NEW HAMPSHIRE RETIREMENT SYSTEM

A Component Unit Of The State Of New Hampshire*

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2000

*Please refer to footnote on the title page.

Introductory Section

Cover Photo: Aerial view of the historic Amoskeag Millyards in Manchester, NH. Photo courtesy of Ken Williams, Canterbury, NH/State of NH Division of Travel and Tourism Development.

The New Hampshire Retirement System is proud to have provided retirement services to the City of Manchester's teachers, police officers, and firefighters for the past 33 years. We salute these members for the job they do providing services to their constituents.

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Comprehensive Annual Financial Report
Of The New Hampshire Retirement System

A Component Unit of the State of New Hampshire*

For The Fiscal Year Ended
June 30, 2000

Eric Henry
Executive Director

J.P. Singh
Director of Finance

* In accordance with Governmental Accounting Standards Board (GASB) 14, the New Hampshire Retirement System is a component unit of the State of New Hampshire for financial reporting purposes because the State has budget oversight over administrative expenses.

Prepared by
New Hampshire Retirement System
4 Chenell Drive
Concord, New Hampshire 03301-8509
www.state.nh.us/retirement/

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Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to

New Hampshire Retirement System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director

Letter From The Chairman

NEW HAMPSHIRE RETIREMENT SYSTEM

EDWARD J. THEOBALD
Chairman, Board of Trustees

ERIC HENRY
Executive Director

NORMAN J. PATENAUDE
Deputy Executive Director

J. P. SINGH
Director of Finance

The Granite State

November 15, 2000

Edward J. Theobald
Chairman
Board of Trustees

To: The Members of the New Hampshire Retirement System

As Chairman of the Board of Trustees of the New Hampshire Retirement System (NHRS), I am pleased to present the audited Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. The report presents the combined assessment of investment results and financial condition of the Pension Plan and the Postretirement Medical Plan. The data contained in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial condition and results of operations of the NHRS.

Each participant of our System deserves the security of well-funded benefit plans. The current funded status of the NHRS, the actuarial procedures adopted by the Board on a continual review basis, and the prudent investment strategies of the Board are all designed to produce this desired result.

The NHRS's diversified investment policy, on balance, continues to be highly effective. The major financial markets during fiscal year 2000 produced superior returns for the NHRS. The investment policy adopted by the Board of Trustees is designed to generate competitive total returns on a long-term basis at an acceptable level of risk as compared to the various asset class indices. The Board of Trustees is pleased to report that the total fund investment return for fiscal year ended June 30, 2000 was 13.2%. Equally impressive were the average annual fund returns of 15.2% and 16.3% for the past three and five fiscal year periods, respectively.

The role of the Board of Trustees is to ensure that the financial interests of all plan participants are adequately safeguarded over the long term. To this end, the investment growth over the years has been exceptional and employer contribution rates remain reasonable. Using a conservative measurement of the System's funded status as of June 30, 2000, the plan assets are at 107.3% of the System's projected pension liability. A more appropriate measure is the System's accrued pension liability funding status. At June 30, 2000, the plan assets were at 118.9% of the System's accrued pension liability.

We are mindful, nevertheless, that the NHRS operates in a dynamic economic environment. The challenges of investing NHRS's funds strategically to achieve above average returns balanced with controlled risk in an increasingly complex and competitive global economy are greater than ever. The Board strives to minimize the impact of these external influences by diversifying among a broad range of asset classes and by employing active portfolio managers with recognized expertise in managing each of these asset classes. Each manager is expected to outperform appropriate market indices over a full market cycle of three to five years. In addition, the Board continually monitors its operating environment, keeping a watchful eye on regulations, court decisions, and legislation for the effects they may have on the operation of the NHRS.

The Board of Trustees is appreciative of the hard work and continued dedication of the Administrative Staff. The entire Administrative Staff deserves recognition in meeting the Board of Trustees' goal of providing quality service to all the plan participants.

For the year ended June 30, 2000, 15,235 retirees and beneficiaries received pension and medical benefits totaling $185.6 million. There are 48,666 active and inactive members participating in the

NHRS. We are pleased to report that the advent of year 2000 was uneventful for the System and the System's upfront preparation and readiness was amply rewarded.

On an administrative level, this fiscal year has been challenging for the Board of Trustees. The System was saddened by the unexpected passing of its Executive Secretary, Harry M. Descoteau. Also, the Deputy Executive Secretary elected to retire during this fiscal year. However, the Board has put a qualified management team in place consisting of Executive Director Eric Henry, Director of Finance J.P. Singh and Deputy Executive Director Norman Patenaude. The senior management team has made substantial progress on many fronts during the past year. Accomplishments include the development of a Strategic Information Technology Plan and a One Year Business Plan both aimed at resolving issues associated with recent vacancies in leadership positions and the replacement of the aging mainframe pension administration system.

Additional accomplishments include the selection of a technology oversight consultant, the commencement of the overhaul of the aging pension administration computer systems and the creation and staffing of a human resources director position.

I also want to recognize the commitment of my fellow Board members, who have worked so diligently to ensure the successful operation of the NHRS. The Board is keenly aware that many forces will shape and influence the NHRS in the coming years and that we constantly need to stay ready to meet these challenges.

The Board, with help from the System's actuary and investment advisors, has crafted an investment strategy designed to produce excellent returns with moderate overall portfolio risk exposure. This has been made possible through the use of the Prudent Investor Rule, which has been in place for over nine years. The Prudent Investor Rule provides a more efficient mandate for proper diversification of investments, an opportunity to achieve significantly higher investment returns and allows the System to fulfill the ever-so-important mission: to continue to maintain the financial stability of the NHRS trust fund.

Sincerely,

Ed Theobald

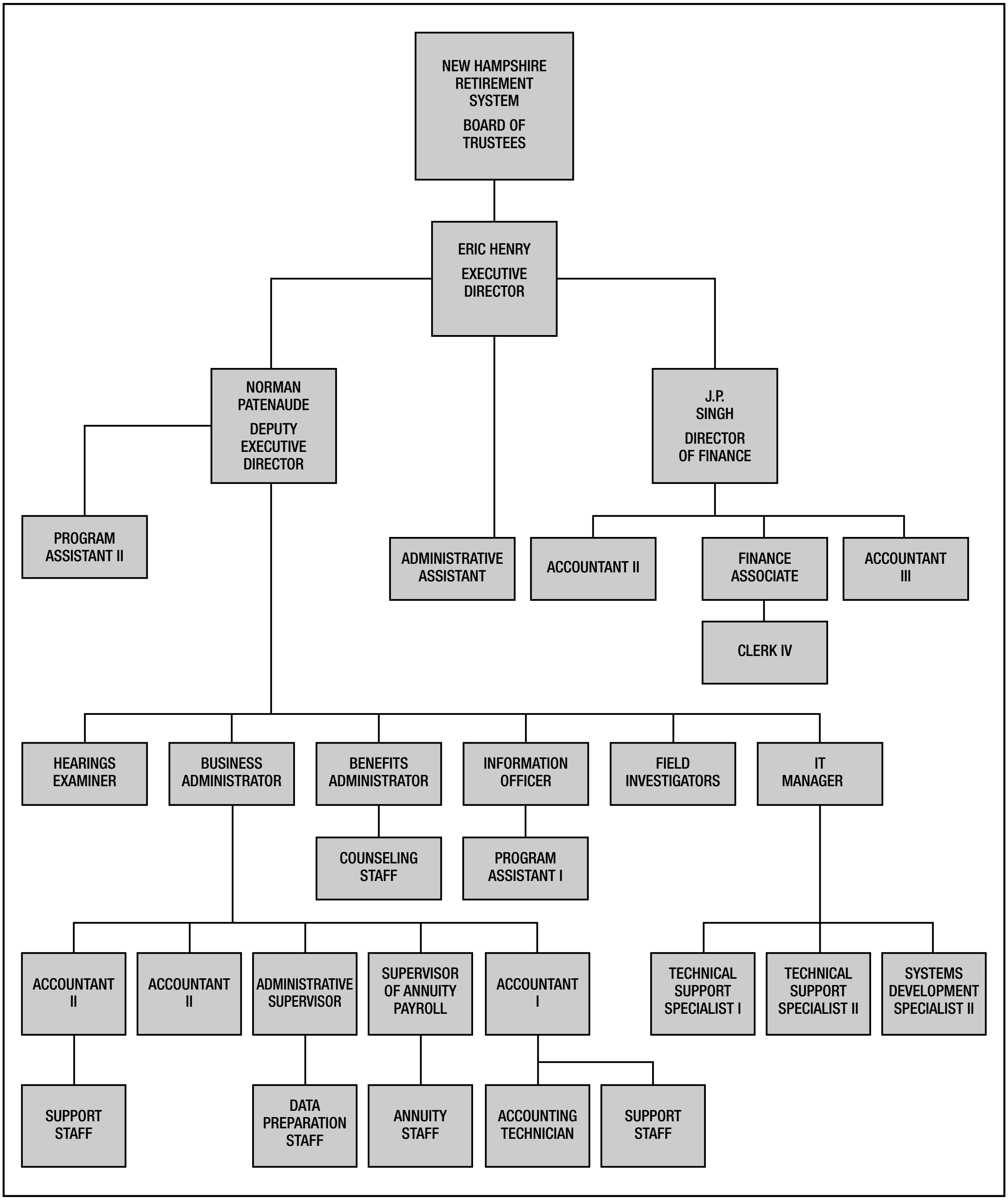
Edward J. Theobald
Chairman of the Board of Trustees
New Hampshire Retirement System

4 CHENELL DRIVE, CONCORD, NEW HAMPSHIRE 03301-8509
TELEPHONE 271-3351 OFFICE HOURS 8:00-4:00
TDD Access: Relay NH 1-800-735-2964

Board Of Trustees

Back row, left to right: David Goldstein, Dale Robinson, William Perron, Representative Merton Dyer, J. David McLean, Arthur Beaudry, Joseph Morris. Front row, left to right: State Treasurer Georgie Thomas, Claire Gervais, Chairman Edward Theobald, Andrea Amodeo-Vickery, Dennis Kinnan. Senator John King was absent when photo was taken.

Administrative Organization



Professional Managers, Advisors and Service Providers

DOMESTIC EQUITY MANAGERS

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American Express Asset Management Group, Inc.
Minneapolis, Minnesota

Ark Asset Management Company, Inc.
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Nashville, Tennessee

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Weiss, Peck & Greer Venture Associates VI, LLC
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Zero Stage Capital V & VI, L.P.
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Peter Foley, Esquire
Concord, New Hampshire

New Hampshire Department of Justice
Concord, New Hampshire

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Boston, Massachusetts

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Norwalk, Connecticut

ACTUARIAL CONSULTANT

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Secaucus, New Jersey

COMMERCIAL REAL ESTATE CONSULTANT

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New York, New York

Pension Fund Evaluations, Inc.
Centereach, New York

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Institutional Shareholder Services, Inc.
Rockville, Maryland

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National Union Fire Insurance Co.
Manchester, New Hampshire

Letter Of Transmittal

NEW HAMPSHIRE RETIREMENT SYSTEM

EDWARD J. THEOBALD
Chairman, Board of Trustees

ERIC HENRY
Executive Director

NORMAN J. PATENAUDE
Deputy Executive Director

J. P. SINGH
Director of Finance

The Granite State

November 15, 2000

Dear Mr. Chairman and Members of the Board of Trustees:

Eric Henry
Executive Director

We are pleased to submit the Comprehensive Annual Financial Report of the New Hampshire Retirement System (NHRS) for the fiscal year ended June 30, 2000. This comprehensive report is designed to comply with the provisions of the Revised Statutes Annotated (RSA) 100-A:15, VI of the State of New Hampshire. We believe this report presents fairly the combined assessment of the investment results and the financial condition of the Pension Plan and the Postretirement Medical Plan and fully supports its ultimate purpose of providing pension and medical benefits to its members and their beneficiaries.

The NHRS was established in 1967 to consolidate and replace four separate pension plan systems: the New Hampshire Teachers' Retirement System, the New Hampshire State Employees' Retirement System, the New Hampshire Policemen's Retirement System, and the New Hampshire Permanent Firemen's Retirement System. The NHRS provides service retirement, disability and survivor benefits for all full-time state employees, public school teachers and administrators, permanent police officers, and permanent firefighters. Full-time employees of political subdivisions (such as county, municipal or school district employees) are also eligible to participate as a group if the governing body elects participation. In addition, NHRS also administers a postretirement medical plan for certain Group I members (teachers) and Group II members (police officers and firefighters). A complete description of employees eligible for membership in each plan and additional information concerning benefits available are contained in the Summary of Plan Provisions beginning on page 20.

BUDGET CONTROLS AND NHRS ADMINISTRATION

The administrative budget of the NHRS is funded through an administrative assessment rate charged to participating employers, and is proposed by management, approved by the Board of Trustees, submitted under the budget preparation guidelines of the State of New Hampshire, and appropriated by the New Hampshire Legislature.

In accordance with GASB Statement No. 14 guidelines for a reporting entity, the NHRS participated with the State of New Hampshire (State) in reviewing its financial reporting relationship with the primary government and determined that the NHRS is a component unit of the State of New Hampshire.

The NHRS is a qualified governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code and has a separately appointed governing body. Based on financial reporting guidelines, NHRS's Pension Plan is deemed to be a single pension plan. There is a separate benefit plan set up for postretirement healthcare for certain Group I members (teachers) and Group II members (police officers and firefighters). The investments for the two plans are pooled together and are prorated between the two plans based on individual fund balances.

NHRS is administered by a 13 member board of trustees, which includes one State Senator, one State Representative, the State Treasurer as an ex officio member, two employee member representatives, two teacher member representatives, two firefighter member representatives, two police officer member representatives, and two public nonmember representatives. The Board of

Trustees formulates administrative policies and procedures and authorizes benefit payments to members and their beneficiaries. It also manages the trust funds. The administrative functions of NHRS are directed by the Executive Director and are carried out by the administrative staff.

The Board of Trustees employs a qualified consulting actuary, a trustee/custodian, investment managers, and investment advisors. The Attorney General of the State of New Hampshire generally provides legal services, but the Board of Trustees is statutorily authorized to engage the services of outside legal counsel for special investment, federal, and tax matters.

REPORT STRUCTURE

The Comprehensive Annual Financial Report is presented in five sections. The Introductory Section contains the letter from the Chairman of the Board of Trustees, a letter of transmittal from the Executive Director and the Director of Finance, the identification of the administrative organization, professional consultants, and a summary of plan provisions. The Financial Section contains the independent auditors' report, financial statements and related notes and disclosures, required supplementary information, as well as certain supporting schedules. The Investment Section contains an investment report prepared by the investment consultant, comparative investment results, asset allocations, list of largest stock and fixed income investments held by the NHRS, schedule of fees and commissions, and an overall investment summary. The Actuarial Section contains the independent actuary's certification, an outline of actuarial assumptions and methods and other actuarial statistics. The Statistical Section contains tables of significant data and identification of participating employers.

ACCOUNTING SYSTEM AND INTERNAL CONTROL

The Comprehensive Annual Financial Report has been prepared in conformity with the principles of governmental accounting and the most current reporting pronouncements of the Governmental Accounting Standards Board (GASB). The accrual basis of accounting is used to record the assets, liabilities, revenues, and expenses. Revenues are recognized in the accounting period in which they are earned, without regard to the date of collection, and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments are reported at fair value. Fixed assets are legally the property of the State of New Hampshire and are not included as assets in the System's financial statements.

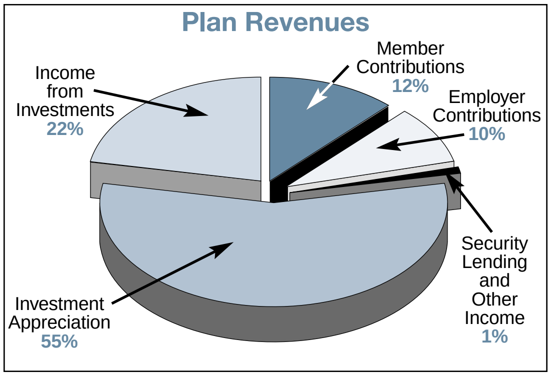
The management of the NHRS is responsible for maintaining a system of internal controls which is designed to provide reasonable assurance that the assets are adequately safeguarded and the financial records and financial statements are fairly stated. We believe the existing internal accounting controls accomplish these objectives.

Certain amounts for the fiscal year 1999 have been reclassified to conform to the fiscal year 2000 presentation.

REVENUES

The revenues required to fund the pension and postretirement medical plan obligations are accumulated from contributions of the primary government, participating employers and members, and through earnings on investments. The combined revenue sources are summarized as follows:

SCHEDULE OF REVENUES	2000 (in millions)	1999 (in millions)	$ Increase (Decrease) (in millions)	% Increase (Decrease)
Income from investments	$168.5	$149.4	19.1	12.8%
Net security lending income	2.1	1.7	0.4	23.5%
Net appreciation of investments	421.6	407.1	14.5	3.6%
Contributions	166.1	146.1	20.0	13.7%
Other	6.8	5.0	1.8	36.0%
TOTAL	**$765.1**	**$709.3**	**55.8**	**7.9%**



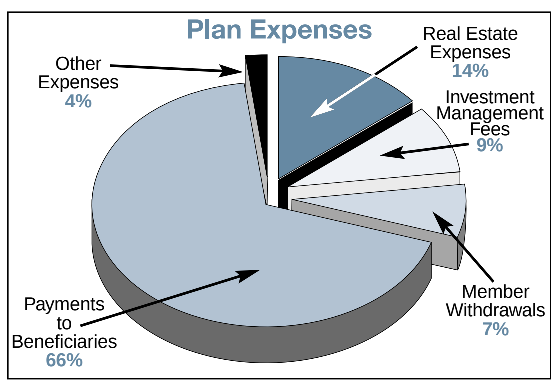
Overall, total revenues for fiscal year 2000 were higher by $55.8 million from fiscal year 1999. The sources for incremental revenue were as follows: Higher returns from investments in timberfunds and alternative investments. However, this was partially offset by slightly lower performance for domestic equity investments as well as domestic and global bond investments. Member and employer contributions increased by $20.0 million and income from investments increased by $19.1 million over the prior year. The value of net assets held in trust for pension benefits increased to $4,758.9 million at June 30, 2000, an increase of approximately $481.7 million from the previous year. The NHRS investments generated an annualized time weighted market value rate of return of 13.2% on the total fund, and over the past three years and five years, the average annual investment rate of return was approximately 15.2% and 16.3%, respectively. The fiscal year 2000 investment results reflect a continuing trend of favorable performance of the capital markets and a positive impact of the diversification strategy pursued by the Board.

EXPENSES

The combined pension and postretirement medical plan expenses are summarized below:

SCHEDULE OF EXPENSES	2000 (in millions)	1999 (in millions)	$ Increase (Decrease) (in millions)	% Increase (Decrease)
Payment to beneficiaries	$185.6	$161.6	24.0	14.9%
Member withdrawals	19.5	17.4	2.1	12.1%
Investment expenses	65.7	52.1	13.6	26.1%
Administrative expenses	3.3	3.4	(0.1)	(2.9%)
Other	9.3	4.0	5.3	132.5%
TOTAL	**$283.4**	**$238.5**	**44.9**	**18.8%**

Total expenses and payments for fiscal year 2000 increased $44.9 million over 1999, primarily due to an increase in benefit payments and a slight increase in the number of retired members, including cost-of-living allowances, a slight increase in member withdrawals, higher investment management costs due to an appreciated investment portfolio asset base. Total revenues of $765.1 million for fiscal year 2000 exceeded expenses by $481.7 million.



FUNDING STATUS

The funded ratio is one measure of the financial condition of the NHRS. NHRS has adopted an open group aggregate plan and there is no funded ratio determined by the actuary as part of that funding method. However, for comparison purposes, we have provided information on plan liabilities as measured by the projected pension liability and the accrued pension liability. The funded ratio is determined by dividing the net assets held in trust for benefits by the projected pension liability. Funds accumulated by the NHRS in order to meet future projected pension liabilities to retirees and/or their beneficiaries are referred to as "net assets held in trust for benefits." The projected pension liability is the actuarial present value of credited projected benefits (plan liabilities). It is a measure of the present value of the total pension benefits estimated to be payable in the future to both current retirees and/or their beneficiaries, and current employees for future service. The funded ratio increases as the net assets held in trust for benefits increase in proportion to the benefits that have been earned by, and therefore are payable to, plan participants. A higher funding ratio gives the participants a greater degree of assurance that their pension benefits are secure.

Presented on pages 72 and 73 is the projected pension liability as of June 30, 2000. The fair value of net assets held in trust for benefits was $3.711 billion net of the Administrative Assessment Account, the Undesignated Special Account and the Account for Medical Insurance Subsidy. The projected pension liability totaled $3.460 billion, resulting in a funded ratio of 107.3% and assets in excess of the projected pension liability of $251 million. The funded ratio and assets in excess of projected pension liability at June 30, 1999 was 110.0% and $323 million, respectively. The current funded ratio continues to illustrate the sound financial condition of the NHRS.

INVESTMENTS

RSA 100-A:15 fully empowers the New Hampshire Retirement System Board of Trustees to invest funds under the "Prudent Investor Rule." This rule requires that fiduciaries shall discharge their duties solely in the interest of the NHRS participants and beneficiaries. In the management of the System assets, the Board of Trustees shall exercise the judgment and care under circumstances then prevailing, that a prudent person acting in like capacity and familiar with such matters, would use in the conduct of a plan of like character and like aims as the system. The Prudent Investor Rule has enabled the NHRS to invest in a broad range of asset classes generally resulting in increased returns at a moderate level of risk achieved through broad diversification.

