year 2004, the State established an Employee and Retiree Benefit Risk Management Fund (the Fund), an internal service fund, to account for the cost of employee and retiree health benefits. As of January 2024, the State self-insures active employees' health and dental benefits as well as non-Medicare retirees' health benefits and fully insures the Medicare-eligible retiree health benefits. By law, the State maintains an actuarially calculated Incurred But Not Reported (IBNR) claims reserve, and a statutory reserve equivalent to at least 3% of estimated annual claims and administrative expenses. The total IBNR for the Fund as of June 30, 2025 is \$27.0 million. The fiscal year 2025 statutory reserve equaled \$12.8 million. Health benefit rates are actuarially established annually based on analysis of past claims, industry claim trends, and annual projected plan claims and administrative expenses. The process used in estimating claims liabilities for rate development may not result in an exact claims payout due to variables including claims cost inflation, utilization shift, and changes in law, enrollment, or plan design. FY 2025 State contributions to the Fund for the Turnpike Fund totaled \$0.55 million for retired employees and \$2.92 million for active employees.

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

(c) Workers' Compensation

Since February 2003, the State has been self-insured for its workers' compensation exposures, retaining all of the risk associated with workers' compensation claims. The State utilizes an actuarial study that provides an annual estimate of the outstanding liabilities for the prior fiscal years' claims. The study also contains assumptions about loss development patterns, trends and other claim projections based upon the state's historical loss experience.

The following table presents the changes in Turnpike System workers' compensation claim liabilities in the State Employee Benefit Risk Management Fund during fiscal years ended June 30, 2024 and June 30, 2025:

(Dollars in Thousands)

Total	6/30/2024 Balance	Increases	Decreases	6/30/2025 Balance	Current	Long-Term
	\$ 2,766	\$29	\$1,071	\$1,724	\$521	\$1,203

The workers' compensation claim expense is recorded in the Statement of Revenues, Expenses and Changes in Net Position under Payroll Benefits and the liability is recorded in the Statement of Net Position under Claims and Compensated Absences Payable.

Note 11) Commitments

(a) E-ZPass Back Office System Contract

On October 7, 2015, the Turnpike System entered into a contract with Cubic Transportation Systems, Inc. in the amount of \$51.9 million for design, testing, installation and maintenance services for the operation of the NH E-ZPass back office (customer billings, collections and service) operations system for the Turnpike System through June 30, 2021 with an option to renew, at the sole discretion of the State, for up to three additional three-year optional operation periods up to, but not beyond June 30, 2030. This contract's first extension to June 30, 2024 was executed on June 2, 2021. The contract was amended on May 4, 2022 and again on May 30, 2024 to bring the current total of the contract to \$105.1 million. This contract was further amended on May 30, 2024 to exercise a second three-year contract renewal option, continuing the professional services agreement through June 30, 2027 and increasing the total contract value to \$180.5 million.

(b) Capital Improvement Program

The ten-year transportation improvement plan, adopted by the Legislature in 1986 and amended through 2032, 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 fiscal years to address changing priorities and the most recent ten-year plan for the fiscal years 2025-2034 was signed into law August 9, 2024 (Chapter 335, Laws of 2022).

**New Hampshire Turnpike System
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025**

(c) Maintenance

The Turnpike System is maintained and repaired by the Bureau of Turnpikes' own forces or those of contracted vendors. Except for other insignificant proceeds, all maintenance and repair costs have been funded from Turnpike operating revenues since the beginning of the Turnpike System in 1950.

(d) Litigation

The Turnpike System is involved in certain other 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.

Note 12) Future Revenues that are Pledged or Sold

GASB Statement No. 48, Disclosures Related to Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues is a standard that makes a basic distinction between sales of receivables and future revenues on one hand and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing). In accordance with revenue bond covenants, revenues received are pledged to secure the payment of the principal or redemption price of and interest on the bonds and the performance of the undertakings of the State in the General Bond Resolution, subject only to the application of revenues for the payment of operating expenses in accordance with the terms of the Resolution (see Note 8(d) - Revenue Bond Resolutions for further detail). The bonds are equally and ratably secured by the pledge, and the undertakings of the State in the Resolution are for the equal and proportional benefit of the Bondholders, except as otherwise expressly provided in the Resolution.

Note 13) Pollution Remediation Obligations

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations (PRO)* requires governments to reasonably determine potential polluted sites and provides guidance regarding when to recognize PRO as a liability. The Turnpike System currently has obligations to remediate four sites - Hampton Toll Plaza, Hudson site (formerly Benson's Animal Park), Newington Country Store, and the Taylor River Bridge in Hampton-Hampton Falls. No new sites were identified in FY 2025. Pollution liabilities reported on June 30, 2025 totaled \$4.5 million. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts.