The current investment guidelines, as set by the Board of Trustees, provide for an acceptable range of holdings in various asset classes. The guidelines provide target allocation objectives of 51% of assets to be invested in common stock, 9% of which may be invested in non-domestic equities; 29% in fixed income securities, of which 5% may be invested in non-domestic bonds; 10% in alternative investments, including investment in timberfunds; and 10% in commercial real estate investments net of third party debt. The Board of Trustees has set specific guidelines related to the third party debt. The third party debt is limited to non-recourse financing only and the ratio of debt to net equity for the entire portfolio shall not exceed 1:1. The third party debt is used to further enhance the return on investments and to provide broader diversification to the commercial real estate asset class. The investments are managed by professional investment firms who are fiduciaries to the NHRS and are afforded discretionary investment authority within the investment guidelines established by the Board of Trustees.

NHRS's diversified investment policy, on balance, continued to be highly effective, as is evident from the comparative returns for the fiscal years 2000 and 1999.

COMPARATIVE ANNUAL INVESTMENT RETURNS	YEARS ENDED JUNE 30	
	2000	1999
Domestic Equity	12.4%	20.8%
S&P 500	7.2%	22.7%
Domestic Fixed Income	4.3%	2.2%
Lehman Brothers Universal Bond Index	4.8%	2.6%
International Equity	17.5%	5.8%
MSCI EAFE	17.2%	7.6%
Global Bonds	(0.3%)	3.3%
JP Morgan Government Bond Index	2.7%	3.6%
Commercial Real Estate	16.3%	12.9%
NCREIF Property Index	11.6%	12.6%
Timberfunds and Alternative Investments	36.9%	22.8%

NHRS's investment policy is designed to generate the best possible total return on a long-term basis at an acceptable level of risk. The table below presents three and five year investment returns for the domestic equity and fixed income components for the fiscal years ended June 30, 2000 and 1999. Appropriate market index results have been provided for comparative purposes. These asset classes represent over 71.3% of total investments.

	YEARS ENDED JUNE 30			
	2000		1999	
	3 YEARS	5 YEARS	3 YEARS	5 YEARS
Domestic Equity	19.3%	21.7%	23.4%	24.8%
S&P 500	19.7%	23.8%	29.1%	27.9%
Domestic Fixed Income	5.9%	7.0%	7.7%	8.9%
Lehman Brothers Universal Bond Index	5.8%	6.4%	7.1%	7.9%

ECONOMIC CONDITION AND OUTLOOK

The U.S. economy has performed well over the last 12 months as evidenced by moderate growth coupled with continued low inflation. Unemployment remains extremely low and the economy continues to expand due to increased productivity coming from a greater application of technology to our manufacturing and servicing processes. Over the past 12 months, large cap U.S. stocks have risen 7.2%, small cap U.S. stocks have risen by 14.3% and international equities have generated a return greater than 17%. The expansion of the U.S. economy has provided spillover benefits as evidenced by the resurgence in both small cap and international stocks. The Federal Reserve has been vigilant in watching both inflation and wage growth given the extremely tight labor market that persists in the United States. To date, however, inflation and wage growth has been offset by capacity expansion. The major concern at the present time has been the dramatic increase in the price of oil and the potential impact that could have on inflation and ultimately the capital market performance.

The fixed income markets in the United States have been shaped by two factors. The first factor has been the activity of the Federal Reserve as they have raised interest rates six times in the past eighteen months in an effort to stave off inflationary pressures. The Federal Reserve is trying to engineer the second soft landing but must deal with the inflationary pressures of rising oil prices and a tight labor market. As the manufacturing sector has become more efficient, the impact of higher oil prices on the cost of goods produced is lower than in past economic growth. However, as the price of oil rises the cost to individuals to commute and heat homes may divert discretionary spending to meet these higher energy costs. The second issue for the fixed income market has been the expected budget surpluses and the Treasury buyback program. The outstanding supply of Treasury securities is declining as the Treasury buys back existing bonds and is issuing at a much slower pace. This has caused the yield curve to become inverted whereby shorter-term interest rates are higher than longer maturities. The market is cautiously waiting to see if the projected surplus will be used to reduce the national debt, lower taxes or increase government spending. As this situation unfolds any inflationary pressure will likely be met by strong Federal Reserve action to try to maintain a low inflation steady economic growth environment.

On a global level both Japan and Europe have enjoyed an economic upturn. Some of this upturn has come from investors deploying gains from the U.S. large cap market into European and Japanese stocks as those economies have continued to accelerate. The EAFE index rose at a rate of 17.2% over the past year while the Pacific Basin enjoyed growth of nearly 22%. During the same timeframe, European equity markets have risen by over 15%. Japanese markets have been led by a strengthening in the banking environment as well as continued growth in consumer electronics. European markets have benefited from further privatization and have seen a shift in corporate management to a focus on increasing shareholder value in a fashion consistent with U.S. corporate management. In both cases, these factors have had positive implications on the respective markets.

Over the coming year, the U.S. and global economy will be looking for signs of continued low inflation. Some of those signs are beginning to show, however, the impact of higher energy prices and wage inflation still loom as potential problems for the continuance of the current economic expansion. It is unclear whether or not tax cuts or increased spending will become forces in the national economy. Globally, energy prices and fiscal policy are also potential risks to derailing economic expansion outside of the U.S.

The NHRS is mindful of the fact that it operates in a dynamic economic environment and it continues to maintain a well-diversified investment policy to mitigate negative effects and changes in the global economy. Ultimately, we have a long-term investment horizon and have attempted to construct investments to benefit from long term trends in the markets, while diversifying the total portfolio to moderate risks.

MAJOR INITIATIVES

The System has made significant progress on a number of fronts and has embarked on major initiatives during the year ended June 30, 2000.

- First, key vacancies in the executive ranks were filled by the Board of Trustees. In February 2000, the System promoted Norman Patenaude, the former Hearings Examiner, to the position of Deputy Executive Director. Then, in June 2000, the System appointed Eric Henry to the newly created Executive Director position.

- The new executive management team, including JP Singh, the System's Director of Finance, has wasted no time in plotting a course to the future. The recently concluded fiscal year saw the completion of a Strategic Business Plan engagement with PriceWaterhouseCoopers (PWC) and the development of a Strategic Information Technology Plan. Finally, the executive management team developed a One Year Action Plan to address a number of issues associated with the recent vacancies in leadership positions and the computer system development effort that was terminated in 1999.

- In accordance with management's One Year Action Plan, the System created a new staff position for a Human Resources Director. This position will be responsible for evaluating essential job duties for all staff vacancies, managing the recruiting process, evaluating staff training needs, enhancing staff competencies and matching competencies to job requirements, and providing assistance to the ongoing strategic business planning process.

Another area worthy of discussion is the NHRS's retirement transaction processing system. Historically, our applications have been hosted by the Systems' actuary, on a mainframe computer that resides in Pennsylvania. In the late 1990s, the NHRS engaged the actuary to develop an in-house computer system to replace the existing mainframe applications. This system was to transition the NHRS from the existing outsourcing arrangement to an internal data center, designed to provide enhanced functionality, and streamline the benefits process. However, the Board, after considering a lack of sufficient progress and the rapidly approaching Y2K event, decided to terminate this project and redeploy resources to get the existing mainframe application Y2K compliant. Our preparation and readiness was amply rewarded as the advent of year 2000 was uneventful for the System. However, the existing mainframe applications remain disjointed, difficult to use, and lack the required functionality.

- To that end, our One Year Plan provides for the initiation of a computer system development effort to replace the applications hosted by Buck Consultants, Inc., the Systems' actuary. NHRS has recently hired a technology consultant to assist with the development effort which is expected to take place in several phases. First, we will update and validate the existing business process documentation. Second, we plan to review the documentation and identify "quick hit" improvement opportunities that can be implemented without investments or changes in technology. The next step will be to issue a RFP for a new retirement transaction processing system, information technology consulting services during the implementation phase, and post-implementation support. We plan to select the winning retirement transaction processing system and system integrator during the Spring of year 2001. The systems development effort will begin immediately upon selection of the development team and most likely will be completed over the span of several years.

- The final key tenet of our One Year Action Plan is to maximize the use of the Systems' external business partners. The NHRS has a small staff, and it is prudent to lean on the Systems' external business partners. These external business partners include firms such as Buck Consultants Inc. (Buck), our actuary; The Northern Trust Company, the master trust custodian; Citizens Bank, the local custodian; and Evaluation Associates (EAI), the investment consultants. The System uses its business partners in a number of ways. First, they are used in a mentoring role. In this role, they provide oversight and guidance. EAI and Buck are good examples of mentoring partners. In addition, the System would like to use the external business partners to free the small staff from labor-intensive, non-value added work. Citizens Bank is a good example of this type of partner. The System recently entered into a lockbox agreement with the Citizens Bank whereby employers mail contributions directly to the Bank, which processes the checks for us. Freeing the staff of labor-intensive, low-value tasks allows them to focus on more analytical and value-added work.
- In addition, the entire administrative staff handled the heavy legislative load in implementing the new legislations passed during the fiscal year 2000 legislative session.

INDEPENDENT AUDIT

RSA 100-A:15 requires an annual audit to be performed by the Office of Legislative Budget Assistant, Audit Division (LBA) or their designated subcontractor. For the fiscal year 2000 the LBA designated the annual audit responsibility of the NHRS to KPMG LLP. The independent auditors' report, the audited financial statements, required supplementary information, and supporting schedules are included in the Financial Section of this report.

ACTUARIAL REVIEW AND VALUATION

An actuarial review of the mortality, service, withdrawals, and compensation experience of members is required by statute at least once during each five-year period. An actuarial valuation of assets and liabilities is required by statute at least once during each two-year period. The actuarial firm of Buck Consultants, Inc. provides for the actuarial experience review and valuation. The most recent valuation was performed as of June 30, 1999. The actuarial information presented in the 1999 valuation provides a forecast valuation on the employer contributions for fiscal year 2002 and 2003. The actuarial certification and supporting statistics are included in the Actuarial and Statistical Sections of this report.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded Certificates of Achievement for Excellence in Financial Reporting to the NHRS for its Comprehensive Annual Financial Reports for the last nine fiscal years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report which conforms to program standards. Comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements. Each Certificate of Achievement is valid for a period of one year only. We believe this year's report continues to conform to the Certificate of Achievement Program requirements.

A reproduction of the 1999 award appears in this Introductory Section. Its attainment continues to represent a significant accomplishment for the NHRS and our goal is to continue to maintain the high standards of financial reporting and disclosure.

ACKNOWLEDGMENTS

The compilation of this report reflects the combined efforts of the administrative staff under the direction of the Board of Trustees of the NHRS. It is intended to provide extensive and reliable information as a basis for making management decisions, determining compliance with legal provisions, and for determining responsible stewardship for the investment and accounting for assets of plan participants.

We would like to take this opportunity to express our gratitude to the Board of Trustees for its guidance and support, also to the administrative staff for its dedication, commitment, and efficient operation of the NHRS.

Respectfully submitted,

Eric Henry
Executive Director

J. P. Singh
Director of Finance

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Summary Of Plan Provisions

TYPE OF PLAN

The New Hampshire Retirement System (NHRS) is a contributory defined benefit plan qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The public employee pension plan provides retirement, disability, and death protection to its members and their beneficiaries. The NHRS also administers a separate postretirement medical plan which provides a subsidy for postretirement medical premiums for certain pension plan members (teachers, police officers, and firefighters). Unlike a defined contribution plan, a member's ultimate pension benefit is based on a predetermined formula measured by salary credit and service credit, and not by the amount of contributions made to the plan.

MEMBERSHIP

Membership in the pension plan is a condition of employment for all full-time, classified State employees and for all permanent, full-time firefighters and police officers employed by the State of New Hampshire or any of its political subdivisions. Under specific minimum participation standards, membership is also a condition of employment for public school teachers and other professional staff of public schools, as well as for employees of political subdivisions which have elected to have their employees participate in NHRS. Employees and teachers are classified as Group I. Firefighters and police officers are classified as Group II. While membership in the plan is divided into groups and classes, the pension plan is considered a single plan for financial reporting and federal tax purposes. All assets of the plan are legally available to fund the benefits of any of the plan members or beneficiaries.

CONTRIBUTIONS

Both employers and active members make regular contributions to the pension plan. All contributions are deposited into the pension trust fund.

Employer contributions are based on a percentage of covered payroll, where the rate is determined by the NHRS's actuarial funding requirements. The State of New Hampshire funds 100% of the employer costs for all State employees and 35% of the employer costs for teachers, firefighters, and police officers employed by political subdivisions. The State of New Hampshire does not fund any of the employer costs for other political subdivision employees. For the fiscal year ended June 30, 2000, the employer contribution rate for providing retirement, disability, and death benefits for the employee classification was 3.94%. The employer contribution rate, including the State of New Hampshire's share, for the teacher classification for providing retirement, disability, and death benefits was 4.11%; for the police officer classification, 7.13%; and the firefighter classification, 8.30%.

Active members contribute to NHRS through automatic payroll deductions. Member contribution rates, which are fixed by statute, are currently 5% of gross taxable earnings for employee and teacher members and 9.3% of gross taxable earnings for firefighter and police officer members. Member contributions plus earned interest, referred to as accumulated contributions, are credited to individual member accounts for each member. The interest rate applied to member accounts for fiscal year ended June 30, 2000, was 9.0%.

TAX SHELTER PLAN

Employers may adopt the tax shelter plan available through NHRS. Under Section 414(h) of the United States Internal Revenue Code, contributions are deducted from an employee's gross reportable wages for federal income tax purposes and are not considered taxable gross income until the funds are distributed through either a lump sum payment or a retirement pension.

CREDITABLE SERVICE

Members earn creditable service for periods during which they are actively contributing to NHRS. Service credit may also be earned for the following:

(1) PRIOR SERVICE — Service rendered under any of the predecessor systems when there has been no break in service; service rendered by an employee of a political subdivision before the employer elected participation of its employees in the NHRS.

(2) MILITARY DUTY — Military service in the Armed Forces of the United States or other emergency wartime service of the United States.

(3) TEMPORARY SERVICE — Service for an employment period of 6 months or more in a temporary, unclassified, or non-classified capacity or in non-permanent full-time employment prior to becoming a member.

(4) WITHDRAWN SERVICE — Service for an employment period of 6 months or more for which a member withdrew his/her accumulated contributions after termination of employment.

(5) ENROLLMENT OVERSIGHT — Service rendered during a period of time when a member should have been enrolled but was not.

(6) PREVIOUS OUT-OF-STATE OR FEDERAL GOVERNMENT SERVICE — Service rendered in another state retirement system or federal government system.

(7) WORKERS' COMPENSATION RECIPIENTS — Creditable service for a period of up to one year granted to members who receive weekly workers' compensation awards under RSA 281-A on or after July 1, 1994.

SERVICE RETIREMENT

Group I contributing members qualify for a service retirement pension at age 60, with no minimum service credit required. From ages 60 to 64, the pension benefit formula multiplies a member's average final compensation of the three highest paid years by the years of creditable service and then by a unit credit rate of 1.67%. At age 65, all Group I members experience a reduction in their retirement pension when the applied unit credit rate changes to 1.51%.

Group II contributing members qualify for a service retirement pension at age 60, with no minimum service credit required, as well as between ages 45 and 60 with a minimum of 20 years of Group II service. The Group II pension benefit formula multiplies a member's average final compensation of the three highest paid years by years of creditable service not to exceed 40 years, and then by a unit credit rate of 2.5%.

For benefit calculation purposes, a member's final 12 months of earnable compensation is limited to 150% of the preceding 12 months' compensation or the higher of any year used in calculating average final compensation. Unused accrued holiday, vacation, sick, or other pay received for service rendered prior to June 30, 1991, paid for at termination of employment, is not subject to the 150% limitation.

EARLY SERVICE RETIREMENT

Group I members with at least 10 years of service are eligible to receive an early reduced retirement pension between ages 50 to 59, and with at least 20 years of service if their years of service when added to their age equal at least 70. Permanent benefit reductions are graduated for each year the member is under age 60 at 1.50% for 35 or more years of service; 3.00% for 30 to 35 years; 4.00% for 25 to 30 years; 5.00% for 20 to 25 years; and, 6.67% for less than 20 years.

VESTING

Group I and Group II members with at least 10 years of service are eligible for a vested deferred retirement pension even if termination of active membership occurs before meeting the eligibility requirements for collecting a retirement pension. Vested deferred retirement pensions are based on creditable service and average final compensation when employment ends.

Group I members receive a full retirement pension at age 60, or as early as age 50 with an appropriate early retirement reduction.

Group II members may receive a retirement pension at that point when 20 years would have been completed but not before age 45.

ORDINARY DISABILITY RETIREMENT

Active members who have 10 or more years of credited service and become permanently disabled as the result of a mental or physical incapacity that prevents them from performing the duties of their job may qualify for an ordinary disability retirement pension.

Group I members age 60 and older receive an amount equal to a service retirement pension, based on creditable service and average final compensation when employment ends, and, under age 60, an amount equal to 90% of a service retirement pension. Group I members are guaranteed a minimum of 25% of average final compensation.

Group II members receive 100% of a service retirement pension based on creditable service and average final compensation when employment ends. Group II members are guaranteed a minimum of 25% of final compensation.

ACCIDENTAL DISABILITY RETIREMENT

Active contributing members who become permanently disabled as the result of a total mental or physical incapacity that prevents them from performing the duties of their job as the result of an on-the-job accident, repeated trauma or gradual degeneration while on the job, or any job-related occupational disease may qualify for an accidental disability retirement pension. Cases of trauma, degeneration, or occupational disease must first be found compensable by the Commissioner of Labor.

Group I members age 60 and older receive an amount equal to a service retirement pension based on creditable service and average final compensation when employment ends, and, under age 60, an amount equal to 50% of average final compensation. Group I members are guaranteed a minimum of 50% of average final compensation.

Group II members receive an amount equal to 66.67% of average final compensation.

ORDINARY DEATH BENEFIT — NON-JOB-RELATED DEATH

An ordinary death benefit is payable to the beneficiary(ies) of an active member who dies. If the member is eligible for retirement at the time of death and the surviving spouse is the only designated beneficiary, the spouse may receive a retirement pension until remarriage or death equal to 50% of the member's service retirement pension based on creditable service and average final compensation at the time of death. If the spouse prefers, he/she may receive a lump sum payment equal to the deceased member's annual earnable compensation and a return of member contributions plus earned interest. If the member is not eligible for service retirement or leaves no surviving spouse, or if the designated beneficiary is someone other than the spouse, a lump sum payment equal to the deceased member's earnable compensation and member contributions plus earned interest is payable to the designated beneficiary(ies).

ACCIDENTAL DEATH BENEFIT — JOB-RELATED DEATH

An accidental death benefit is payable if an active Group I or Group II member dies as the result of an on-the-job accident. An accidental death benefit is also payable if a Group II member dies as the result of job-related repeated trauma, gradual degeneration or any occupational disease. All accidental deaths must first be found compensable by the Commissioner of Labor.

If the member is married at the time of death, an annual pension is payable to the surviving spouse until remarriage or death. For Group I members, the pension is equal to 50% of the member's average final compensation at the time of death; for Group II, 50% of the member's final compensation at the time of death. If there is no surviving spouse, or if the spouse remarries or dies, the pension is payable to any of the deceased member's children under age 18. If there is no surviving spouse and no dependent children, the pension is payable to the deceased member's dependent mother or father.

If the member leaves no survivors who are eligible for the accidental death pension, then a lump sum payment equal to the member's annual earnable compensation is payable to the member's designated beneficiary(ies). In addition to the accidental death benefit, the deceased member's designated beneficiary(ies) receives a refund of the member contributions plus earned interest.

SPLIT BENEFITS — SERVICE IN BOTH GROUP I AND GROUP II

Generally, with creditable service in both Group I and Group II, members are entitled to a split benefit retirement pension, upon eligibility, based on creditable service in each group classification. The average final compensation to be used in calculating the actual benefit is based on the member's entire period of service.

For members who have less than 20 years of combined creditable service, the split benefit is payable at age 60. For members who have 20 or more years of combined service, the benefit is payable before age 60 by the number of whole years of Group II service, but not before age 45. Members with at least 10 years of combined creditable service may elect to receive an early reduced split benefit retirement pension up to 10 years before the appropriate minimum age, but not before age 45.

OPTIONAL ALLOWANCES

Upon disability or service retirement, a member may choose a reduced pension amount under an optional allowance in order to provide a beneficiary with a benefit after the retired member's death. Unless an optional allowance is elected, the only amount payable to a beneficiary after the retired member's death is any balance of member contributions plus earned interest not yet distributed. Optional allowances include the following:

Option 1	Extends the period of eligibility for a lump sum payment to a beneficiary, equal to any member contributions plus interest not yet distributed as part of the member annuity.
Option 2	100% of the retiree's reduced retirement pension payable to the survivorship beneficiary.
Option 3	50% of the retiree's reduced retirement pension payable to the survivorship beneficiary.
Option 4(A)	100% "Pop-Up" Option. Similar to Option 2, except that the retiree's reduced retirement pension "pops up" to the maximum benefit amount if the survivorship beneficiary predeceases the retiree.
Option 4(B)	50% "Pop-Up" Option. Similar to Option 3, except that the retiree's reduced retirement pension "pops up" to the maximum benefit amount if the survivorship beneficiary predeceases the retiree.
Option 4(C)	Some other benefit of the member's choice, approved by the NHRS Board of Trustees, payable to the beneficiary.

A retiring member may designate any number of his children as multiple beneficiaries under one of the survivorship options, where payments would be made to multiple children beneficiaries in equal shares after the retired member's death. Multiple beneficiaries under a survivorship option must be the member's natural children, adopted children, or stepchildren.

MAXIMUM BENEFIT LIMITATIONS

Any benefit payable to a survivorship beneficiary is subject to the limitations set forth in RSA 100-A:13-b. A beneficiary or multiple children beneficiaries cannot receive more than 100% of the retired member's pension. A non-spouse beneficiary who is more than 10 years younger than the retired member is limited to a survivorship pension of 52% to 96% of the retired member's pension. The exact percentage will vary according to the age of the beneficiary.

AUTOMATIC SURVIVING SPOUSAL ALLOWANCE — GROUP II ONLY

Upon the death of a Group II member who retired under service or disability retirement on or after April 1, 1987, the surviving spouse is entitled to a pension, as long as the member was married to that spouse on the effective date of retirement. The pension is equal to 50% of the retired member's pension and is payable until the surviving spouse's remarriage or death. This pension is separate from a survivorship option.

LUMP SUM DEATH BENEFIT — GROUP II ONLY

If a Group II member had been a member of Group II as of June 30, 1988, and retired on or after July 1,1988, the designated beneficiary is entitled to a lump-sum payment of $10,000 after the retired member's death. If a Group II member became a member on or after July 1, 1988, but before July 1, 1993, then the lump-sum payment payable to the designated beneficiary is $3,600. No lump-sum payment is payable to beneficiaries of retired members who joined Group II after July 1, 1993.

HEALTH INSURANCE AFTER RETIREMENT

Political subdivision employers are required to make available to their retired employees the same level of health care coverage that they provide to their active employees. The responsibility for paying for that health insurance coverage may rest with either the employer or the retired employee.

The State of New Hampshire provides paid health insurance to its retired State employees and their spouses, if they meet the eligibility requirements. State paid health insurance is based on RSA 21-I:30 and is dependent on legislatively appropriated funding.

POSTRETIREMENT MEDICAL PLAN

The following Group II members are eligible for the postretirement medical premium subsidy described in RSA 100-A:52:

- Active Group II police officer members as of June 30, 1997.
- Retired Group II police officer members (or beneficiaries) as of June 30, 1997.
- Active Group II firefighter members as of June 30, 1997.
- Retired Group II firefighter members (or beneficiaries) as of June 30, 1997.
- Persons who prior to July 1, 1988 had completed at least 20 years of Group II service and are eligible as of July 1, 1993 for a vested deferred retirement benefit.
- Group I members retired as of July 1, 1991 with a split benefit under RSA 100-A:19-c who has at least 10 years of Group II service.

The System subsidy covers the retired member's spouse and any of the retired member's certifiably dependent and disabled children.

Effective January 1, 2000, the following Group I members became eligible for coverage under the postretirement medical plan:

- Teacher members (or beneficiaries including disabled children) who retire on or before July 1, 2004 at age 60 with at least 20 years of creditable service or at age 55 through 59 with at least 30 years of creditable service.
- Surviving spouse and children of a teacher member who dies as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when (i) the dependent child attains age 18 or age 23, if attending school on a full-time basis or (ii) the spouse remarries.
- Vested terminated teacher member who completed at least 20 years of creditable service and prior to July 1, 2004 receives an allowance and who subsequently attains age 60.
- Teacher member who retires after completing at least 20 years of creditable service and who subsequently attains age 60 before July 1, 2004.

Effective January 1, 2001, the following Group I members will become eligible for coverage under the postretirement medical plan:

- Non-state employee members (or beneficiaries including disabled children) who retire on or before July 1, 2004 at age 60 with at least 20 years of creditable service or at age 55 through 59 with at least 30 years of creditable service.
- Surviving spouse and children of a non-state employee member who dies as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when (i) the dependent child attains age 18 or age 23, if attending school on a full-time basis or (ii) the spouse remarries.
- Vested terminated non-state employee member who completed at least 20 years of creditable service and prior to July 1, 2004 receives an allowance and who subsequently attains age 60.
- Non-state employee member who retires after completing at least 20 years of creditable service and who subsequently attains age 60 before July 1, 2004.

COST-OF-LIVING ADJUSTMENTS (COLAs)

On February 1 of each year, the Fiscal Committee of the New Hampshire Legislature is empowered to approve COLAs, subject to availability of funding from the Special Account. When COLAs are granted by the Legislature, they become a permanent part of retirement pensions.

WITHDRAWAL OF CONTRIBUTIONS

Members who terminate employment are entitled to withdraw their member contributions plus earned interest. All earned rights to a retirement pension are thereby forfeited.

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Financial Section

Independent Auditors' Report

KPMG

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Boston, MA 02110-2371

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Independent Auditors' Report

To the Fiscal Committee of the General Court:

We have audited the accompanying financial statements of the New Hampshire Retirement System, a component unit of the State of New Hampshire, as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the New Hampshire Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's 1999 financial statements and, in our report dated November 16, 1999, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the New Hampshire Retirement System at June 30, 2000, and the changes therein for the year then ended in conformity with generally accepted accounting principles.

The historical pension information on pages 45 and 46 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures to this information, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The supporting schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the New Hampshire Retirement System. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The information included in the Introductory, Investment, Actuarial, and Statistical Sections have not been audited by us, and, accordingly, we do not express an opinion on such data.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2000 on our consideration of the New Hampshire Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

November 15, 2000

KPMG LLP

STATEMENTS OF PLAN NET ASSETS

(in thousands)

AS OF JUNE 30, 2000 (with summarized financial information for the year ended June 30, 1999)

	PENSION PLAN 2000	POST RETIREMENT MEDICAL PLAN 2000	TOTAL 2000	TOTAL 1999
ASSETS:				
Cash	$ 3,307	$ 233	$ 3,540	$ 46
Cash Collateral on Security Lending (NOTE 3)	441,327	31,051	472,378	455,003
Total Cash	444,634	31,284	475,918	455,049
Receivables:				
Due from Employers	3,932	831	4,763	4,030
Due from State	6,799	546	7,345	7,466
Due from Plan Members	7,435	—	7,435	6,458
Due from Postretirement Medical Plan	1,377	—	1,377	249
Due from Brokers for Securities Sold	127,607	8,978	136,585	152,985
Interest and Dividends	15,532	1,093	16,625	14,422
Other	2,478	174	2,652	577
Total Receivables	165,160	11,622	176,782	186,187
Investments At Fair Value (NOTES 2 and 3):				
Equity Investments:				
Domestic	2,332,742	164,131	2,496,873	2,247,024
International	422,993	29,761	452,754	386,197
Fixed Income Investments:				
Domestic	863,205	60,734	923,939	851,455
Global	141,390	9,948	151,338	164,015
Commercial Real Estate	288,515	20,300	308,815	306,680
Timberfunds	115,412	8,120	123,532	116,688
Alternative Investments	306,063	21,534	327,597	216,655
Temporary Investments	14,563	1,025	15,588	184
Total Investments	**4,484,883**	**315,553**	**4,800,436**	**4,288,898**
Other Assets	176	12	188	262
TOTAL ASSETS	**5,094,853**	**358,471**	**5,453,324**	**4,930,396**
LIABILITIES:				
Securities Lending Collateral (NOTE 3)	441,327	31,051	472,378	455,003
Contributions Due to Pension Plan	—	1,377	1,377	249
Management Fees and Other Payables	8,137	573	8,710	8,807
Due to Brokers for Securities Purchased	198,008	13,932	211,940	189,118
TOTAL LIABILITIES	**647,472**	**46,933**	**694,405**	**653,177**
NET ASSETS HELD IN TRUST FOR BENEFITS (NOTES 2, 4 and 6)	**$4,447,381**	**$311,538**	**$4,758,919**	**$4,277,219**

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

(in thousands)

FOR THE YEAR ENDED JUNE 30, 2000 (with summarized financial information for the year ended June 30, 1999)

	PENSION PLAN 2000	POST RETIREMENT MEDICAL PLAN 2000	TOTAL 2000	TOTAL 1999
ADDITIONS:				
Contributions (NOTE 6):				
Employer	$ 51,295	$ 4,539	$ 55,834	$ 49,081
State Contributions on Behalf of Local Employers	10,496	3,498	13,994	12,261
Total Employer Contributions	**61,791**	**8,037**	**69,828**	**61,342**
Plan Member	88,237	—	88,237	81,566
Postretirement Medical Plan Contributions on Behalf of Employers	8,037	—	8,037	3,159
Total Contributions	**158,065**	**8,037**	**166,102**	**146,067**
Investment Income				
From Investment Activities:				
Net Appreciation in Fair Value of Investments	401,245	20,364	421,609	407,118
Interest	61,264	3,110	64,374	58,215
Dividends	32,832	1,666	34,498	33,061
Timberfund Loss	(163)	(8)	(171)	(614)
Alternative Investment Income	3,585	182	3,767	2,175
Commercial Real Estate Operating Income	62,840	3,190	66,030	56,604
Total Income from Investment Activities	**561,603**	**28,504**	**590,107**	**556,559**
Less: Investment Expenses:				
Investment Management Fees	24,712	1,254	25,966	21,391
Commercial Real Estate Operating Expense	36,314	1,843	38,157	29,356
Custodial Fees	1,015	52	1,067	789
Investment Advisor Fees	460	23	483	581
Total Investment Activity Expenses	**62,501**	**3,172**	**65,673**	**52,117**
Total Net Income from Investment Activities	**499,102**	**25,332**	**524,434**	**504,442**
From Securities Lending Activities (NOTE 3):				
Security Lending Income	28,834	1,464	30,298	24,694
Less: Security Lending Borrower Rebates	25,973	1,318	27,291	22,293
Less: Security Lending Management Fees	858	44	902	720
Net Income from Securities Lending Activities	**2,003**	**102**	**2,105**	**1,681**
Total Net Investment Income	**501,105**	**25,434**	**526,539**	**506,123**
Administrative Assessment (NOTES 2 and 8)	5,686	289	5,975	4,351
Other	826	42	868	654
TOTAL ADDITIONS	**665,682**	**33,802**	**699,484**	**657,195**
DEDUCTIONS:				
Benefits	177,489	8,124	185,613	161,583
Refunds of Contributions	19,485	—	19,485	17,411
Administrative Expense (NOTES 2 and 8)	3,191	162	3,353	3,367
Postretirement Medical Plan Contributions to Pension Plan on Behalf of Employers	—	8,037	8,037	3,159
Professional Fees	830	42	872	627
Other	404	20	424	281
TOTAL DEDUCTIONS	**201,399**	**16,385**	**217,784**	**186,428**
Net Asset Transfers (NOTE 5)	(108,000)	108,000	—	—
NET INCREASE	**$ 356,283**	**$125,417**	**$ 481,700**	**$ 470,767**
NET ASSETS HELD IN TRUST FOR BENEFITS				
Beginning of the Year	$4,091,098	$186,121	$4,277,219	$3,806,452
End of the Year	$4,447,381	$311,538	$4,758,919	$4,277,219

The accompanying notes are an integral part of the financial statements.

NOTE 1 — PLAN DESCRIPTION

The New Hampshire Retirement System (System) consists of a cost-sharing, multiple-employer contributory pension plan (Pension Plan) and trust established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code and a post-retirement medical plan (Medical Plan). The pension plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State of New Hampshire are eligible and required to participate in the System. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

As required by RSA 100-A:41-a, effective July 1, 1994, the System provides for the possible payment of supplemental retirement allowances (COLA). Effective July 1, 1999, any retired member who has been retired for at least 12 months (or beneficiary of such a member) could be entitled to receive on the member's retirement anniversary date a supplemental retirement allowance from 1% to 5%. Each February 1, the fiscal committee of the general court may approve such supplemental retirement allowances payable on the following July 1 based on the funds available in the Special Account.

The administrative office of the System, which functions as a “self sustaining” governmental entity, operates under a budget which is proposed by management, approved by the Board of Trustees, submitted under guidelines of the executive branch of the State of New Hampshire, and passed into law by the New Hampshire Legislature.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, guidelines for a reporting entity, the System participated with the State of New Hampshire (State) in reviewing its financial reporting relationship with the State as the primary government and determined that the System is a component unit of the State. This determination was made on the basis of fiscal dependence on the State solely for budget oversight over administrative expenses.

The type and number of employers contributing to the System during the years ended June 30, 2000 and 1999 are presented below.

EMPLOYERS CONTRIBUTING	2000	1999
State Government	1	1
City Governments	13	13
Town Governments and Related Entities	196	194
County Governments	10	10
School Districts	222	222
Total Employers	**442**	**440**

As of June 30, 2000 and 1999 membership data related to the pension plan was as follows:

MEMBERSHIP DATA	2000#	1999
Retirees and beneficiaries currently receiving benefits	15,235	14,367
Terminated employees entitled to benefits but not yet receiving them	525	604
Active and inactive plan participants:		
Vested	20,071	20,347*
Nonvested	28,595	26,325**
Total Membership	**64,426##**	**61,643**

Information estimated as there was no full actuarial valuation prepared as of June 30, 2000.

* Includes 579 inactives.

** Includes 2,601 inactives.

Includes 5,387 inactives.

The New Hampshire Retirement System is divided into two membership groups. State or local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each membership group are summarized on the next page.

Group I Members at age 60 qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest three years. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. AFC is defined as the average of the three highest salary years, and for benefit calculation purposes only, the final year's salary cannot exceed by more than 150% the higher of the previous year's salary or the salary for the highest year used in the calculation of AFC (not including the final year's salary). At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service. Members in service with 10 or more years creditable service who are between age 50 and 60 or members in service with at least 20 or more years of creditable service, whose age plus service is equal to or greater than 70, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

Group II Members who are age 60, or members who are at least age 45 with at least 20 years of creditable service can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years.

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 and/or service.

Members of the System are required to contribute a percentage of gross earnings to the System as more fully described in Note 6. The percentage rates, established by state statute, are dependent upon member group classification. The deductions are made from member wages and are remitted by the employer to the System on a monthly basis. If a member leaves employment prior to retirement or vesting, accumulated member contributions plus earned interest are refunded to the withdrawing member or to the designated beneficiary in the case of death. However, accumulated contributions plus interest of a non-vested, non-contributing member may remain in the System earning interest for up to six years.

Employers make monthly contributions to the pension plan based on rates determined by periodic actuarial valuations as more fully described in Note 6.

Pursuant to RSA 100-A:50 and RSA 100-A:53-a, the New Hampshire Retirement System also provides a postretirement medical plan to certain Group I and Group II members. The maximum monthly subsidy effective as of July 1, 2000 for eligible members (and beneficiaries) not eligible for Medicare is $219.14. For those eligible for Medicare, the maximum monthly subsidy is $138.19. The monthly maximum premium is increased each July 1 by 8%.

Effective January 1, 2000, the following Group I members are eligible for coverage under the postretirement medical plan:

- Teacher members (or beneficiaries including disabled children) who retire on or before July 1, 2004 at age 60 with at least 20 years of creditable service or at age 55 through 59 with at least 30 years of creditable service.
- Surviving spouse and children of a teacher member who dies as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when (i) the dependent child attains age 18 or 23, if attending school on a full-time basis or (ii) the spouse remarries.
- Vested terminated teacher member who completed at least 20 years of creditable service and prior to July 1, 2004 receives an allowance and who subsequently attains age 60.
- Teacher member who retires after completing at least 20 years of creditable service and who subsequently attains age 60 before July 1, 2004.

Effective July 1, 2000, the following Group II members are eligible for coverage under the postretirement medical plan:

- Active or retired police members (or beneficiaries) as of June 30, 1997.
- Active or retired firefighter members (or beneficiaries) as of June 30, 1997.
- Persons who, prior to July 1, 1988, had completed at least 20 years of Group II service and are eligible as of July 1, 1993 for a vested deferred retirement benefit.

- Group I member retired as of July 1, 1991 with a split benefit under RSA 100-A:19-c who has at least 10 years of Group II service.
- Members in the period July 1, 1997 until July 1, 2000 and subsequently become disabled while in the performance of duty at any time in the future.

Effective January 1, 2001, the postretirement medical plan will be extended to the following Group I members:

- Employee members of political subdivisions and spouses (or beneficiaries including disabled children) who retire on or before July 1, 2004 at age 60 with at least 20 years of creditable service or at age 55 through 59 with at least 30 years of creditable service on a service or ordinary disability retirement.
- Surviving spouses and children of Employee members of political subdivisions who die as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when (i) the dependent child attains age 18 or age 23, if attending school on a full-time basis or (ii) the spouse remarries.
- Vested, terminated Employee members of political subdivisions and spouses who completed at least 20 years of creditable service and, prior to July 1, 2004, receive an allowance and who subsequently attain age 60.
- Teacher members and Employee members of political subdivisions and spouses who retire after completing at least 20 years of creditable service and who subsequently attain age 60 before July 1, 2004 or after completing at least 30 years of creditable service and who subsequently attain age 55 before July 1, 2004.
- Spouses of Teacher members and Employee members of political subdivisions who died in active service after attaining the eligibility requirements for the subsidy, and who elected a refund of contributions.

The System subsidy generally covers the retired member's spouse and any of the retired member's certifiably dependent children with a disability. At June 30, 2000, there are 7,429 Group II members (police officers and firefighters) eligible for the postretirement medical plan and 2,352 Group I members (teachers) which became eligible effective January 1, 2000 for the postretirement medical plan.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

The New Hampshire Retirement System consists of a Pension Plan with a separate Postretirement Medical Plan for certain Group I and Group II retirees. The assets of the two plans are pooled together for investment purposes. Investment income and investment expenses are prorated between the two plans based on the net assets. The financial statements of these plans are prepared on the accrual basis of accounting. Certain amounts for fiscal year 1999 have been reclassified to conform to the fiscal year 2000 presentation. The financial statements include certain prior year summarized comparative information in total but not by separate plan. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 1999, from which the summarized information was derived.

Contributions are recognized as revenue in the period in which members receive payment for services provided to the employer. Investment income is recognized as it is earned. Benefits and refunds are recognized when these become due. The net appreciation (depreciation) in the fair value of investments is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the financial statements. Commission and related transaction costs for investments are netted out against the fair value of investments.

INVESTMENTS

Investments in both domestic and international securities are valued at current market prices and international securities are expressed in U.S. dollars. Global fixed income investments include investments in international and U.S. bonds. International equity represents investment in non-U.S. stocks only. The System uses trade date basis for accounting of these investments. Commercial real estate properties are organized into holding companies which are wholly-owned by the System. The appraised value of the real estate, as well as the fair value of the related assumable mortgage notes payable are considered in determining the fair value of these investments. The System has adopted a cyclical approach for external appraisals. Properties are selected for external appraisals based on the advice of the System's Consultant. Investment manager fair value estimates are used during the interim years. Timberfund and alternative investments are valued at fair value by the portfolio managers. Temporary Investments are valued at cost which reflects approximate fair value. Temporary Investments represent investments in the pooled short term investment funds managed by the System's custodian. These funds invest mainly in high-grade money market instruments with maturity averaging less than three months. These funds provide daily liquidity and allow the Board to reinvest these funds to other asset classes.

The System does not hold securities of a single organization (other than the U.S. Government) which exceed 5% of the System's plan net assets held in trust for benefits. However, at June 30, 2000 and 1999, the System had $266.6 million and $89.6 million, representing 5.6% and 2.1%, respectively, of plan net assets invested for liquidity purposes in short-term investment funds managed by the System's custodian.

The System holds no investments, either directly or indirectly, nor participates in any loans or leases, or other party-in-interest transactions with any System officials, New Hampshire State Government officials, or parties related to these officials. The administrative office of the System is housed in a facility owned for investment purposes by the System. The administrative office pays the System market rates for the leased space. The total base rent paid to the System in 2000 was $108.7 thousand.

ADMINISTRATIVE EXPENSES

Expenses related to the administration of the System are budgeted and approved by the System's Board of Trustees, and are subject to appropriation annually by the State Legislature. Administrative expenses are included in the System's financial statements.

FIXED ASSETS

Generally, furniture, fixtures and equipment are purchased using funds from the Administrative Assessment account and are recorded as administrative expenses. These fixed assets are legally the property of the State of New Hampshire and are not included as assets in the System's financial statements.

NOTE 3 — INVESTMENTS AND DEPOSITS

RSA 100-A:15, I, authorizes the members of the Board of Trustees to manage, invest and reinvest all of the assets and proceeds, and related income, and all contributions and payments made to the System exercising the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence, acting in a like capacity and familiar with such matters, would use in the conduct of a pension plan of like character and with like aims of the System.

To aid in the prudent investment of the System's assets, the Board of Trustees established a formal investment policy document. This policy may be modified by Board action as the Board deems necessary. Contained in the policy are guidelines and objectives for various investment types. Investment types include domestic equity and fixed income securities (including mortgage backed securities and structured notes), cash equivalents, commercial real estate, international equity and global fixed income securities, alternative investments including venture capital investments, private placements and timberfunds.

DERIVATIVES

The System's investment policy allows investment managers to invest in mortgage backed securities and also allows managers to use options, futures and currency forward contracts in international equity and domestic and global fixed income portfolios for the purposes of currency risk management of non-U.S. investments. The System's investment policy has pre-established thresholds to limit the risk exposure on these investments.

As of June 30, 2000 and June 30, 1999, the System had $153.0 million (3.2%) and $131.2 million (3.1%) of total investments, respectively, invested in non-leveraged mortgage backed securities. The investments in mortgage backed securities are reported at current market value and are allowed by the System's investment guidelines to diversify risk and to closely match the weighting of the mortgage backed position of System funds with the Lehman Brothers Aggregate Index for fixed income securities. Investments in mortgage backed securities were also permitted because of the excess return they offer over other fixed income securities.

Based upon the advice of the System's investment consultants and investment constraints within RSA 100-A:15 and the System's Investment Policy and Guidelines, the investments in mortgage backed securities and currency forward contracts do not, in the System's judgment, have any legal risk.

With respect to credit risk, the mortgage backed securities are issues of U.S. Government Agencies. All issues are rated AAA or above by both Standard & Poors and Moody's. The currency forward contracts are executed through large money center banks with credit rating standards. The credit risk exposure could be with the bank counterparty. Depending on the bank, the degree of credit risk could vary. However, based on the assessment of the System's investment managers and investment consultants, the risk is minimal.