**New Hampshire Turnpike System
Required Supplementary Information
For the Fiscal Year Ended June 30, 2025
(Unaudited)**

REQUIRED SUPPLEMENTARY INFORMATION SECTION (Unaudited)

This section includes information on the Turnpike's proportionate share of net pension liability and proportionate share of total other post-employment benefits.

**New Hampshire Turnpike System
Required Supplementary Information
For the Fiscal Year Ended June 30, 2025
(Unaudited)**

<u>Schedule of the Turnpike's Proportionate Share of Net Pension Liability</u>										(Dollars in Thousands)
	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Turnpike's Proportion of Net Pension Liability	0.18%	0.18%	0.19%	0.20%	0.21%	0.22%	0.22%	0.28%	0.26%	0.25%
Turnpike's Proportionate Share of Net Pension Liability	\$ 9,494	\$ 10,271	\$ 11,185	\$ 8,776	\$ 13,490	\$ 10,559	\$ 10,719	\$ 13,875	\$ 13,757	\$ 10,100
Turnpike's Covered Employee Payroll	6,374	6,803	6,917	6,967	7,218	7,253	7,268	8,357	7,472	6,974
Turnpike's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	148.94%	150.98%	161.70%	125.97%	186.89%	145.58%	147.48%	166.03%	184.11%	144.82%
NHRS Fiduciary Pension as a Percentage of the Total Pension Liability	70.33%	67.18%	65.12%	72.22%	58.72%	65.59%	64.73%	62.66%	58.30%	65.47%

<u>Schedule of Turnpike Pension Contributions</u>										(Dollars in Thousands)
	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Required Turnpike Contribution	\$ 1,183	\$ 1,111	\$ 1,107	\$ 1,137	\$ 916	\$ 942	\$ 960	\$ 950	\$ 1,030	\$ 930
Actual Turnpike Contribution	\$ 1,183	\$ 1,111	\$ 1,107	\$ 1,137	\$ 916	\$ 942	\$ 960	\$ 950	\$ 1,030	\$ 930
Excess/(Deficiency) of Turnpike Contributions	-	-	-	-	-	-	-	-	-	-
Turnpike's Covered Employee Payroll	7,579	7,623	7,347	7,071	7,345	7,450	7,507	8,555	7,807	6,963
Turnpike Contribution as a Percentage of its Covered Employee Payroll	15.61%	14.57%	15.07%	16.08%	12.47%	12.64%	12.79%	11.10%	13.19%	13.36%

**New Hampshire Turnpike System
Required Supplementary Information
For the Fiscal Year Ended June 30, 2025
(Unaudited)**

<u>Schedule of the Turnpike's Proportionate Share of the Total Non-Trusted OPEB Plan Liability</u>									
(Dollars in Thousands)									
	June 30,								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Turnpike's Proportion of the Total Non-Trusted OPEB Plan Liability	1.28%	1.28%	1.29%	1.29%	1.33%	1.27%	1.45%	1.44%	1.42%
Turnpike's Proportionate Share of the Total Non-Trusted OPEB Plan Liability	\$ 17,430	\$ 13,278	\$ 20,855	\$ 26,422	\$ 29,651	\$ 22,734	\$ 27,661	\$ 32,186	\$ 40,694
Turnpike's Covered Employee Payroll	6,374	6,803	6,917	6,967	7,218	7,253	7,268	8,357	7,472
Turnpike's Proportionate Share of the Total Non-Trusted OPEB Plan Liability as a Percentage of its Covered Employee Payroll	273.45%	195.10%	301.50%	379.25%	410.79%	313.44%	380.59%	385.14%	544.62%
Note: The amounts presented were determined as of and for the measurement periods ended June 30 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016. This schedule is intended to show 10 years. Years will be added as they become available. Notes to the Required Supplementary Information There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay-related benefits. Changes in assumptions reflect trend assumption revisions to reflect current experience and future expectations. The table below shows the historical discount rate.									
Measured at June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016
Discount Rate	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%	2.85%

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OTHER SUPPLEMENTARY INFORMATION SECTION (UNAUDITED)