The market risk of mortgage backed securities is dependent on two variables: the type of security and its sensitivity towards a change in interest rate. The degree of change in market value is also predicated on the structure of these securities. Based on ratings specifically designed for mortgage backed securities, the System's holdings as of June 30, 2000 and June 30, 1999 have market risk ratings within the range of "low" to "moderate to high."

As of June 30, 2000 and June 30, 1999 the System did not have any investments in options and futures and had $0.9 million net exposure in currency forwards in 2000 and $0.5 million net currency forward exposure in 1999.

Forward contracts allow investors to minimize currency risk by "locking in" an exchange rate. The risk of forward contracts can be characterized as an opportunity risk. At the termination of the contract the difference between the exchange rate agreed upon in the forward contract and the prevailing rate will result in a gain or loss.

SECURITIES LENDING

The System has a Securities Lending agreement with its master custodian. In accordance with this agreement the System participates in a domestic and international equity securities lending program administered by the custodian. In management's opinion, the custodian is in full compliance with the contractual provisions of this agreement. The System receives a fee based on the market value of the loaned securities. During the duration of the loan, the System receives dividends and coupon payments equivalent to amounts that would be received had the securities not been loaned.

Collateral for loaned securities may include U.S. and non-U.S. currencies, Organization for Economic Cooperation and Development (OECD) government securities, equities or irrevocable letters of credit. U.S. securities are loaned in consideration of collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned against collateral valued at 105% of the market value of the securities plus any accrued interest, except that fixed income securities can be loaned against same currency collateral at 102% plus any accrued interest. The actual collateral value was equal to 102.4% for U.S. securities and 106.2% for non-U.S. securities at June 30, 2000 and 101.6% for U.S. securities and 106.5% for non-U.S. securities at June 30, 1999. Collateral is marked-to-market daily. If the market value of the collateral falls below the minimum collateral requirements, additional collateral is provided by the participating borrower subject to established minimum thresholds. The System's custodian matches the maturity of the collateral investment fund with the maturity of the loaned securities for the entire pool of loaned securities on behalf of its participants in the Security Lending Program.

The System is indemnified by the custodian in the event a borrower does not return loaned securities due to the insolvency of the borrower and the custodian has failed to live up to its contractual responsibilities. The custodian's responsibilities, as a lending agent, include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

The market value of securities on loan, the collateral held, and the security lending income as of June 30, 2000 and June 30, 1999 are presented below.

SECURITY LENDING ACTIVITIES	($ in millions)	
	2000	1999
Market Value of U.S. and Non-U.S. Securities on Loan	$523.8	$504.3
Collateral Held Against U.S. and Non-U.S. Securities	$541.2	$518.0
Ratio of Collateral held to Loan Securities	103.3%	102.7%
Net Income From Security Lending Program	$2.105	$1.681

The System did not incur any losses on loaned securities during the fiscal years ended June 30, 2000 and June 30, 1999. Credit risk on loaned securities is managed by restricting loans to parties on the custodian's approved list and by following established outstanding credit limits for each borrower, as set by the custodian. For the years ended June 30, 2000 and June 30, 1999 the System did not have any credit risk exposure to the borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the System.

Loaned securities are included in the Statement of Plan Net Assets since the System maintains ownership. For loans collateralized by cash, the value of the collateral is recorded as a liability offsetting the cash collateral recorded as an asset. The cash collateral for U.S. and non-U.S. securities as of June 30, 2000 and June 30, 1999 were $472.4 million and $455.0 million, respectively. For loans having collateral other than cash, the related collateral securities are not recorded as assets in the Statement of Plan Net Assets, and a corresponding liability is not recorded, since the System cannot pledge or sell the collateral securities, except in the event of a borrower's default. The System does not use reverse repurchase agreements.

DEPOSITS AND INVESTMENTS

The following is a summary of the deposit and investment portfolio as of June 30, 2000 and 1999. Investing by the discretionary investment managers is regulated by the investment policy and guidelines developed by the Board of Trustees and by provisions of RSA 100-A:15 of the State of New Hampshire.

(a) At June 30, 2000, the carrying amount of the System's deposits was $3.5 million and the bank balance was $10.5 million. At June 30, 1999, the carrying amount of the System deposits was $0.05 million and the bank balance was $6.0 million. The deposits are held in one financial institution. Of the bank balances at June 30, 2000 and 1999, $100,000 was covered by federal depository insurance. The remaining bank balance amounts at June 30, 2000 and 1999 were uninsured and uncollateralized.

(b) The table on the next page provides information about the credit and market risk associated with the System's investments. The table is segmented by the following risk categories:

- Category 1 includes investments in securities that are insured, or registered, or for which the securities or investments are held by the System, or its agents in the System's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department (if a bank) or agent(s), in the System's name.
- Category 3 includes uninsured and unregistered investments in securities held by the counterparty in the System's name or the counterparty's trust department (if a bank) or agent(s), but not in the System's name.
- Other non-categorized investments are those that do not meet the criteria set forth in categories 1, 2 and 3.

INVESTMENTS BY RISK CATEGORY	(in thousands)	
	FAIR VALUE AT JUNE 30	
	2000	1999
CATEGORY 1		
Common Stock	$2,803,192	$2,530,470
Preferred Stock	12,606	20,905
Convertible Preferred Stock	—	39,184
Corporate Bonds	286,366	265,329
Convertible Corporate Bonds	213	40,382
U.S. Government and Agency Bonds	553,728	505,284
Asset Backed Bonds	54,118	48,775
Collateralized Mortgage Bond Obligations	46,921	22,936
Commercial Paper	10,273	54,894
TOTAL CATEGORY 1	**3,767,417**	**3,528,159**
CATEGORY 2		
No Investments	—	—
CATEGORY 3		
No Investments	—	—
OTHER NON-CATEGORIZED		
Security Lending Short Term Collateral Investment Pool	472,378	455,003
Commercial Real Estate	308,815	306,680
Timberfunds	123,532	116,688
Alternative Investments	327,597	216,655
Emerging Markets Pooled Funds	—	21,454
International Bond Pooled Funds	6,484	9,614
Pooled Short Term Investment Funds*	266,591	89,648
TOTAL OTHER NON-CATEGORIZED	**1,505,397**	**1,215,742**
TOTAL INVESTMENTS	**$5,272,814**	**$4,743,901**

* The pooled short term investment funds are managed by the System's custodian and include foreign currency held for investment purposes with other subcustodial financial institutions. These funds invest mainly in high-grade money market instruments with maturities averaging less than three months. These funds provide participants with daily liquidity.

NOTE 4—FUNDING PROGRESS

The System determines the annual required contribution using the open group aggregate funding method. This method does not identify or separately amortize unfunded actuarial liabilities. In accordance with GASB 25 guidelines, therefore, a schedule of funding progress is not presented as part of these financial statements.

NOTE 5—SIGNIFICANT CHANGES IN ACTUARIAL ASSUMPTIONS AND PENSION BENEFIT PROVISIONS OCCURRING SINCE THE JUNE 30, 1997 ACTUARIAL VALUATION

Changes in actuarial assumptions for fiscal year 2000:

Actuarial valuations are performed biennially. There have been no changes in actuarial assumptions since the last actuarial valuation was performed as of June 30, 1999.

Legislation was enacted in the 2000 legislative session which:

a) Extends Group II 401(h) insurance subsidy to active or retired Police Officers and Firefighters who became members after June 30, 1995 and prior to July 1, 1997, and to Group II employees who became members during the period July 1, 1995 to July 1, 2000 and subsequently become disabled as the natural and proximate result of injuries suffered while in the performance of duty at any time in the future.

b) Provides 401(h) postretirement medical premium effective January 1, 2001 for the following Group I Members:

- Employee members of political subdivisions and spouses (or beneficiaries including disabled children) who retire on or before July 1, 2004 at age 60 with at least 20 years of creditable service or at age 55 through 59 with at least 30 years of creditable service on a service or ordinary disability retirement.
- Surviving spouses and children of Employee members of political subdivisions who die as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when (i) the dependent child attains age 18 or age 23, if attending school on a full-time basis or (ii) the spouse remarries.
- Vested terminated Employee members of political subdivisions and spouses who completed at least 20 years of creditable service and, prior to July 1, 2004, receive an allowance and who subsequently attain age 60.
- Teacher members and Employee members of political subdivisions and spouses who retire after completing at least 20 years of creditable service and who subsequently attain age 60 before July 1, 2004 or after completing at least 30 years of creditable service and who subsequently attain age 55 before July 1, 2004.
- Spouses of Teacher members and Employee members of political subdivisions who died in active service after attaining the eligibility requirements for the subsidy, and who elected a refund of contributions.

c) Provides for certain Group II members who retired on or before July 1, 1998 under a service retirement allowance with at least 20 years of Group II creditable service or under a disability retirement, a one-time supplemental allowance equal to the greater of a supplemental allowance or a $10,000 annual benefit. The supplemental allowance is as follows:

Annual Benefit	Percentage Increase
Less than $9,300	Applicable percentage to reach $10,000
$9,300 to $11,699	7.5%
$11,700 to $13,699	5.5%
$13,700 to $15,699	4.0%
$15,700 to $17,699	3.0%

The annual benefits shown above are prorated by the ratio of the beneficiary's retirement allowance to the member's retirement allowance to determine the applicable percentage increase to be applied to the benefit payable to the beneficiary.

d) Grants one-half of one year of service for each full year of Teacher job-sharing service for the purposes of calculating creditable service for eligibility for medical benefits under RSA 100-A:52a.

e) Provides the following to currently retired Group II members who retired before April 1, 1987 on service retirement allowance with at least 20 years of creditable service or an ordinary disability benefit:

- A 50% spousal allowance upon the death of a currently or previously retired Group II member of the System or predecessor system,

- The health insurance subsidy to surviving spouses of deceased Group II members who retire prior to April 1, 1987 and who are not entitled to a monthly allowance under RSA 100-A:12 or RSA 100-A:13.

In addition, this legislation would allow eligible retirees who originally elected and are receiving the 100 percent joint and survivorship option or the 100 percent joint and survivorship pop up option to elect a 50 percent joint and survivorship option, 50 percent joint and survivorship pop up option, or the maximum allowance otherwise payable, prospectively. The legislation would also allow eligible retirees who elected and are receiving a 50 percent joint and survivorship option or 50 percent joint and survivorship pop up option to continue their option or elect the maximum allowance otherwise payable, prospectively.

f) Will allow a person named as a beneficiary of an optional allowance elected by a member of the System to voluntarily renounce his or her right to a future benefit.

g) Will allow a Group II retired member of the System to receive a deferred vested benefit at any time after attaining age 60.

In addition, the fiscal committee, in accordance with RSA 100-A; 41-a, II, approved the following cost-of-living adjustments (COLAs):

h) Provides a 4½% COLA for Employees, Teachers, Police Officers, and Firefighters who retired prior to July 1, 1999, effective July 1, 2000.

Items (a), (b), (c), (e), and (h) will have no effect on the normal rate because, as required by the legislation, the costs are terminally funded from the Special Account at a cost of $144.6 million. Items (d), (f), and (g) will have no significant effect on the normal rate.

Changes in actuarial assumptions for fiscal year 1999:

The postretirement mortality assumption for Firefighters was revised to more closely reflect the actual experience of the System. This change will increase the normal contribution rate by .41% for Firefighters.

Legislation was enacted in the 1999 legislative session which:

a) Requires members who receive Workers Compensation lump sum settlements for disability injuries to submit sufficient evidence to the Board of Trustees that the disability is a work-related injury.

b) If a participating employer does not provide benefit for service prior to participation in the System, the member may purchase prior service credit within 5 years of an employer's participation in the System.

c) A vested terminated member may receive an allowance upon attaining age 50. In lieu of a monthly allowance, a member may complete an application to receive a refund of his or her contributions.

d) Allows members to elect a spouse and/or children as beneficiaries to receive a joint and survivor option.

e) Provides a monthly spouse's benefit if the member dies after completing 10 years of service. If the member has not completed 10 years of service or is not survived by a spouse a lump sum death benefit of the deceased member's salary is payable.

f) Provides 401(h) postretirement medical premium effective January 1, 2000 for the following Group I teacher members.

- Teacher members (or beneficiaries including disabled children) who retire on or before July 1, 2004 at age 60 with at least 20 years of creditable service or at age 55 through 59 with at least 30 years of creditable service.
- Surviving spouse and children of a Teacher member who dies as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when (i) the dependent child attains age 18 or 23, if attending school on a full-time basis or (ii) if the spouse remarries.
- Vested terminated Teacher member who completed at least 20 years of creditable service and prior to July 1, 2004 receives an allowance and who subsequently attains age 60.

- Teacher member who retires after completing at least 20 years of creditable service and who subsequently attains age 60 before July 1, 2004.

As a result, $93.0 million of net assets was transferred on January 1, 2000 from the Pension Plan to the Medical Plan.

g) Extends the Group II 401(h) insurance subsidy to active or retired police officers who became members on and after July 1, 1993 and before July 1, 1995. As a result, $15.0 million of net assets was transferred on July 1, 2000 from the Pension Plan to the Medical Plan.

In addition, the fiscal committee, in accordance with RSA 100-A;41-a, II, approved the following cost-of-living adjustments (COLAs):

h) Provides a 4% COLA for Employees, Teachers, Police Officers, and Firefighters who retired prior to July 1, 1998, effective July 1, 1999.

Items (f), (g), and (h) will have no effect on the normal rate because, as required by the legislation, the costs are terminally funded from the Special Account. Items (a), (b), (c), (d), and (e) will have no significant effect on the normal rate.

NOTE 6—CONTRIBUTIONS AND RESERVES

As a condition of participation, members are required to contribute a set percentage of their salary to the System. The percentage rates, as outlined below, are set by statute under RSA 100-A:16 and depend on the member's group affiliation. Present contributing members' actual accumulated contributions including interest at June 30, 2000 were $1,309.4 million and accumulated contributions with interest at June 30, 1999 were $1,229.2 million.

RSA 100-A:16 outlines the employer contributions made to the New Hampshire Retirement System. Employer contributions to the System since fiscal year 1992 have been determined on an actuarial basis using the open group aggregate cost method. (The results from the open group aggregate cost method cannot be less than the normal rate determined to produce a funding ratio of 130% over a 20-year horizon and an 8% interest rate.) Prior to fiscal year 1992, employer contributions were based on the frozen initial liability-entry age normal actuarial cost method. The normal cost under this method was funded on a current basis. An unfunded accrued liability was determined as of June 30, 1968 for each member classification. The amount of accrued liability contribution was then computed as the level dollar amount required to discharge this initial unfunded liability over a 20-year period from June 30, 1968. Both the unfunded liability and the accrued liability contribution have been adjusted from time to time since 1968, either to reflect changes in the actuarial assumptions, or as a result of special legislation authorizing additional transfers of members from one of the predecessor systems or between groups in the new system or providing certain improvements in the benefit provisions. It should be noted that the accrued liability contributions have been retained under the open group aggregate method out of equity among the various sponsors.

Pursuant to RSA 100-A:52a, postretirement medical premium subsidies are provided to certain Group I teacher members (effective January 1, 2000) and certain Group II police officer and firefighter members by a medical plan subtrust. Under Section 401(h) of the Internal Revenue Code qualified retirement plan trusts may pay for postretirement medical premiums. These payments are funded through contributions of the employer which may not exceed 25% of the normal cost for the respective membership classification. As provided by RSA 100-A:53, I, 25% of certain Group I and Group II employer contributions are paid into the Medical Plan Subtrust. Subsequently, a transfer is made from the Medical Special Account to the pension plan equal to the contributions made to the Medical Plan Subtrust.

The State funds 100% of the employer normal costs for all State employees, and 35% of the employer normal costs for teachers, police officers, and firefighters employed by political subdivisions. The State does not participate in funding the employer cost of other political subdivision employees. The State funds its portion of the unfunded accrued liability as an additional normal cost and as a level dollar amount. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

The annual covered payrolls for the years ended June 30, 2000 and 1999 were $1,459.7 million and $1,393.6 million, respectively.

The table on the next page shows the percentages of gross payroll contributed by the State, other contributing employers, and members. The employer share for fiscal years 2000 and 1999 excludes administrative expense loading of 0.30% and 0.30%, respectively.

PERCENT OF COVERED PAYROLL FOR RETIREMENT BENEFITS

Member Category	(FY 2000) Member Normal Share	Employer Normal Share State*	Employer Normal Share Local**	Employer Normal Share Total	(FY 1999) Member Normal Share	Employer Normal Share State*	Employer Normal Share Local**	Employer Normal Share Total
Employees								
State	5.00%	3.94%	—	3.94%	5.00%	3.86%	—	3.86%
Local	5.00%	—	3.94%	3.94%	5.00%	—	3.86%	3.86%
Teachers	5.00%	1.44%	2.67%	4.11%	5.00%	1.42%	2.63%	4.05%
Police Officers	9.30%	2.50%	4.63%	7.13%	9.30%	1.83%	3.39%	5.22%
Firefighters	9.30%	2.91%	5.39%	8.30%	9.30%	2.90%	5.40%	8.30%

* Excludes .01%, .01%, .22%, and .14% for Employees, Teachers, Police Officers, and Firefighters, respectively which is the State's additional normal cost percentage to fund a portion of the unfunded accrued liability. The State's portion of the total unfunded accrued liability as of June 30, 2000 that is funded as a percent of covered payroll is $1,430,842, $619,579, $2,568,021, and $543,503 for Employees, Teachers, Police Officers, and Firefighters, respectively.

** Excludes percentage for unfunded accrued liability contribution.

The following tables show the amounts contributed by participating employers and members and these contributions expressed as a percentage of the respective covered payrolls.

AMOUNTS CONTRIBUTED (in thousands)

Member Category	(FY 2000) Member Normal Share	Employer Normal Share*	Employer Accrued Liability*	Total Contributions	(FY 1999) Member Normal Share	Employer Normal Share*	Employer Accrued Liability*	Total Contributions
Employees	$33,443	$25,342	$201	$58,986	$30,678	$22,957	$176	$53,811
Teachers	33,755	26,758	108	60,621	31,794	24,787	185	56,766
Police Officers	14,886	11,300	476	26,662	13,340	7,436	549	21,325
Firefighters	6,153	5,457	186	11,796	5,754	5,031	221	11,006
Total Contributed	**$88,237**	**$68,857**	**$971**	**$158,065**	**$81,566**	**$60,211**	**$1,131**	**$142,908**

* Includes contributions made both by State and local employers and payments made on behalf of the employers.

AMOUNTS CONTRIBUTED EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL

Member Category	(FY 2000) Member Normal Share	Employer Normal Share	Employer Accrued Liability	Total	(FY 1999) Member Normal Share	Employer Normal Share	Employer Accrued Liability	Total
Employees	5.41%	4.10%	0.03%	9.54%	5.22%	3.90%	.03%	9.15%
Teachers	5.29%	4.20%	0.02%	9.51%	5.22%	4.07%	.03%	9.32%
Police Officers	10.35%	7.86%	0.33%	18.54%	9.67%	5.39%	.40%	15.46%
Firefighters	10.17%	9.01%	0.31%	19.49%	9.91%	8.66%	.38%	18.95%
Total Contributed	**6.05%**	**4.72%**	**0.06%**	**10.83%**	**5.85%**	**4.32%**	**.08%**	**10.25%**

The following table shows the percentages of gross payroll contributed by the State, other contributing employers, and members to provide postretirement medical premiums for certain Group II members.

PERCENT OF COVERED PAYROLL FOR POSTRETIREMENT MEDICAL PREMIUMS

Member Category	(FY 2000) Member Normal Share	Employer Normal Share State	Employer Normal Share Local	Employer Normal Share Total	(FY 1999) Member Normal Share	Employer Normal Share State	Employer Normal Share Local	Employer Normal Share Total
Teachers	—	0.36%	0.67%	1.03%	—	—	—	—
Police Officers	—	0.62%	1.16%	1.78%	—	0.46%	0.85%	1.31%
Firefighters	—	0.73%	1.35%	2.08%	—	0.73%	1.35%	2.08%

For the purpose of determining the actuarial value of assets to be used in computing employer pension contribution rates, the actuary uses a five-year moving average of fair values based on unit values. The initial value is then compared with book value and fair value of assets and the middle value is used to compute contribution rates.

The computation of the forecasted employer pension contribution rates effective for fiscal year 2000 was performed as part of the June 30, 1997 actuarial valuation of the System and was based on the open group aggregate method and a 9% interest assumption. As required by RSA 100-A:16 II(d), the results of the open group aggregate method cannot be less than the normal rates required to maintain a funded ratio of 130% over a 20 year horizon and an 8% interest rate. It is the practice of the System to use as actual contribution rates the forecast rates from the previous valuation. By using the forecast rates, the System delays implementation of the rates proposed by the actuary until the beginning of the subsequent biennium allowing employers to budget for changes in employer rates. The employer normal contribution rates for the 2000 and 1999 fiscal years were based on the June 30, 1997 and June 30, 1995 actuarial valuations, respectively, as required by the Board of Trustees.

A reconciliation of the normal rates determined in the June 30, 1997 valuation to the normal rates determined in the June 30, 1999 valuation is provided below. This reconciliation outlines the effects on the normal contribution rates of the changes in System benefits and actuarial assumptions that have occurred since the June 30, 1997 actuarial valuation. The normal rate for June 30, 1999 as determined by the June 30, 1999 valuation is the normal rate as determined by the actuary to be appropriate as of June 30, 1999 to maintain the actuarial balance of the System. As the fiscal year 2000 was not a valuation year, a similar reconciliation is not available for the 2000 contribution rates.

Reconciliation of the Actuarial Projected Employer Normal Contribution Rates as of June 30, 1999 (Exclusive of Administrative Expense Loading)

	Employees	Teachers	Police Officers	Firefighters
Forecasted Employer Normal Rates as Determined by 6/30/97 Valuation	3.94%	4.11%	7.13%	8.30%
Decremental Experience	.15	.12	.34	.21
Pensioners' Experience	.01	—	.05	.05
Excess Salary Increases	(.05)	(.15)	—	.05
Assets Different than Expected	—	(.12)	.05	.62
Current New Entrants	(.04)	(.07)	(.01)	(.03)
Assumption Changes*	.18	.09	.50	.91
Balancing Items	(.05)	(.01)	.14	.06
Forecasted Employer Normal Rates as Determined by 6/30/99 Valuation	4.14%	3.97%	8.20%	10.17%

This reconciliation is based on the open group aggregate method and a 9% interest rate.

* Includes severance pay impact and new entrant population assumption changes.

The following table provides a breakdown of net assets held in trust for benefits:

NET ASSETS HELD IN TRUST FOR BENEFITS (in thousands)

	JUNE 30 2000	1999
Employees	$1,145,220	$1,100,451
Teachers	1,548,612	1,468,773
Police Officers	697,455	671,770
Firefighters	319,810	311,068
Special Account	731,648	537,022*
Special Medical Account	239,078	124,766*
401(h) Subtrust	72,460	61,355
Administrative Assessment	4,636	2,014
TOTAL NET ASSETS HELD IN TRUST FOR BENEFITS	**$4,758,919**	**$4,277,219**

* The actuarial information presented on page 72 and 73 reflects net asset transfers based on the date the legislation was signed into law. For financial reporting purposes, the System reflected the fiscal year 1999 net asset transfers based on the effective date of the legislation.

SPECIAL ACCOUNT

RSA 100-A:16, II(h) established a Special Account for additional benefits. Prior to July 1, 1996, the Special Account was credited annually with all of the earnings on an actuarial basis of the Special Account assets plus a portion of the earnings of the remaining assets of the system in excess of the assumed rate of return. For the year ended June 30, 1997, the annual rate of return was set at 9% by the Board of Trustees. Special legislation adopted in fiscal 1996 required that only returns in excess of 9.50% be credited to the Special Account. For the years ended June 30, 1996, June 30, 1995, June 30, 1994, and June 30, 1993, the annual rate of return was set at 9%. For the year ended June 30, 1992, the assumed rate of return was set at 9.75%; however, special legislation adopted for Fiscal 1992 required that only returns in excess of 10% be credited to the Special Account. For the years ended June 30, 1991 and prior, the assumed rate of return was set at 8%.

Beginning with the fiscal year ended June 30, 1997, the Special Account is credited annually with all of the earnings of the Special Account assets plus the earnings of the remaining assets of the system in excess of the assumed rate of return plus 1/2 of 1%. The Board of Trustees set the rate of return on assets at 9% for the year ended June 30, 2000; thus, for the year ended June 30, 2000 earnings in excess of 9.50% have been credited to the Special Account.

As of June 30, 2000, the balance of the Special Account was $731.6 million. The comparable figure for June 30, 1999 was $537.0 million. Legislation costing $144.6 million which was enacted during the 2000 legislative session, with an effective date after June 30, 2000, will be terminally funded from assets in the Special Account. The assets held in the Special Account are not used in the actuarial determination of the normal contribution rate and by statute shall only be used to fund or partially fund additional benefits for members of the System.

MEDICAL SPECIAL ACCOUNT

RSA 100-A:53 established the Medical Special Account to provide postretirement medical premiums for certain Group I Employees and Teachers, and Group II Police Officers and Firefighters effective January 1, 2001, January 1, 2000, and July 1, 1988, respectively. The Medical Special Account reimburses the Pension Trust in an amount equal to the funds allocated to the Medical Plan Subtrust. The reimbursements are to continue until the benefits provided through the Medical Plan Subtrust are fully funded or until the Medical Special Account has no assets.

NOTE 7—CONTINGENCIES

In the opinion of management and legal counsel, there are no contingent matters that would have a material adverse effect on the System's financial status.

NOTE 8—ADMINISTRATIVE ASSESSMENT

Administrative Assessments were collected from participating employers at a rate of 0.300 and 0.300 percent of reported gross wages for the years ended June 30, 2000 and June 30, 1999, respectively. These funds are used for the administrative operations of the System, consisting of salaries for 48 full-time employees and other administrative expenses. Payments are made periodically to the State Treasurer to offset State expenditures for System administrative functions. The assessment rate is reviewed by the Board of Trustees every two years to ensure that projected revenues will match estimated expenses. The administrative assessment rate is officially established by the State's operating budget. A schedule of the administrative assessment account is shown below.

Reconciliation of Administrative Assessment Account: (in thousands)

	YEAR ENDED JUNE 30	
	2000	1999
Balance at Beginning of Year	$2,014	$1,030
Administrative Assessments	5,975	4,351
Expenses	3,353	3,367
Balance at End of Year	**$4,636**	**$2,014**

NOTE 9—LEASE COMMITMENTS

The System leases its administrative facility under a twenty-year lease agreement. The lease contract, effective February 1, 1993, stipulates a base annual lease expense of $96.6 thousand with a rate increase of 4% at two year intervals. The System pays the taxes, utilities and maintenance of the facility. All lease expenses and other costs of operating the administrative facility are paid from the Administrative Assessment Account. The facility is part of the System's commercial real estate portfolio and is forecasted to generate an internal rate of return over a ten year period of 10.94%.

Under the terms of this lease, the System is required to make rental payments over the life of the lease, exclusive of taxes, utilities and maintenance, as shown below:

SCHEDULE OF FUTURE LEASE PAYMENTS		(in thousands)
	2001	$ 110.1
	2002	113.0
	2003	114.5
	2004	117.5
	2005	119.1
	Later years	997.4
TOTAL FUTURE LEASE PAYMENTS		**$1,571.6**

The System paid $108.7 thousand and $105.9 thousand for lease expenses attributable to office rent for the fiscal years ended June 30, 2000 and June 30, 1999, respectively.

NOTE 10—COMPENSATED ABSENCES

Every continuing full-time employee of the System is entitled to annual and sick leave with full pay on the basis of the employee's scheduled work week and years of service in accordance with State of New Hampshire personnel rules and regulations. Annual and sick leave is computed at the end of each completed month of service. Employees rendering seasonal or temporary service in excess of six months are entitled to annual and sick leave comparable to full-time employees.

Annual and sick leave is cumulative for not more than the prescribed amounts and will not lapse within the prescribed ceilings. The maximum annual accrual ranges from 12 to 24 days for annual leave and 15 days for sick leave. The maximum cumulative accrual ranges from 30 to 48 days for annual leave and from 90 to 120 days for sick leave. At the end of each fiscal year, additional annual leave (Bonus Days) is computed based on the amount of sick leave taken during the year. The maximum annual accrual for bonus is four days.

Unused annual and sick leave and bonus days are a liability of the Administrative Assessment Fund and are recorded as an accrued liability in the financial statements of the System. Payment for compensated absences is considered an administrative expense and is provided for with funds from the Administrative Assessment account.

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES—PENSION PLAN

Fiscal Year	Classification	Annual Required Contribution (ARC)* (in thousands)	Percent of ARC Recognized as Contributions
2000	Employees	$25,443	100.00%
	Teachers	26,836	100.00%
	Police Officers	11,776	100.00%
	Firefighters	5,643	100.00%
1999	Employees	23,084	100.00%
	Teachers	24,957	100.00%
	Police Officers	7,984	100.00%
	Firefighters	5,251	100.00%
1998	Employees	22,174	100.00%
	Teachers	23,769	100.00%
	Police Officers	7,899	100.00%
	Firefighters	5,016	100.00%
1997	Employees	17,270	100.00%
	Teachers	18,844	100.00%
	Police Officers	5,700	100.00%
	Firefighters	4,250	100.00%
1996	Employees	16,921	100.00%
	Teachers	18,247	100.00%
	Police Officers	5,479	100.00%
	Firefighters	4,149	100.00%
1995	Employees	14,120	100.00%
	Teachers	14,348	100.00%
	Police Officers	6,188	100.00%
	Firefighters	5,224	100.00%

* Includes unfunded accrued liability contributions, excludes oversight contributions.

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS POSTRETIREMENT MEDICAL PLAN

Fiscal Year	Classification	Annual Required Contribution (ARC)* (in thousands)	Percent of ARC Recognized as Contributions
2000	Teachers	$3,858	100.00%
	Police Officers	2,826	100.00%
	Firefighters	1,353	100.00%
1999	Police Officers	1,884	100.00%
	Firefighters	1,275	100.00%
1998	Police Officers	1,797	100.00%
	Firefighters	1,246	100.00%
1997	Police Officers	1,223	100.00%
	Firefighters	1,050	100.00%
1996	Police Officers	1,112	100.00%
	Firefighters	984	100.00%

NOTE: Fiscal years 2000, 1999, 1998, 1997, and 1996 are the only data available at this time. Data for future years will be reported prospectively.

NOTES TO TREND DATA

The Schedules of Employer Contributions shown on the previous page were based on the following information:

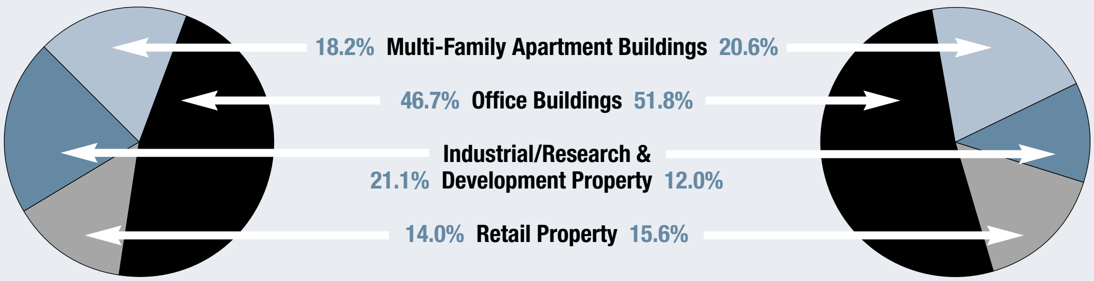
Valuation Date:	
Schedules of Employer Contributions—FY 2000	June 30, 1997.
Actuarial Cost Method:	Open group aggregate with target funding as a minimum.
Amortization Method for Unfunded Accrued Liability:*	Level percent of pay and level dollar amount.
Remaining Amortization Period for Unfunded Accrued Liability:*	Varies by employer and classification.
Asset Valuation Method:	5 year moving average.
Actuarial Assumptions:	
Investment Rate of Return	9% (Includes inflation at 4%).
Projected Salary Increases	Graded scale equates to an annual average of 6% (Includes inflation at 4%).
Cost of Living Adjustments	None.
Increase in Medical Premiums	8%.

* Accrued liability contributions have been retained under the open group aggregate method out of equity to the various plan sponsors.

COMMERCIAL REAL ESTATE INVESTMENTS BY TYPE	(in thousands)	
	JUNE 30	
	2000	1999
Office Buildings	$144,314	$158,809
Multi-Family Apartment Buildings	56,213	63,082
Retail Property	43,188	47,866
Industrial/Research & Development Property	65,100	36,923
TOTAL COMMERCIAL REAL ESTATE INVESTMENTS BY TYPE	**$308,815**	**$306,680**

Property Type Diversification

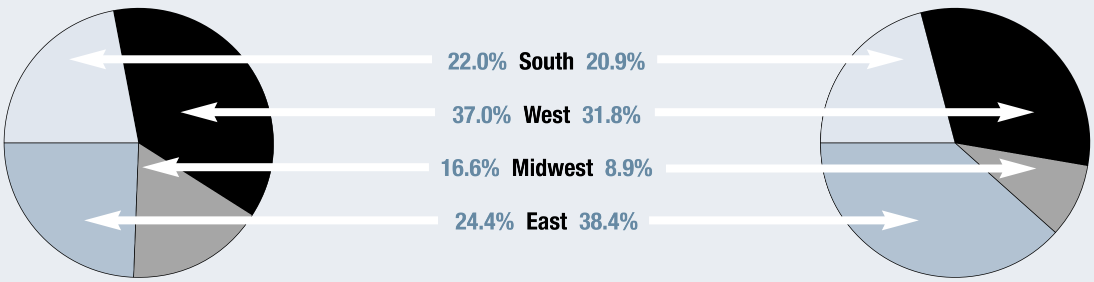
At June 30, 2000 At June 30, 1999



COMMERCIAL REAL ESTATE INVESTMENTS BY LOCATION	(in thousands)	
	JUNE 30	
	2000	1999
West	$114,322	$ 97,377
East	75,351	117,922
South	67,978	63,960
Midwest	51,164	27,421
TOTAL COMMERCIAL REAL ESTATE INVESTMENTS BY LOCATION	**$308,815**	**$306,680**

Property Location Diversification

At June 30, 2000 At June 30, 1999



TIMBERFUNDS AND ALTERNATIVE INVESTMENTS

TIMBERFUND INVESTMENTS	JUNE 30 2000	1999
	(in thousands)	
Domestic Timberfunds:		
Mutual Life Insurance Co. of New York B Fund	$ 25,484	$ 24,700
UBS Brinson—RII Timberland 3, LLC	25,714	26,071
International Timberfunds:		
UBS Brinson—RII Chile, Ltd.	22,625	21,091
UBS Brinson—RII New Zealand Properties I, Inc.	28,018	26,070
UBS Brinson—RII New Zealand Properties II, Inc.	9,658	9,029
UBS Brinson—RII World Timberfund, L.L.C.	12,033	9,727
TOTAL TIMBERFUND INVESTMENTS	**$123,532**	**$116,688**

ALTERNATIVE INVESTMENTS	(in thousands)	
Vintage 1986–1990:		
Southern California Ventures II, L.P.	$ 167	$ 228
North Atlantic Venture Fund, L.P.	—	357
Euclid Partners III, L.P.	272	4,575
Energy Investors Fund I, L. P.	3,311	3,319
Sprout Capital VI, L.P.	4,512	3,435
Coral Partners II, L.P.	5,332	6,098
Lawrence, Tyrell, Ortale & Smith II, L.P.	1,650	1,030
Vintage 1991–1995:		
Venture Capital Fund of New England III, L.P.	1,979	2,727
New England Growth Fund I, L P.	1,385	6,230
Castle Harlan Partners II, L.P.	2,790	2,795
Schroder German Buy-Outs 1992, L.P.	478	2,234
Energy Investors Fund II, L.P.	5,359	6,833
Coral Partners IV, L.P.	11,428	5,535
Richland Ventures, L.P.	2,953	14,651
Zero Stage Capital Fund V, L.P.	17,786	10,798
Euclid Partners IV, L.P.	4,147	6,614
APA Excelsior IV, L.P.	27,799	22,906
Sprout Capital VII, L.P.	19,593	21,196
Allegra Capital Partners III, L.P.	10,791	5,343
Vintage 1996–2000:		
North Atlantic Ventures II, L.P.	5,572	3,798
New England Growth Fund II, L.P.	10,588	10,831
TCW/Crescent Mezzanine Partners, L.P.	6,989	7,737
Richland Ventures II, L.P.	10,736	11,306
HEV III US, L.P.	14,248	9,357
Castle Harlan Partners III, L.P.	12,366	4,175
Brand Equity Ventures I, L.P.	10,311	6,943
Prism Venture Partners I, L.P.	30,214	11,110
Coral Partners V, L.P.	7,600	1,866
Sprout Capital VIII, L.P.	17,051	4,209
APA Excelsior V, L.P.	21,444	4,450
Zero Stage Capital Fund VI, L.P.	20,423	6,881
RFE Investment Partners VI, L.P.	1,409	1,090
Prism Venture Partners II, L.P.	23,898	5,998
Weiss, Peck & Greer Venture Associates V, LLC	8,527	—
Prism Venture Partners III, L.P.	2,970	—
Brand Equity Ventures II, L.P.	399	—
APAX Excelsior VI, L.P.	1,120	—
TOTAL ALTERNATIVE INVESTMENTS	**$327,597**	**$216,655**

CONTRIBUTIONS	(in thousands)	
	YEAR ENDED JUNE 30	
	2000	1999
CONTRIBUTIONS—PENSION PLAN		
EMPLOYER CONTRIBUTIONS:		
Employees	$ 25,543	$ 23,133
Teachers	15,984	16,264
Police Officers	6,849	4,696
Firefighters	2,919	2,717
TOTAL EMPLOYER CONTRIBUTIONS	**51,295**	**46,810**
STATE CONTRIBUTIONS ON BEHALF OF LOCAL EMPLOYERS:		
Employees	—	—
Teachers	7,025	8,708
Police Officers	2,102	1,405
Firefighters	1,369	1,260
TOTAL STATE CONTRIBUTIONS ON BEHALF OF LOCAL EMPLOYERS	**10,496**	**11,373**
PLAN MEMBER CONTRIBUTIONS:		
Employees	33,443	30,678
Teachers	33,755	31,794
Police Officers	14,886	13,340
Firefighters	6,153	5,754
TOTAL PLAN MEMBER CONTRIBUTIONS	**88,237**	**81,566**
POSTRETIREMENT MEDICAL PLAN CONTRIBUTIONS ON BEHALF OF EMPLOYERS:		
Employees	—	—
Teachers	3,858	—
Police Officers	2,826	1,884
Firefighters	1,353	1,275
TOTAL POSTRETIREMENT MEDICAL PLAN CONTRIBUTIONS ON BEHALF OF EMPLOYERS	**8,037**	**3,159**
TOTAL CONTRIBUTIONS—PENSION PLAN	**$158,065**	**$ 142,908**

CONTRIBUTIONS—POSTRETIREMENT MEDICAL PLAN		
EMPLOYER NORMAL:		
Teachers	$ 1,517	$ —
Police Officers	2,126	1,416
Firefighters	896	855
STATE CONTRIBUTIONS ON BEHALF OF LOCAL EMPLOYERS:		
Teachers	2,341	—
Police Officers	700	468
Firefighters	457	420
TOTAL CONTRIBUTIONS—POSTRETIREMENT MEDICAL PLAN	**$ 8,037**	**$ 3,159**
TOTAL CONTRIBUTIONS	**$166,102**	**$146,067**

NET APPRECIATION/(DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	(in thousands)	
	YEAR ENDED JUNE 30	
	2000	1999
Equity Investments:		
Domestic	$241,237	$365,406
International	61,646	15,874
Fixed Income Investments:		
Domestic	(19,846)	(30,223)
Global	(9,843)	(5,147)
Commercial Real Estate	20,240	996
Timberfunds:		
Domestic	3,636	4,047
International	5,976	(2,227)
Alternative Investments:		
Vintage 1986–1990	4,640	5,874
Vintage 1991–1995	54,613	37,547
Vintage 1996–2000	57,912	14,710
Temporary Investments	1,398	261
NET APPRECIATION/(DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	**$421,609**	**$407,118**

INTEREST INCOME	(in thousands)	
	YEAR ENDED JUNE 30	
	2000	1999
Fixed Income Investments:		
Domestic	$54,444	$48,235
Global	8,939	8,745
Temporary Investments	681	858
Cash	305	345
Other	5	32
TOTAL INTEREST INCOME	**$64,374**	**$58,215**

DIVIDEND INCOME	(in thousands)	
	YEAR ENDED JUNE 30	
	2000	1999
Equity Investments:		
Domestic	$28,653	$26,118
International	5,845	6,943
TOTAL DIVIDEND INCOME	**$34,498**	**$33,061**

TIMBERFUND AND ALTERNATIVE INVESTMENT INCOME (LOSS)	(in thousands)	
	YEAR ENDED JUNE 30	
	2000	1999
Timberfunds:		
Domestic	($ 226)	($ 457)
International	55	(157)
TOTAL TIMBERFUND (LOSS)	**($ 171)**	**($ 614)**
Alternative Investments:		
Vintage 1986–1990	$ 667	$ 584
Vintage 1991–1995	604	944
Vintage 1996–2000	2,496	647
TOTAL ALTERNATIVE INVESTMENT INCOME	**$ 3,767**	**$ 2,175**

COMMERCIAL REAL ESTATE INVESTMENTS OPERATING INCOME AND EXPENSES

(in thousands)

	OPERATING INCOME YEAR ENDED JUNE 30		OPERATING EXPENSES YEAR ENDED JUNE 30		NET OPERATING INCOME YEAR ENDED JUNE 30	
	2000	1999	2000	1999	2000	1999
Office Buildings	$36,889	$34,005	$21,365	$18,359	$15,524	$15,646
Multi-Family Apartment Buildings	13,222	6,945	8,172	3,295	5,050	3,650
Retail Property	8,737	8,662	5,365	4,583	3,372	4,079
Industrial/Research & Development Property	7,182	6,992	3,255	3,119	3,927	3,873
TOTAL	**$66,030**	**$56,604**	**$38,157**	**$29,356**	**$27,873**	**$27,248**

INVESTMENT ACTIVITY FEES AND OTHER INVESTMENT RELATED EXPENSES

(in thousands)

	YEAR ENDED JUNE 30 2000	1999
INVESTMENT ACTIVITY FEES:		
Equity Investments:		
Domestic	$10,560	$ 8,081
International	2,030	1,656
Fixed Income Investments:		
Domestic	1,979	1,840
Global	664	647
Timberfunds:		
Domestic	372	264
International	332	290
Alternative Investments:		
Vintage 1986–1990	351	414
Vintage 1991–1995	1,731	1,894
Vintage 1996–2000	4,672	3,114
Commercial Real Estate	3,275	3,191
Commercial Real Estate Operating Expenses	38,157	29,356
Custodial Fees	1,067	789
Investment Advisor Fees	483	581
TOTAL INVESTMENT ACTIVITY FEES	**65,673**	**52,117**
OTHER INVESTMENT RELATED EXPENSES:		
Security Lending Borrower Rebates	27,291	22,293
Security Lending Management Fees	902	720
Other Investment Related Fees	93	93
TOTAL INVESTMENT ACTIVITY FEES AND OTHER INVESTMENT RELATED EXPENSES	**$93,959**	**$75,223**

BENEFITS	(in thousands)	
	YEAR ENDED JUNE 30	
	2000	1999
PENSION BENEFITS AND ADDITIONAL ALLOWANCES:		
Employees	$ 65,226	$ 58,577
Teachers	63,027	55,374
Police Officers	32,548	27,929
Firefighters	16,688	14,556
TOTAL PENSION BENEFITS AND ADDITIONAL ALLOWANCES	**$177,489**	**156,436**
POSTRETIREMENT HEALTH INSURANCE PREMIUM SUBSIDY:		
Teachers	2,110	—
Police Officers	3,866	3,339
Firefighters	2,148	1,808
TOTAL POSTRETIREMENT HEALTH INSURANCE PREMIUM SUBSIDY	**8,124**	**5,147**
TOTAL BENEFITS	**$185,613**	**$161,583**

REFUNDS OF CONTRIBUTIONS	(in thousands)	
	YEAR ENDED JUNE 30	
	2000	1999
Employees	$ 9,996	$ 9,503
Teachers	6,381	4,964
Police Officers	2,839	2,451
Firefighters	269	493
TOTAL REFUNDS OF CONTRIBUTIONS	**$19,485**	**$ 17,411**

ADMINISTRATIVE EXPENSES

(in thousands)

	2000 EXPENSE	2000 BUDGET*	OVER (UNDER) BUDGET	1999 EXPENSE	1999 BUDGET*	OVER (UNDER) BUDGET
Salaries and Wages	$1,372	$1,616	($ 244)	$1,428	$1,408	$ 20
Fringe Benefits	437	523	(86)	851	456	395
Supplies, Utilities and Postage	286	347	(61)	387	393	(6)
Organizational Dues	3	4	(1)	—	—	—
Equipment	129	175	(46)	23	33	(10)
Travel	39	57	(18)	38	51	(13)
State Services	84	84	—	40	54	(14)
Office Rents and Expenses	200	212	(12)	184	185	(1)
Computer Support and System Development	619	1,807	(1,188)	257	1,179	(922)
General Ledger Development	16	15	1	7	20	(13)
Consulting	165	316	(151)	147	232	(85)
Unemployment Compensation	—	1	(1)	1	—	1
Workers Compensation	3	3	—	4	4	—
TOTAL	$3,353	$5,160	($1,807)	**$3,367**	**$4,015**	**($648)**

* The New Hampshire biennial budget is composed of the initial operating budget and supplemented by additional appropriations. These appropriations are generated by Governor and Council action, annual session laws, and existing statutes which require appropriations under certain circumstances. The budget therefore is a flexible budget. It is a biennial budget which consists of balances brought forward plus current year appropriations, less balances carried forward into the following fiscal year. The balances carried forward into the following fiscal year are comprised of encumbrances and non-lapsing appropriations.