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

**New Hampshire Turnpike System
Other Supplementary Information
For the Fiscal Year Ended June 30, 2025
(Unaudited)**

State of New Hampshire Turnpike System Budget to Actual (Non-GAAP Budgetary Basis) Revenue Schedule For the Fiscal Year Ended June 30, 2025 (Dollars in Thousands)				
	Budgeted		Actual	Variance
	Original	Final	Budgetary Basis	Favorable (Unfavorable) with Final Budget
Revenues				
Restricted				
Bonds Interest Subsidy	\$ 1,457	\$ 1,457	\$ 2,231	\$ 774
Spaulding /Central/Blue Star (Private Local Funds)	--	--	259	259
Sponsorship Fees (009 Agency Income)	213	140	140	--
Transponder Sales	750	750	614	(136)
Total Restricted Revenue	2,420	2,347	3,244	897
Unrestricted				
Spaulding Cash Receipts	--	--	--	--
Blue Star Cash Receipts	7,210	7,210	5,582	(1,628)
Central Cash Receipts	6,188	6,188	5,525	(663)
E-ZPass Central Receipts	32,892	32,892	35,738	2,846
E-ZPass Blue Star Receipts	51,252	51,252	58,733	7,481
E-ZPass Spaulding Receipts	14,039	14,039	16,288	2,249
Misc ET C Revenue	10	10	--	(10)
VES Administration Fees	10,000	10,000	19,381	9,381
Administration Fees- Toll Collections	--	--	--	--
Violation Revenue Central	2,693	2,693	2,685	(8)
Violation Revenue Blue Star	2,883	2,883	3,063	180
Violation Revenue Spaulding	2,373	2,373	1,792	(581)
Cash Management Interest	300	300	1,209	909
General Reserve Interest	100	100	4,308	4,208
Insurance Reserve Interest	--	--	--	--
Sale Of Service	10	10	--	(10)
Facility Sustainment Reserve	100	100	(362)	(462)
Rental Income	1	1	152	151
Hooksett Rental Income	550	550	550	--
Fuel Sales	30	30	237	207
Concession Sales	800	800	1,140	340
ROW Property Sales	1	1	--	(1)
Property Damage	30	30	207	177
Prior Yr. Refund of Expense	--	--	--	--
Miscellaneous	400	400	403	3
Transponder Lease-to-own	50	50	77	27
Statement Fee Revenue	45	45	114	69
Total Unrestricted Revenue	131,957	131,957	156,822	24,865
Total Revenue	\$ 134,377	\$ 134,304	\$ 160,066	\$ 25,762

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

**New Hampshire Turnpike System
Other Supplementary Information
For the Fiscal Year Ended June 30, 2025
(Unaudited)**

State of New Hampshire Turnpike System Budget to Actual (Non-GAAP Budgetary Basis) Expense Schedule For the Fiscal Year Ended June 30, 2025 (Dollars in Thousands)				
	Budgeted		Actual	Variance
	Original	Final	Budgetary Basis	Favorable (Unfavorable) with Final Budget
<u>Expenditures</u>				
Administration and Support	\$ 12,346	\$ 12,784	\$ 12,038	\$ 746
Renewal and Replacement	24,925	24,925	16,785	8,140
Central Operations	3,262	3,516	2,565	951
Central Maintenance	6,193	6,675	5,695	980
East NH Turnpike Blue Star Operations	2,642	2,852	2,115	737
East NH Turnpike Blue Star Maintenance	2,691	2,923	2,454	469
East NH Turnpike Spaulding Operations	1,245	1,278	31	1,247
East NH Turnpike Spaulding Maintenance	3,450	3,749	3,248	501
Toll Collection	24,002	25,511	32,996	(7,485)
Turnpike Debt Service	27,577	27,577	27,577	--
Transponder Inventory Fund	750	750	744	6
Retirees Health Insurance	674	674	545	129
Workers Compensation	555	555	526	29
Unemployment Compensation	5	5	1	4
Total Expenses before Capital Expenses	110,317	113,774	107,320	6,454
<u>Capital Expenses</u>				
RSA 237:2 I Blue Star Memorial	75	75	42	33
RSA 273:2 I Blue Star Memorial	--	--	--	--
RSA 273:2 VII Central NH Turnpike	20,626	20,626	19,897	729
RSA 237:2 VII Central NH Turnpike	--	--	--	--
Toll Collection Equipment	1,314	1,314	5,561	(4,247)
Toll Collection Equipment	--	--	--	--
L92C217 Spaulding Tpk Exit 10	50	50	--	50
L92C217 Spaulding Tpk Exit 10	--	--	--	--
Spaulding Turnpike/US 4/NH 16	14,563	14,563	4,060	10,503
Spaulding Turnpike/US 4/NH 16	--	--	--	--
Total Capital Expenses	36,628	36,628	29,560	7,068
Total Expenses	146,945	150,402	136,880	13,522
Excess (Deficiency) of Revenues Over Expenditures	\$ (12,568)	\$ (16,098)	\$ 23,186	\$ 12,240

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

**New Hampshire Turnpike System
Other Supplementary Information
For the Fiscal Year Ended June 30, 2025
(Unaudited)**

Note 1) Budget

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 biennial operating budget is prepared principally on a modified cash basis and adopted for enterprise funds, except for Capital Project appropriations. The Capital Projects 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 Non-GAAP Budgetary Basis Schedules.

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 Turnpike 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.