PROFESSIONAL FEES

(in thousands)

	YEAR ENDED JUNE 30 2000	1999
Actuarial Fees	$713	$336
Audit Fees	95	210
Legal Fees	64	81
TOTAL PROFESSIONAL FEES	**$872**	**$627**

MEMBERSHIP COMPOSITION

	JUNE 30 2000#	1999
ACTIVE CONTRIBUTING MEMBERS:		
Employees	22,090	22,519
Teachers	16,034	16,034
Police Officers	3,791	3,600
Firefighters	1,364	1,339
TOTAL ACTIVE CONTRIBUTING MEMBERS	**43,279**	**43,492**
RETIRED MEMBERS:		
Employees	8,294	7,928
Teachers	4,569	4,289
Police Officers	1,509	1,369
Firefighters	863	781
TOTAL RETIRED MEMBERS	**15,235 ****	**14,367 ****

\# Estimated as there was no full actuarial valuation prepared as of June 30, 2000.

** Excludes vested deferred members.

PAYMENTS FROM THE STATE GENERAL FUND

(in thousands)

	YEAR ENDED JUNE 30 2000	1999
State Share of Accrued Liability Contributions*	$ 950	$ 1,104
State Share of Normal Contributions for Local Employers	14,053	12,339
State Payments for Health Insurance Premiums for Retired State Members	16,111	14,744
TOTAL STATE GENERAL FUND PAYMENTS EXCLUSIVE OF NORMAL CONTRIBUTIONS FOR STATE MEMBERS	**$31,114**	**$28,187**

* At June 30, 2000 and 1999, the System had accrued $5.2 million and $5.2 million, respectively, in accounts receivable due from the State of New Hampshire.

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Investment Section

Investment Consultant's Report

Evaluation Associates

200 Connecticut Avenue, Suite 700, Norwalk, Connecticut 06854-1958 (203) 855-2200
FAX: (203) 855-2301

November 15, 2000

The New Hampshire Retirement System
Board of Trustees
4 Chenell Drive
Concord, NH 03301-8509

Ladies and Gentlemen:

The New Hampshire Retirement System (System) manages a pool of assets for both the Pension Plan and the Postretirement Medical Plan. As of June 30, 2000, the total net assets for the two plans were valued at approximately $4,758.9 million. This represents a growth of $481.7 million over the previous fiscal year. The increase in net assets represents growth in the form of realized and unrealized gains on investments, investment income and contributions reduced by deductions for benefit payments, refund of contributions, and investment expenses.

For the fiscal year ended June 30, 2000, there was $421.6 million net appreciation reported in the fair value of investments. The appreciation in investments, combined with investment income represented a 13.2% time-weighted return for the total fund for the fiscal year ended June 30, 2000.

The data presented in this report regarding investment results, asset allocations, brokerage commissions, investment management expenses and other investment related activity is based on data reported by the master custodian and the investment managers. Based on the due diligence procedures applied by us, we conclude that the data presented is accurate and reliable and meets the presentation standards of the Association of Investment Management and Research (AIMR).

The Board of Trustees (Board) pursues an investment strategy designed to meet the long term funding requirements for the System with an ultimate goal of maintaining a well-funded pension plan. To achieve this goal, the Board has designed its investment strategy to generate consistent high returns over the years with an appropriate low level of volatility.

The Board has managed the System's investments based on the "Prudent Investor Rule" as adopted by the New Hampshire Legislature. This rule ensures that the Board, as fiduciary, will "exercise judgment and care which persons of prudence, discretion and intelligence, acting in like capacity, would use in the conduct of a pension plan of like character and with like aims." The emphasis here is on diversification of investments to minimize risk.

To that end, the System has established a comprehensive statement of investment policy and guidelines complete with target asset allocations, policy ranges and a re-balancing strategy. This document serves as a procedural manual for the Board and investment managers to follow in pursuing the investment goals of the System. These guidelines serve as a means of communicating to the investment managers the Board's attitude towards risk and return as it relates to the management of the System's assets. In addition, an asset allocation study is authorized by the Board and conducted every five years; input is sought from our firm, the System's actuary, as well as the System's commercial real estate consultant before any changes are made. Such a study determines the mix of investments, by asset class, which has the highest probability of producing the real (inflation adjusted) return required to meet future funding requirements at the lowest level of risk. The last study was performed in 1996.

Our role, as investment consultants to the Board, is to guide the Board in establishing clear and concise investment guidelines and investment programs and to help the Board in the search for qualified investment managers to execute investment strategies and programs. In addition, we conduct investment performance analyses on a regular basis and perform reviews of managers' compliance with the investment guidelines. The periodic performance reports presented to the Board meet the AIMR standards and are designed to help the Board make informed investment decisions.

The System allows its managers to defensively hedge positions for non-dollar investments using currency forward contracts. It is our opinion that the hedging transactions entered into by the investment managers during this fiscal year were consistent with the System's guidelines and prudent investment management strategy. With respect to derivative securities, approximately 3.2% of the total fund assets were invested in mortgage-backed securities. Investments in mortgage-backed securities in the fixed income portfolios are permitted by the Board, because a large portion of securities in this sector of the fixed income market are traded in a derivative form. Consistent with the Board's view, we are comfortable with this minimal level of exposure to derivative securities as these positions add to the overall diversification of the fixed income portfolio.

In an effort to manage overall trading costs for the System's investments, the Board has in place trading agreements with domestic equity managers to direct predetermined trades through identified discount brokerage firms. The trades are directed on a best execution basis and this results in commission recapture on trades discounted to approximately 2.5 to 3.0 cents per share. The Board is mindful that the handling of difficult trades by specialists may be required, especially for smaller to middle capitalization companies, for best execution. For this reason, the Board refrains from directing 100% of the trades through the discount brokers who are not able to provide the necessary trading expertise. The combination of both the trading strategies, in our view, is prudent and appropriate.

The Board of Trustees, as fiduciaries of the System, view their responsibility seriously for maintaining corporate governance to preserve shareholders' interest for the Systems' investments. The actual proxy voting responsibility is delegated to the individual managers. However, the System proactively reviews its previously established proxy voting guidelines for domestic equity. A well-known consulting firm in this field oversees and reports compliance with the proxy voting guidelines.

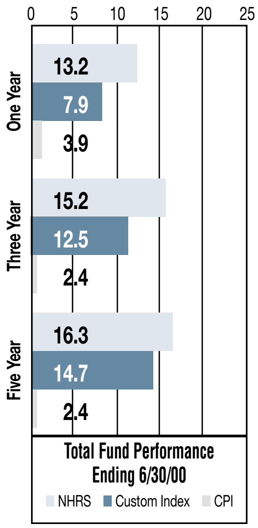
A set of guidelines for international equity is not practical as it varies from country to country and, given the size of the System's investments in international equity, the cost associated with establishing proxy voting guidelines for international equity would be inefficient. However, the international managers are expected to follow domestic equity proxy voting guidelines wherever appropriate.

As we mentioned earlier, the Board of Trustees have been managing the investments of the System according to the "Prudent Investor Rule" which, over the years, has generated consistent returns at the lowest level of risk. The "Prudent Investor Rule" is granted to the Board by the New Hampshire State Legislature and the current authorization will expire on June 30, 2003 and is subject to review for renewal.

We continue to recommend that the Legislature allow the NHRS to operate under the "Prudent Investor Rule" on a permanent basis so that the Board can invest the System's assets in a manner consistent with modern portfolio theory, which the majority of other public pension plans currently follow.

Sincerely,

Charles M. Monroe
Senior Vice President
Evaluation Associates



ANNUALIZED INVESTMENT RETURNS—ACTUAL VERSUS INDICES

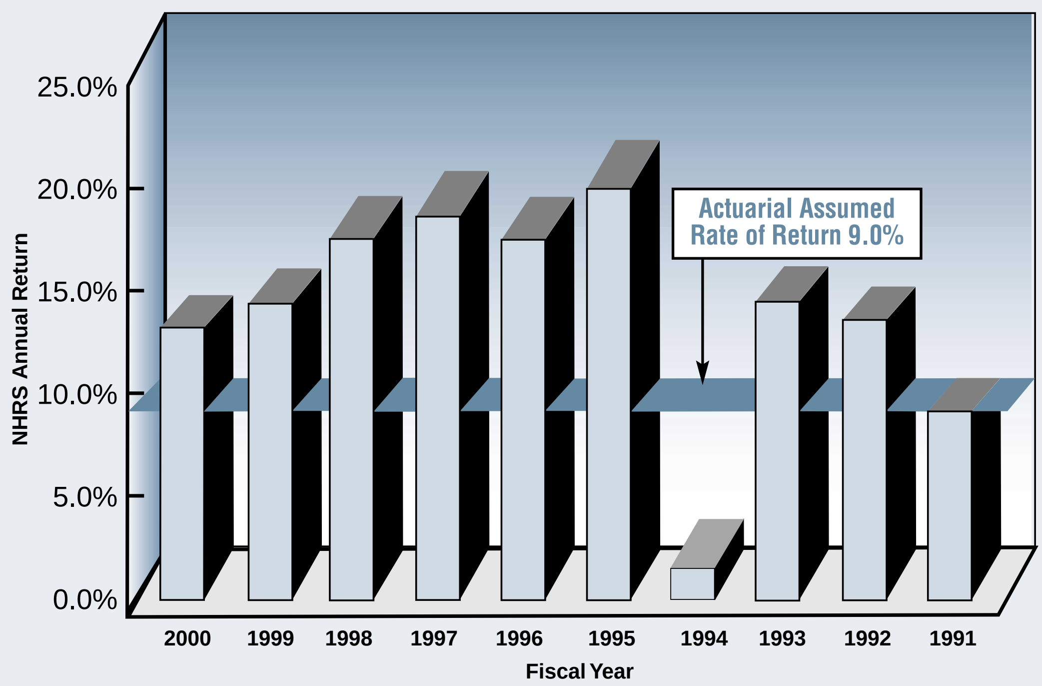
	Current Year 2000	Annualized 3 Year	Annualized 5 Year
Total NHRS Fund	13.2	15.2	16.3
Custom Index*	7.9	12.5	14.7
Consumer Price Index	3.9	2.4	2.4
Total Equity Segment	13.2	17.3	19.9
S&P 500 Index	7.2	19.7	23.8
MSCI EAFE Index	17.2	10.2	11.3
Total Fixed Income Segment	3.5	5.5	6.6
Lehman Brothers Universal Bond Index	4.8	5.8	6.4
J.P. Morgan Govt Bond Index	2.7	4.1	3.7
Commercial Real Estate Segment	16.3	15.8	15.8
NCREIF Property Index	11.6	13.9	12.1
Consumer Price Index	3.9	2.4	2.4
Cash Equivalents Segment	6.1	5.4	5.5
ML 91 Day T-Bill Index	5.5	5.2	5.3
Alternative Investments Segment**	51.9	38.8	31.1
Timberfunds Segment**	8.0	4.8	7.3

The returns are calculated using a time-weighted rate of return in accordance with AIMR's Performance Presentation Standards.

* The custom index is a blended index which is formulated from major indices in proportion to the System's asset diversification.

** There is not a generally accepted market index for alternative investments or timberfunds.

Ten Year History of Time Weighted Annual Returns

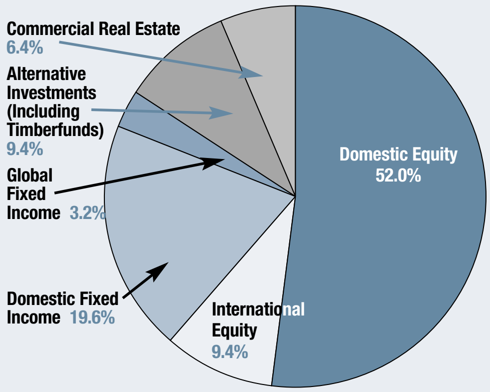


ACTUAL ASSET ALLOCATION VERSUS TARGET ASSET ALLOCATION

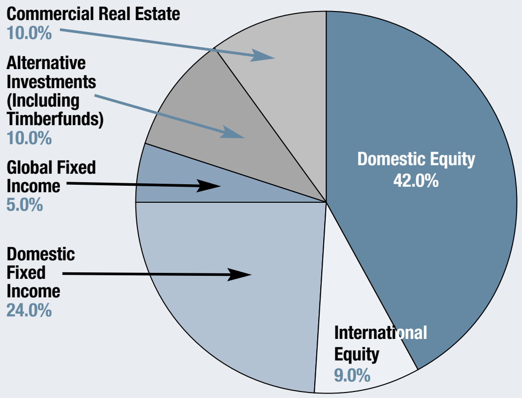
		As of June 30, 2000	
	Actual %	*Target %	*Target Range %
Domestic Equity	52.0	42.0	35–55
International Equity	9.4	9.0	5–15
Domestic Fixed Income	19.6	24.0	20–30
Global Fixed Income	3.2	5.0	0–10
Alternative Investments (Including Timberfunds)	9.4	10.0	5–15*
Commercial Real Estate	6.4	10.0	0–10
TOTAL FUND	100.0 %	**100.0 %**	

* Targets and Ranges as stated in The System's Investment Policy and Guidelines.

Actual Asset Allocation as of June 30, 2000



Target Asset Allocation as of June 30, 2000



TEN LARGEST STOCK HOLDINGS BY FAIR VALUE*

(in thousands)

	Shares	Stock	June 30, 2000 Fair Value
1	816,325	Citigroup, Inc.	$49,184
2	724,300	Cisco Systems, Inc.	46,038
3	276,830	Intel Corp.	37,009
4	355,100	Applied Materials, Inc.	32,181
5	396,700	Microsoft Corp.	31,736
6	454,700	Texas Instruments, Inc.	31,232
7	317,000	Sun Microsystems, Inc.	28,827
8	597,858	Pfizer, Inc.	28,697
9	210,900	Hewlett-Packard Co.	26,336
10	333,750	Exxon Mobile Corp.	26,199

TEN LARGEST FIXED INCOME HOLDINGS BY FAIR VALUE*

(in thousands)

	Par	Security	June 30, 2000 Fair Value
1	20,775,000	FHLMC Debentures, 6.875%, Due 01/15/2005, Rated AAA	$20,642
2	17,465,000	U.S. Treasury Notes, 5.250%, Due 08/15/2003, Rated AAA	16,934
3	15,000,000	FNMA Notes, 5.125%, Due 02/13/2004, Rated AAA	14,095
4	13,400,000	FNMA Bonds, 7.000%, Due 07/01/2030, Rated AAA	12,937
5	13,374,253	FNMA Bonds, 7.000%, Due 12/01/2029, Rated AAA	12,913
6	13,495,000	Government of Canada Debentures, 4.250%, Due 12/01/2026, Rated AAA	10,644
7	7,400,000	U.S. Treasury Bonds, 10.625%, Due 08/15/2015, Rated AAA	10,521
8	9,468,530	FNMA Bonds, 6.833%, Due 11/01/2028, Rated AAA	10,060
9	10,000,000	FHLMC Debentures, 6.750%, Due 09/15/2029, Rated AAA	9,574
10	9,500,000	GNMA Bonds, 7.000%, Due 07/15/2029, Rated AAA	9,234

* A complete listing of portfolio holdings is available for review at the System's office.

SCHEDULE OF INVESTMENT MANAGEMENT AND SERVICE FEES

	YEAR ENDED JUNE 30, 2000		
	Assets Under Management (in thousands)	Fees (in thousands)	Basis Points
INVESTMENT MANAGEMENT FEES			
Equity Investments:			
Domestic	$2,496,873	$10,560	42
International	452,754	2,030	45
Fixed Income Investments:			
Domestic	923,939	1,979	21
Global	151,338	664	44
Timberfunds:			
Domestic	51,198	372	73
International	72,334	332	46
Alternative Investments*:			
Vintage 1986–1990	15,244	351	110
Vintage 1991–1995	106,488	1,731	199
Vintage 1996–2000	205,865	4,672	176
Commercial Real Estate	308,815	3,275	106
Temporary Investments	15,588	—	—
TOTAL INVESTMENT MANAGEMENT FEES	**$4,800,436**	**$25,966**	**54**
INVESTMENT SERVICE FEES			
Custodial Fees	$4,040,492	1,067	3
Investment Advisor Fees	$4,800,436	483	1
Security Lending Management Fees	$ 523,829	902	17
Other Investment Related Fees	—	93	—
TOTAL INVESTMENT MANAGEMENT AND SERVICE FEES	**$4,800,436**	**$28,511**	**59**

* Basis point calculation is based on committed capital in accordance with investment management contracts.

SCHEDULE OF BROKERAGE COMMISSIONS PAID

Brokerage Firm	Number of Shares Traded (in thousands)	Total Commissions (in thousands)	Commissions Per Share
	YEAR ENDED JUNE 30, 2000		
Fred M. Alger and Company, Inc.	8,892	$610	$0.07
Morgan Stanley and Company, Inc.	18,128	567	0.03
Merrill, Lynch, Pierce, Fenner and Smith, Inc.	15,456	410	0.03
Lynch, Jones and Ryan, Inc.*	6,508	346	0.05
Abel Noser Corporation*	12,035	280	0.02
Goldman Sachs and Company	7,257	252	0.03
Salomon Smith Barney, Inc.	4,222	197	0.05
Broadcort Capital Corporation	3,663	195	0.05
Bear Stearns Security Corporation	2,836	182	0.06
Cantor, Fitzgerald and Company	3,482	173	0.05
SBC Warburg, Inc.	11,081	157	0.01
DE Shaw Securities, L.P.	3,104	154	0.05
Paine Webber Inc.	2,266	121	0.05
Union Bank of Switzerland	1,351	114	0.08
Instinet	2,938	112	0.04
Fidelity Capital Markets	1,883	112	0.06
Credit Suisse First Boston Corporation	2,917	91	0.03
Lehman Brothers, Inc.	2,278	90	0.04
Donaldson and Company, Inc.*	1,352	71	0.05
ABN Amro Securities, Inc.	2,569	70	0.03
All Others (166 not listed separately)	50,581	1,556	0.03
TOTAL BROKERAGE COMMISSIONS PAID	**164,799**	**$5,860**	**$0.04**

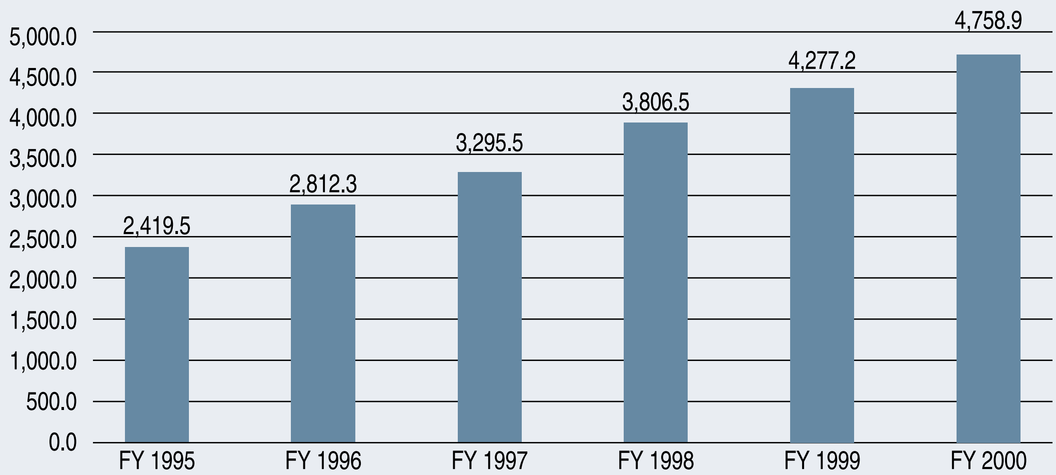
* The System participates in a brokerage commission recapture program with these firms.

SUMMARY OF INVESTMENTS

(in millions)

TYPE OF INVESTMENT	June 30, 2000 Fair Value	June 30, 2000 Percent of Total Fair Value
FIXED INCOME		
BONDS		
Government	$ 520.7	10.8 %
Corporate	380.1	7.9
Global	151.3	3.2
Convertible Corporate	0.2	0.0
TOTAL BONDS	1,052.3	21.9
Commercial Paper	12.6	0.3
Convertible Preferred Stock	10.3	0.2
TOTAL FIXED INCOME	**1,075.2**	**22.4**
EQUITY		
COMMON STOCKS		
Consumer Nondurables and Services	775.2	16.2
Technology	750.4	15.6
International Equity	452.8	9.4
Financial Services	297.0	6.2
Utilities	187.7	3.9
Energy	155.1	3.2
Capital Goods	147.8	3.1
Basic Industries	135.1	2.8
Consumer Durables	48.6	1.0
TOTAL EQUITY	**2,949.7**	**61.4**
OTHER INVESTMENTS		
Alternative Investments	327.6	6.9
Commercial Real Estate	308.8	6.4
Timberfunds	123.5	2.6
Temporary Investments	15.6	0.3
TOTAL INVESTMENTS	**$ 4,800.4**	**100.0 %**

Growth In Net Assets Held In Trust For Benefits
(in millions)



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Actuarial Section

Actuarial Certification

BUCK CONSULTANTS
500 Plaza Drive
Secaucus, New Jersey 07096-1533

November 15, 2000

The Board of Trustees
New Hampshire Retirement System
4 Chenell Drive
Concord, New Hampshire 03301-8509

Ladies and Gentlemen:

Actuarial valuations of the NHRS are performed biennially to measure the ongoing costs of the System, the funded status of the System and the progress towards the funding goals over time. To determine funding requirements the valuation data is projected forward to the ensuing biennium.

In general, the financial goals of the NHRS, as stipulated by the Board of Trustees, are a pattern of contributions which is relatively stable over time as a percentage of pay and progresses towards a funded ratio (measured as the fair value of assets to the liability determined based on compensation and service as of the measurement date) of 130%. We believe that the contribution levels determined in the valuation satisfy these objectives.

The June 30, 1995 valuation determined the contributions of the System for the fiscal years ended June 30, 1998 and June 30, 1999. The contributions for the fiscal years ending June 30, 2000 and June 30, 2001 were determined based on the June 30, 1997 valuation of the System.

We have completed the June 30, 1999 actuarial valuation of the NHRS which will be used to determine the funding contributions for the System for the fiscal years ending June 30, 2002 and June 30, 2003.

The June 30, 1999 valuation reflects the following financially significant changes in the benefit structure:

- Employees, Teachers, Police Officers, and Firefighters retired prior to July 1, 1998 received a 4% COLA effective July 1, 1999.
- Employees, Teachers, Police Officers, and Firefighters retired prior to July 1, 1996 received a 4% COLA effective July 1, 1998.

As stipulated under the Statutes, the demographic and financial actuarial assumptions are selected by the Board of Trustees based on the recommendations of the actuary. The developing experience is monitored biennially with each valuation, and a formal review is completed at least once in each five-year period. The contributions for fiscal year 2000, which have been determined in the June 30, 1997 valuation of the System, are based on the open group aggregate funding method, a 9% interest assumption and graded salary scales which average 6% annually. In addition, for membership classifications that are not well funded (e.g., where the funded ratio is less than 130%) the Board has recommended that the minimum normal contribution rate not be less than the rates using target funding with a funding goal of 130% over a 20 year horizon and an 8% interest rate. As a result, the contribution levels are sufficient to attain the Board of Trustee's funding goal of 130% over 20 years with a 50% probability.

The Board of Trustees
November 15, 2000
Page 2

The disclosure information as of June 30, 2000 is based on the demographic data used in the June 30, 1999 valuation projected to June 30, 2000 and on the interest assumption of 9% which was used in the June 30, 1997 valuation for funding and disclosure purposes.

The initial asset value for valuation purposes is determined using a five-year moving average asset valuation method. The initial value is then compared with book value and fair value of assets and the middle value is used to compute the rates. The underlying demographic data is maintained and provided by the NHRS office. The data is analyzed by Buck for internal completeness and consistency and compared with the prior valuation data to again ensure consistency.

Buck prepared the normal contribution rates and actual contribution rates as a percent of current payroll tables, the analysis of changes in actuarial assumptions, pension benefit provisions and the membership composition table shown in the financial section. Buck prepared all the schedules shown in the actuarial section.

In our opinion, the attached schedules of valuation results prepared by the actuary fairly represent the status of the NHRS and present an accurate view of historical data. The underlying assumptions and methods used for funding purposes are consistent with the statutory specifications, meet the parameters of the disclosures presented in the GASB Statement No. 25, and represent a best estimate of the aggregate future experience of the System.

Respectfully submitted,

Buck Consultants, Inc.

Lisa A. Witlen

Lisa A. Witlen, M.A.A.A., A.S.A., F.C.A., E.A.
Principal & Consulting Actuary

Buck Consultants, Inc.
201|902-2300 Fax 201|902-2450

PLAN FUNDING STATUS AND PROGRESS

The New Hampshire Retirement System (System) determines the annual required contribution using the open group aggregate funding method. This method does not identify or separately amortize unfunded actuarial liabilities.

However, the Board of Trustees and the actuary monitor the funding progress by reviewing the funded ratios of the System each June 30th. The funded ratio is determined by dividing the net assets held in trust for benefits by the liabilities of the System. The funded ratio information as of June 30, 2000 and June 30, 1999 is on the following pages.

The liabilities used in the funded ratio have been determined on two bases: the projected liability and the accrued liability. The projected liability is the present value of estimated pension benefits that will be paid in future years as a result of member services performed to date and is adjusted for the effects of projected salary increases. The accrued liability is based on services performed to date and the compensation earned to date.

The information presented as of June 30, 2000 is based on the June 30, 1999 actuarial valuation of the System projected to June 30, 2000. The information presented as of June 30, 1999 is based on the June 30, 1999 actuarial valuation of the System.

The funded ratio information is for disclosure purposes and is independent of the actuarial computation made to determine contributions to the System. The actuarial funding method used to determine contributions to the System is explained in Note 6 in the Financial Section.

Several significant actuarial assumptions are used to determine the standardized measure of projected liability and these assumptions are summarized below:

- The present value of future pension payments was computed by using a discount rate of 9.0% for 2000 and 1999. The discount rate is equal to the estimated long-term rate of return on current and future investments of the System.
- Future pension payments at June 30, 2000 and 1999 reflect an average annual salary increase among the four classifications of 6.0%. (Each classification uses its own salary increase assumption.) This includes a 4.0% inflation and 2.0% merit/promotion component for both fiscal years.
- Future pension payments reflect no postretirement benefit increases, which is consistent with the terms of the pension statute.
- The liabilities as of June 30, 2000 and June 30, 1999 reflect the revised demographic assumptions that were adopted by the Board of Trustees as of June 30, 1997 and June 30, 1999, and they also reflect the Board's decision to recognize the impact of severance pay on average final compensation.

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Plan Funding—Pension and Postretirement Medical Plans

PLAN PENSION FUNDING

PROJECTED LIABILITY BY MEMBER GROUP EXCLUDING POSTRETIREMENT MEDICAL INSURANCE SUBSIDY AT JUNE 30, 2000 AND JUNE 30, 1999

(in thousands)

	ALL GROUPS 2000	ALL GROUPS 1999	EMPLOYEES 2000
A. Projected Liability			
1. Retirees & Beneficiaries Currently Receiving Benefits & Terminated Employees Not Yet Entitled	$1,554,564	$1,481,589	$524,851
2. Current Employees			
a. Accumulated Employee Contributions With Interest	1,309,395	1,229,239	436,460
b. Employer Financed Vested	226,948	175,954	63,488
c. Employer Financed Nonvested	369,352	342,411	94,174
3. Total Pension Benefit Obligation	**$3,460,259**	**$3,229,193**	**$1,118,973**
% of Total Pension Benefit Obligation	**100.00%**	**100.00%**	**32.34%**
FUNDING STATUS AT FAIR VALUE OF ASSETS			
B. Net Assets			
Fair Value of Assets (excludes Administrative Assessment Account)	$4,754,284	$4,275,204	$1,426,539
Less: Undesignated Special Account	731,648	432,922	281,319
Less: Account for Medical Insurance Subsidy	311,538	290,221	—
Net Fair Value of Assets Held in Trust for Benefits	**$3,711,098**	**$3,552,061**	**$1,145,220**
% of Net Fair Value of Assets Held in Trust for Benefits	**100.00%**	**100.00%**	**30.86%**
C. Unfunded (Assets in Excess of) Projected Liability	**($250,839)**	**($322,868)**	**($26.247)**
Percent Funded	**107.25%**	**110.00%**	**102.35%**
Payroll	$1,459,706	$1,393,628	$ 617,596
Unfunded (Excess)/Payroll	(17.18%)	(23.17%)	(4.25%)
FUNDING STATUS AT ACTUARIAL VALUE OF ASSETS			
D. Net Assets			
Actuarial Value	$3,841,382	$3,319,448	$1,236,376
Less: Special Account	731,648	432,922	281,319
Net Assets Held in Trust for Benefits	**$3,109,734**	**$2,886,526**	**$ 955,057**
E. Unfunded (Assets in Excess of) Projected Liability	**$ 350,525**	**$ 342,667**	**$ 163,916**
Percent Funded	**89.87%**	**89.39%**	**85.35%**
Payroll	$1,459,706	$1,393,628	$ 617,596
Unfunded (Excess)/Payroll	24.01%	24.59%	26.54%

ACCRUED LIABILITY INFORMATION BY MEMBER GROUP AT JUNE 30, 2000 AND JUNE 30, 1999

(in thousands)

	ALL GROUPS 2000	ALL GROUPS 1999	EMPLOYEES 2000
Vested Benefits			
Participants Currently Receiving Benefits	$1,536,578	$1,464,941	$ 515,947
Other Participants	1,554,329	1,421,842	508,853
Total Vested Benefits	$3,090,907	$2,886,783	$1,024,800
Nonvested Benefits	30,247	29,276	3,972
Total Accrued Liabilities	**$3,121,154**	**$2,916,059**	**$1,028,772**
% of Total Accrued Liabilities	**100.00%**	**100.00%**	**32.96%**
Fair Value of Assets (excludes Administrative Assessment Account)	$4,754,284	$4,275,204	$1,426,539
Less: Undesignated Special Account	731,648	432,922	281,319
Less: Account for Medical Insurance Subsidy	311,538	290,221	—
Net Fair Value of Assets Held in Trust for Benefits	**$3,711,098**	**$3,552,061**	**$1,145,220**
% of Net Fair Value of Assets Held in Trust for Benefits	**100.00%**	**100.00%**	**30.86%**
Funding Ratio for Pension Liability	**118.90%**	**121.81%**	**111.32%**
Actuarial Present Value of Postretirement Medical Liabilities			
Active	$ 125,173	$ 115,110	$ —
Retire	147,914	146,510	—
Total Actuarial Present Value of Postretirement Medical Liabilities	$ 273,087	$ 261,620	$ —
Total Actuarial Present Value of Accrued Benefits	$3,394,241	$3,177,679	$1,028,772
Fair Value of Assets Held in Trust for Benefits	$4,022,636	$3,842,282	$1,145,220
Overall Funded Ratio	**118.51%**	**120.91%**	**111.32%**

NOTE: Liabilities for 2000 and 1999 based on 9% interest.

EMPLOYEES 1999	TEACHERS 2000	TEACHERS 1999	POLICE OFFICERS 2000	POLICE OFFICERS 1999	FIREFIGHTERS 2000	FIREFIGHTERS 1999
$ 509,433	$ 556,452	$ 536,752	$316,775	$291,817	$156,486	$143,587
419,864	579,900	537,114	190,592	175,847	102,443	96,414
39,308	111,281	87,193	32,250	31,867	19,929	17,586
84,035	161,766	150,097	73,668	70,143	39,744	38,136
$1,052,640	**$1,409,399**	**$1,311,156**	**$613,285**	**$569,674**	**$318,602**	**$295,723**
32.60%	**40.73%**	**40.60%**	**17.72%**	**17.64%**	**9.21%**	**9.16%**
$1,284,702	$1,875,012	$1,678,762	$959,786	$866,058	$492,947	$445,682
184,251	234,676	120,889	125,547	69,097	90,106	58,685
—	91,724	89,100	136,784	125,192	83,030	75,929
$1,100,451	**$1,548,612**	**$1,468,773**	**$697,455**	**$671,769**	**$319,811**	**$311,068**
30.98%	**41.73%**	**41.35%**	**18.79%**	**18.91%**	**8.62%**	**8.76%**
($47,811)	**($139,213)**	**($157,617)**	**($84,170)**	**($102,095)**	**($1,209)**	**$15,345**
104.54%	**109.88%**	**112.02%**	**113.72%**	**117.92%**	**100.38%**	**105.19%**
$ 588,290	$ 637,771	$ 609,275	$143,815	$137,981	$ 60,524	$ 58,082
(8.13%)	(21.83)	(25.87%)	(58.53%)	(73.99%)	(2.00%)	(26.42%)
$1,072,805	$1,528,583	$1,311,158	$707,390	$614,295	$369,033	$321,190
184,251	234,676	120,889	125,547	69,097	90,106	58,685
$ 888,554	**$1,293,907**	**$1,190,269**	**$581,843**	**$545,198**	**$278,927**	**$262,505**
$ 164,086	**$ 115,492**	**$ 120,887**	**$ 31,442**	**$ 24,476**	**$ 39,675**	**$ 33,218**
84.41%	**91.81%**	**90.78%**	**94.87%**	**95.70%**	**87.55%**	**88.77%**
$ 588,290	$ 637,771	$ 609,275	$143,815	$137,981	$ 60,524	$ 58,082
27.89%	18.11%	19.84%	21.86%	17.74%	65.55%	57.19%
$ 501,219	$ 547,844	$ 528,764	$316,404	$291,465	$156,383	$143,493
467,386	699,789	632,295	223,212	208,066	122,475	114,095
$ 968,605	$1,247,633	$1,161,059	$539,616	$499,531	$278,858	$257,588
4,623	1,354	1,202	16,638	15,542	8,283	7,909
$ 973,228	**$1,248,987**	**$1,162,261**	**$556,254**	**$515,073**	**$287,141**	**$265,497**
33.38%	**40.02%**	**39.86%**	**17.82%**	**17.66%**	**9.20%**	**9.10%**
$1,284,702	$1,875,012	$1,678,762	$959,786	$866,058	$492,947	$445,682
184,251	234,676	120,889	125,547	69,097	90,106	58,685
—	91,724	89,100	136,784	125,192	83,030	75,929
$1,100,451	**$1,548,612**	**$1,468,773**	**$697,455**	**$671,769**	**$319,811**	**$311,068**
30.98%	**41.73%**	**41.35%**	**18.79%**	**18.91%**	**8.62%**	**8.76%**
113.07%	**123.99%**	**126.37%**	**125.38%**	**130.42%**	**111.38%**	**117.16%**
—	$ 22,305	$ 20,567	$ 67,015	$ 61,590	$ 35,853	$ 32,953
—	68,520	68,553	53,018	51,930	26,376	26,027
—	$ 90,825	$ 89,120	$120,033	$113,520	$ 62,229	$ 58,980
$ 973,228	$1,339,812	$1,251,381	$676,287	$628,593	$349,370	$324,477
$1,100,451	$1,640,336	$1,557,873	$834,239	$796,961	$402,841	$386,997
113.07%	**122.43%**	**124.49%**	**123.36%**	**126.78%**	**115.30%**	**119.27%**

ACCRUED LIABILITY FOR POSTRETIREMENT MEDICAL INSURANCE SUBSIDY—9% INTEREST, 8% MEDICAL TREND (in thousands)

	Total 2000	Total 1999	Teachers 2000	Teachers 1999	Police Officers 2000	Police Officers 1999	Firefighters 2000	Firefighters 1999
Accrued Liability								
Actives	$125,173	$115,109	$22,305	$20,566	$ 67,015	$ 61,590	$35,853	$32,953
Retireds	147,914	146,509	68,520	68,553	53,018	51,930	26,376	26,027
Total Accrued Liability	**$273,087**	**$261,618**	**$90,825**	**$89,119**	**$120,033**	**$113,520**	**$62,229**	**$58,980**
Fair Value of Assets								
401(h) Subtrust	$ 72,460	$ 61,355	$ 1,762	—	$42,270	$ 36,477	$28,428	$24,878
Medical Special Account	239,078	228,866	89,962	89,100	94,514	88,715	54,602	51,051
Fair Value of Assets Held in Trust for Benefits for Postretirement Medical Premiums	$311,538	$290,221	$91,724	$89,100	$136,784	$125,192	$83,030	$75,929
Funded Ratio	**114.08%**	**110.93%**	**100.99%**	**99.98%**	**113.96%**	**110.28%**	**133.43%**	**128.74%**

FUNDING PROGRESS BASED ON NHRS BOARD OF TRUSTEES OBJECTIVES

TOTAL OF ALL GROUPS (dollars in thousands)

Valuation Date	6/30/99	6/30/97	6/30/95	6/30/93	6/30/91	6/30/89**
Actuarial Present Value of Accrued Benefits:						
Vested Benefits:						
Participants Currently Receiving Payments	$1,464,941	$1,172,285	$ 933,696	$ 684,862	$ 592,702	$ 463,156
Other Participants	$1,421,842	$1,201,724	$ 942,436	$ 745,789	$ 644,450	$ 443,356
Total Vested	$2,886,783	$2,374,009	$ 1,876,132	$1,430,651	$1,237,152	$ 906,512
Nonvested Benefits	$ 29,276	$ 29,054	$ 42,869	$ 26,627	$ 23,521	$ 43,841
Total Accrued Liabilities†	**$2,916,059**	**$2,403,063**	**$ 1,919,001**	**$1,457,278**	**$1,260,673**	**$ 950,353**
Fair Value of Assets for Pension Liabilities*	$3,552,061	$2,941,505	$2,303,656	$1,886,365	$1,460,196#	$1,147,548
Funded Ratio for Pension Liabilities	121.81%	122.4%	120.0%	129.4%	115.8%	120.8%
Actuarial Present Value of Post Retirement Medical Liabilities						
Active	$ 115,110	$ 66,565	$ 51,155	$ 41,808	$ 46,444	$ 45,490
Retired	$ 146,510	$ 56,781	$ 45,597	$ 34,794	$ 34,475	$ 23,417
Total	$ 261,620	$ 123,346	$ 96,752	$ 76,602	$ 80,919	$ 68,907
Total Actuarial Present Value of Accrued Benefits†	**$3,177,679**	**$2,526,409**	**$ 2,015,753**	**$1,533,880**	**$1,341,592**	**$1,019,260**
Fair Value of Assets Held in Trust for Benefits*	**$3,842,282**	**$3,060,837**	**$ 2,397,098**	**$1,967,511**	**$1,528,261#**	**$1,206,123**
Overall Funded Ratio	**120.91%**	**121.2%**	**118.9%**	**128.3%**	**113.9%**	**118.3%**

* 6/30/89 and later amounts exclude the Special Account but include the Special Reserve.

** The June 30,1989 valuation results reflect amendments which increased benefits for Group I.

\# Reflects the asset transfer as of July 1, 1991 to the non-governmental members.

† 6/30/93 and later liabilities based on a 9% interest assumption. All prior years based on an 8% interest assumption.

NOTE: Accrued Liability is defined as the actuarial present value of benefits based on service and salary as of the valuation date.

FUNDING PROGRESS BASED ON NHRS BOARD OF TRUSTEES OBJECTIVES

EMPLOYEES

(dollars in thousands)

Valuation Date	6/30/99	6/30/97	6/30/95	6/30/93	6/30/91	6/30/89
Actuarial Present Value of Accrued Benefits:						
Vested Benefits:						
Participants Currently Receiving Payments	$ 501,219	$ 418,829	$ 348,292	$ 271,847	$ 243,772	$ 190,568
Other Participants	$ 467,386	$ 391,813	$ 312,642	$ 243,102	$ 210,441	$ 147,800
Total Vested	$ 968,605	$ 810,642	$ 660,934	$ 514,949	$ 454,213	$ 338,368
Nonvested Benefits	$ 4,623	$ 5,617	$ 7,363	$ 13,222	$ 769	$ 11,935
Total Accrued Liabilities†	**$ 973,228**	**$ 816,259**	**$ 668,297**	**$ 528,171**	**$ 454,982**	**$ 350,303**
Fair Value of Assets for Pension Liabilities*	**$1,100,451**	**$ 914,804**	**$ 731,764**	**$ 606,785**	**$474,995#**	**$ 379,512**
Funded Ratio for Pension Liabilities	**113.1%**	**112.1%**	**109.5%**	**114.9%**	**104.4%**	**108.3%**
Actuarial Present Value of Post Retirement Medical Liabilities						
Active	—	—	—	—	—	—
Retired	—	—	—	—	—	—
Total	—	—	—	—	—	—
Total Actuarial Present Value of Accrued Benefits†	**$ 973,228**	**$ 816,259**	**$ 668,297**	**$ 528,171**	**$ 454,982**	**$ 350,303**
Fair Value of Assets Held in Trust for Benefits *	**$1,100,451**	**$ 914,804**	**$ 731,764**	**$ 606,785**	**$474,995#**	**$ 379,512**
Overall Funded Ratio	**113.1%**	**112.1%**	**109.5%**	**114.9%**	**104.4%**	**108.3%**

TEACHERS

(dollars in thousands)

Valuation Date	6/30/99	6/30/97	6/30/95	6/30/93	6/30/91	6/30/89
Actuarial Present Value of Accrued Benefits:						
Vested Benefits:						
Participants Currently Receiving Payments	$ 528,764	$ 417,390	$ 316,379	$ 211,850	$ 161,889	$ 131,213
Other Participants	$ 632,295	$ 530,948	$ 407,642	$ 321,365	$ 265,253	$ 168,189
Total Vested	$1,161,059	$ 948,338	$ 724,021	$ 533,215	$ 427,142	$ 299,402
Nonvested Benefits	$ 1,202	$ 2,156	$ 11,976	$ 5,069	$ 1,895	$ 4,710
Total Accrued Liabilities†	**$1,162,261**	**$ 950,494**	**$ 735,997**	**$ 538,284**	**$ 429,037**	**$ 304,112**
Fair Value of Assets for Pension Liabilities*	**$1,468,773**	**$ 1,196,062**	**$ 910,976**	**$ 738,395**	**$563,856#**	**$ 450,303**
Funded Ratio for Pension Liabilities	**126.4%**	**125.8%**	**123.8%**	**137.2%**	**131.4%**	**148.1%**
Actuarial Present Value of Post Retirement Medical Liabilities						
Active	$ 20,567	—	—	—	—	—
Retired	$ 68,553	—	—	—	—	—
Total	$ 89,120	—	—	—	—	—
Total Actuarial Present Value of Accrued Benefits†	**$1,251,381**	**$ 950,494**	**$ 735,997**	**$ 538,284**	**$ 429,037**	**$ 304,112**
Fair Value of Assets Held in Trust for Benefits *	**$1,557,873**	**$ 1,196,062**	**$ 910,976**	**$ 738,395**	**$563,856#**	**$ 450,303**
Overall Funded Ratio	**124.5%**	**125.8%**	**123.8%**	**137.2%**	**131.4%**	**148.1%**

* 6/30/89 and later amounts exclude the Special Account but include the Special Reserve.

\# Reflects the asset transfer as of July 1, 1991 to the non-governmental members.

† 6/30/93 and later liabilities based on a 9% interest assumption. All prior years based on an 8% interest assumption.

NOTE: Accumulated benefit obligation is defined as the actuarial present value of benefits based on service and salary as of the valuation date.

FUNDING PROGRESS BASED ON NHRS BOARD OF TRUSTEES OBJECTIVES

POLICE OFFICERS

(dollars in thousands)

Valuation Date	6/30/99	6/30/97	6/30/95	6/30/93	6/30/91	6/30/89
Actuarial Present Value of Accrued Benefits:						
Vested Benefits:						
Participants Currently Receiving Payments	$ 291,465	$ 223,626	$ 179,281	$ 125,635	$ 114,126	$ 82,425
Other Participants	$ 208,066	$ 182,046	$ 139,379	$ 115,721	$ 107,864	$ 83,232
Total Vested	$ 499,531	$ 405,672	$ 318,660	$ 241,356	$ 221,990	$ 165,657
Nonvested Benefits	$ 15,542	$ 14,042	$ 14,074	$ 5,559	$ 12,892	$ 17,813
Total Accrued Liabilities†	**$ 515,073**	**$ 419,714**	**$ 332,734**	**$ 246,915**	**$ 234,882**	**$ 183,470**
Fair Value of Assets for Pension Liabilities*	**$ 671,770**	**$ 564,654**	**$ 443,080**	**$ 363,770**	**$ 282,286**	**$ 210,273**
Funded Ratio for Pension Liabilities	**130.4%**	**134.5%**	**133.2%**	**147.3%**	**120.2%**	**114.6%**
Actuarial Present Value of Post Retirement Medical Liabilities						
Active	$ 61,590	$ 42,075	$ 29,302	$ 24,461	$ 28,820	$ 28,307
Retired	$ 51,930	$ 37,015	$ 29,639	$ 21,493	$ 20,966	$ 14,243
Total	**$ 113,520**	**$ 79,090**	**$ 58,941**	**$ 45,954**	**$ 49,786**	**$ 42,550**
Total Actuarial Present Value of Accrued Benefits†	**$ 628,593**	**$ 498,804**	**$ 391,675**	**$ 292,869**	**$ 284,668**	**$ 226,020**
Fair Value of Assets Held in Trust for Benefits *	**$ 796,961**	**$ 633,105**	**$ 497,333**	**$ 410,530**	**$ 321,637**	**$ 244,324**
Overall Funded Ratio	**126.8%**	**126.9%**	**127.0%**	**140.2%**	**113.0%**	**108.1%**

FIREFIGHTERS

(dollars in thousands)

Valuation Date	6/30/99	6/30/97	6/30/95	6/30/93	6/30/91	6/30/89
Actuarial Present Value of Accrued Benefits:						
Vested Benefits:						
Participants Currently Receiving Payments	$143,493	$112,440	$ 89,744	$ 75,530	$ 72,915	$ 58,950
Other Participants	$114,095	$ 96,917	$ 82,773	$ 65,601	$ 60,892	$ 44,135
Total Vested	$257,588	$209,357	$172,517	$141,131	$133,807	$103,085
Nonvested Benefits	$ 7,909	$ 7,239	$ 9,456	$ 2,777	$ 7,965	$ 9,383
Total Accrued Liabilities†	**$265,497**	**$216,596**	**$181,973**	**$143,908**	**$141,772**	**$112,468**
Fair Value of Assets for Pension Liabilities*	**$311,069**	**$265,984**	**$217,836**	**$177,415**	**$139,059**	**$107,460**
Funded Ratio for Pension Liabilities	**117.2%**	**122.8%**	**119.7%**	**123.3%**	**98.1%**	**95.6%**
Actuarial Present Value of Post Retirement Medical Liabilities						
Active	$ 32,953	$ 24,490	$ 21,853	$ 17,347	$ 17,624	$ 17,183
Retired	$ 26,027	$ 19,766	$ 15,958	$ 13,301	$ 13,509	$ 9,174
Total	**$ 58,980**	**$ 44,256**	**$ 37,811**	**$ 30,648**	**$ 31,133**	**$ 26,357**
Total Actuarial Present Value of Accrued Benefits†	**$324,477**	**$260,852**	**$219,784**	**$ 174,556**	**$172,905**	**$ 138,825**
Fair Value of Assets Held in Trust for Benefits *	**$386,998**	**$316,866**	**$257,025**	**$211,801**	**$167,773**	**$131,984**
Overall Funded Ratio	**119.3%**	**121.5%**	**116.9%**	**121.3%**	**97.0%**	**95.1%**

* 6/30/89 and later amounts exclude the Special Account but include the Special Reserve.

† 6/30/93 and later liabilities based on a 9% interest assumption. All prior years based on an 8% interest assumption.

NOTE: Accumulated benefit obligation is defined as the actuarial present value of benefits based on service and salary as of the valuation date.

Summary of Actuarial Assumptions And Methods

Assumptions and methods are adopted by the Board of Trustees in consultation with the actuary. An experience study was prepared as of June 30, 1993. The June 30, 1995 valuation which was used to determine contributions for the fiscal years ending June 30, 1998 and 1999 was based on the revised assumptions adopted by the Board of Trustees based on the June 30, 1993 experience study.

An experience study was also prepared as of June 30, 1997. The Board of Trustees adopted revised assumptions effective with the June 30, 1997 valuation which were used to determine contributions for the fiscal years ending June 30, 2000 and June 30, 2001. The Board of Trustees adopted revised postretirement mortality assumptions for Firefighters effective with the June 30, 1999 valuation which were used to determine contributions for the fiscal years ending June 30, 2002 and June 30, 2003. Note 5 in the financial section provides the financial impact of the changes in actuarial assumptions as of June 30, 1999.

GROUP I—EMPLOYEES

INTEREST RATE: 9% per annum, compounded annually.
9% per annum, compounded annually on employee contributions (includes a 4% inflation component).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, early retirement and normal retirement are as follows:

	Annual Rate of					
	Withdrawal and Vesting *		Death		Disability	
Age	Men	Women	Men	Women	Men	Women
25	8.00%	11.00%	.06%	.04%	.04%	.02%
30	7.00	9.00	.06	.04	.06	.05
35	6.00	7.00	.06	.04	.10	.10
40	4.00	6.00	.08	.08	.15	.10
45	4.00	5.00	.15	.11	.20	.15
50	5.00	5.00	.20	.15	.25	.20
55	5.00	4.00	.30	.19	.30	.20
59	5.00	4.00	.40	.22	.30	.24

*Withdrawal rates for the first two years of employment are multiplied by 2.0.

	Annual Rate of			
Age	Early Retirement		Normal Retirement	
	Men	Women	Men	Women
55	3.50%	3.00%	—	—
58	6.20	4.00	—	—
61	—	—	10.40%	10.00%
64	—	—	17.60	16.00
67	—	—	20.00	20.00
70	—	—	100.00	100.00

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows (includes a 4% inflation component):

Age	Annual Rate of Salary Increases
25	7.70%
30	6.60
35	6.35
40	6.10
45	5.90
50	5.70
55	5.50
60	5.30
64	5.14

DEATHS AFTER RETIREMENT: According to the 1995 Buck Mortality Table set forward 1 year for men and women.

	MORTALITY RATE			MORTALITY RATE	
AGE	MEN	WOMEN	AGE	MEN	WOMEN
45	.15%	.10%	75	4.18%	2.57%
50	.24	.16	80	6.93	4.20
55	.39	.23	85	10.80	7.01
60	.74	.36	90	15.08	11.25
65	1.41	.78	95	20.53	16.81
70	2.49	1.56	100	29.35	24.98

A special mortality table was used for the period after disability retirement.

VALUATION METHOD: Open group aggregate. Under this method, the excess of the actuarial present value of projected benefits over the sum of a) the actuarial value of assets, b) the present value of future employee contributions and c) the unfunded accrued liability is allocated over the future earnings of the members between the valuation date and the assumed retirement date. The actuarial present value of projected benefits, the present value of future employee contributions and the present value of future earnings are calculated for both current members and future members. The Board of Trustees recommends that the results cannot be less than the rates using target funding assuming a 130% funded level over a 20 year horizon. Gains and losses are spread over the average future careers of both current and future active members.

ASSET VALUATION METHOD: Five-year moving average of fair values based on unit values. Under this method an artificial unit value is established as a starting point, and based on that value, the starting number of units is determined. The increase in the number of units is determined by converting the net cash flow, excluding realized and unrealized gains and losses, into additional units based on the unit value at the beginning of the measurement period. At the end of the measurement period the number of units is divided into the fair value of the fund to determine the new unit value. The average unit value over the past five years is multiplied by the number of units available at the valuation date to determine the value of assets at the valuation date. The actual value of assets used in the valuation is the middle value among book, fair, and the five-year average value, however, it cannot be lower than the five-year average value.

PERCENTAGE MARRIED: 80% of active members are assumed to be married and eligible for spouse's benefit with the husband assumed to be three years older than the wife.

SEVERANCE PAY: The valuation recognizes 75% of the effect of severance pay.

EXPENSES: Normal rate is loaded by 0.30% for fiscal year 1999 and by 0.30% for fiscal year 2000.

PROJECTION ASSUMPTIONS: The following additional assumptions were used in projecting the workforce. All other assumptions for projection purposes were identical to the valuation assumptions outlined above.

WORKFORCE SIZE: Constant

NEW ENTRANT DISTRIBUTION: The new entrants are assumed to be 40% male and 60% female distributed by age as follows:

	Male		Female	
Age	Percent	1997 Compensation Level*	Percent	1997 Compensation Level*
20	5.0%	$ 16,000	5.0%	$ 15,000
25	15.0	18,000	15.0	16,000
30	15.0	21,000	15.0	18,000
35	15.0	22,000	15.0	19,000
40	15.0	23,000	20.0	19,000
45	15.0	24,000	15.0	19,000
50	10.0	24,000	10.0	19,000
55	10.0	25,000	5.0	19,000

* Increases at 5.0% per annum and based on 6/30/97 new member demographics.

INVESTMENTS: The total realized rate of return on adjusted assets was 9% per annum during the projection period.

GROUP I—TEACHERS

INTEREST RATE: 9% per annum, compounded annually.
9% per annum, compounded annually on employee contributions
(includes a 4% inflation component).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, early retirement and normal retirement are as follows:

	Annual Rate of					
	Withdrawal and Vesting *		Death		Disability	
Age	Men	Women	Men	Women	Men	Women
25	5.00%	5.00%	.06%	.05%	.01%	.01%
30	5.00	5.00	.06	.05	.01	.01
35	4.00	5.00	.06	.05	.01	.01
40	3.00	3.00	.06	.05	.01	.01
45	3.00	2.00	.06	.05	.02	.02
50	4.00	4.00	.12	.10	.05	.05
55	5.00	4.00	.18	.15	.20	.10
59	6.00	5.00	.18	.20	.30	.25

* Withdrawal rates for first year of employment are multiplied by 3.0 and for second year of employment are multiplied by 2.0.

	Annual Rate of	
Age	Early Retirement	Normal Retirement
55	3.00%	—
58	7.80	—
61	—	14.30%
64	—	24.20
67	—	33.25
70	—	100.00

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows (includes a 4% inflation component):

Age	Annual Rate of Salary Increases
25	8.50%
30	6.50
35	5.75
40	5.50
45	5.25
50	5.00
55	5.00
60	4.00
64	4.00

DEATHS AFTER RETIREMENT: According to the 1995 Buck Mortality Table set back 2 years for women and set back 1 year for men.

	MORTALITY RATE			MORTALITY RATE	
AGE	MEN	WOMEN	AGE	MEN	WOMEN
45	.13%	.07%	75	3.40%	1.92%
50	.20	.12	80	5.68	3.11
55	.31	.18	85	9.16	5.15
60	.56	.26	90	13.32	8.57
65	1.09	.48	95	18.10	13.27
70	2.00	1.06	100	25.20	19.64

A special mortality table was used for the period after disability retirement.

VALUATION METHOD: Open group aggregate. Under this method, the excess of the actuarial present value of projected benefits over the sum of a) the actuarial value of assets, b) the present value of future employee contributions and c) the unfunded accrued liability is allocated over the future earnings of the members between the valuation date and the assumed retirement date. The actuarial present value of projected benefits, the present value of future employee contributions and the present value of future earnings are calculated for both current members and future members. The Board of Trustees recommends that the results cannot be less than the rates using target funding assuming a 130% funded level over a 20 year horizon. Gains and losses are spread over the average future careers of both current and future active members.

ASSET VALUATION METHOD: Five-year moving average of fair values based on unit values. Under this method an artificial unit value is established as a starting point, and based on that value, the starting number of units is determined. The increase in the number of units is determined by converting the net cash flow, excluding realized and unrealized gains and losses, into additional units based on the unit value at the beginning of the measurement period. At the end of the measurement period the number of units is divided into the fair value of the fund to determine the new unit value. The average unit value over the past five years is multiplied by the number of units available at the valuation date to determine the value of assets at the valuation date. The actual value of assets used in the valuation is the middle value among book, fair, and the five-year average value, however, it cannot be lower than the five-year average value.

PERCENTAGE MARRIED: 80% of active members are assumed to be married and eligible for spouse's benefit with the husband assumed to be three years older than the wife.

SEVERANCE PAY: The valuation recognizes 75% of the effect of severance pay.

EXPENSES: Employing subdivision's normal rate is loaded by 0.30% for fiscal year 1999 and by 0.30% for fiscal year 2000.

PROJECTION ASSUMPTIONS: The following additional assumptions were used in projecting the workforce. All other assumptions for projection purposes were identical to the valuation assumptions outlined above.

WORKFORCE SIZE: Constant

NEW ENTRANT DISTRIBUTION: The new entrants are assumed to be 25% male and 75% female distributed by age as follows:

	Male		Female	
Age	Percent	1997 Compensation Level*	Percent	1997 Compensation Level*
25	25.0%	$ 26,000	25.0%	$ 26,000
30	25.0	28,000	20.0	28,000
35	10.0	29,000	10.0	28,000
40	10.0	35,000	15.0	30,000
45	15.0	36,000	15.0	31,000
50	10.0	39,000	10.0	34,000
55	5.0	40,000	5.0	36,000

*Increases at 5.0% per annum and based on 6/30/97 new member demographics.

INVESTMENTS: The total realized rate of return on adjusted assets was 9% per annum during the projection period.

GROUP II — POLICE OFFICERS

INTEREST RATE: 9% per annum, compounded annually.
9% per annum, compounded annually on employee contributions
(includes a 4% inflation component).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal, vesting, death, disability, and retirement are as follows:

	Annual Rate of					
		Death		Disability		
Age	Withdrawal and Vesting	Ordinary	Accidental	Ordinary	Accidental	Retirement
25	6.00%	.05%	.01%	.01%	.01%	—
30	5.00	.06	.01	.02	.01	—
35	4.00	.07	.01	.02	.23	—
40	3.00	.10	.01	.06	.35	—
45	3.00	.14	.01	.24	.46	20.00%
50	3.00	.16	.01	.20	.58	22.08
55	2.00	.24	.01	.36	.82	24.17
60	2.00	.30	.01	1.38	.90	26.25
64	—	.40	.01	2.19	1.15	27.92
67	—	—	—	—	—	29.17
70	—	—	—	—	—	100.00

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows (includes a 4% inflation component):

Age	Annual Rate of Salary Increases
25	12.50%
30	8.00
35	6.75
40	5.50
45	5.50
50	4.00
55	4.00
60	4.00
64	4.00

DEATHS AFTER RETIREMENT: According to the 1995 Buck Mortality Table set forward 1 year for men and women.

	MORTALITY RATE			MORTALITY RATE	
AGE	MEN	WOMEN	AGE	MEN	WOMEN
45	.15%	.10%	75	4.18%	2.57%
50	.24	.16	80	6.93	4.20
55	.39	.23	85	10.80	7.01
60	.74	.36	90	15.08	11.25
65	1.41	.78	95	20.53	16.81
70	2.49	1.56	100	29.35	24.98

A special mortality table was used for the period after disability retirement.

NORMAL RETIREMENT: Age 45 with 20 years of service or age 60 if earlier.

VALUATION METHOD: Open group aggregate. Under this method, the excess of the actuarial present value of projected benefits over the sum of a) the actuarial value of assets, b) the present value of future employee contributions and c) the unfunded accrued liability is allocated over the future earnings of the members between the valuation date and the assumed retirement date. The actuarial present value of projected benefits, the present value of future employee contributions and the present value of future earnings are calculated for both current members and future members. The Board of Trustees recommends that the results cannot be less than the rates using target funding assuming a 130% funded level over a 20 year horizon. Gains and losses are spread over the average future careers of both current and future active members.

ASSET VALUATION METHOD: Five-year moving average of fair values based on unit values. Under this method an artificial unit value is established as a starting point, and based on that value, the starting number of units is determined. The increase in the number of units is determined by converting the net cash flow, excluding realized and unrealized gains and losses, into additional units based on the unit value at the beginning of the measurement period. At the end of the measurement period the number of units is divided into the fair value of the fund to determine the new unit value. The average unit value over the past five years is multiplied by the number of units available at the valuation date to determine the value of assets at the valuation date. The actual value of assets used in the valuation is the middle value among book, fair, and the five-year average value, however, it cannot be lower than the five-year average value.

PERCENTAGE MARRIED: 50% of active members are assumed to be married and eligible for spouse's benefit with the husband assumed to be three years older than the wife. 40% of active members are assumed to be married and elect spousal coverage for postretirement medical benefits.

SEVERANCE PAY: The valuation recognizes 75% of the effect of severance pay.

EXPENSES: Employing subdivision's normal rate is loaded by 0.30% for fiscal year 1999 and 0.30% for fiscal year 2000.

PROJECTION ASSUMPTIONS: The following additional assumptions were used in projecting the workforce. All other assumptions for projection purposes were identical to the valuation assumptions outlined above.

WORKFORCE SIZE: Constant

NEW ENTRANT DISTRIBUTION: The new entrants are assumed to be all males distributed by age as follows:

Age	Percent	1997 Compensation Level*
20	5.0%	$19,000
25	45.0	26,000
30	25.0	26,000
35	10.0	29,000
40	10.0	30,000
45	5.0	35,000

*Increases at 5.0% per annum and based on 6/30/97 new member demographics.

INVESTMENTS: The total realized rate of return on adjusted assets was 9% per annum during the projection period.

GROUP II — FIREFIGHTERS

INTEREST RATE: 9% per annum, compounded annually.
9% per annum, compounded annually on employee contributions
(includes a 4% inflation component).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, and retirement are as follows:

	Annual Rate of					
		Death		Disability		
Age	Withdrawal and Vesting	Ordinary	Accidental	Ordinary	Accidental	Retirement
25	2.00%	.04%	.02%	.01%	.05%	—
30	1.00	.04	.02	.02	.10	—
35	1.00	.05	.02	.03	.20	—
40	1.00	.07	.02	.10	.20	—
45	1.00	.10	.02	.40	.30	14.30%
50	1.00	.11	.02	.30	1.00	13.75
55	1.00	.17	.02	.60	1.00	10.00
60	—	.21	.02	.60	1.00	20.00
64	—	.28	.02	.60	1.00	29.00
67	—	—	—	—	—	40.00
70	—	—	—	—	—	100.00

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows (includes a 4% inflation component):

Age	Annual Rate of Salary Increases
25	7.62%
30	6.79
35	5.96
40	5.50
45	5.29
50	5.21
55	5.00
60	4.95
64	4.91

DEATHS AFTER RETIREMENT: According to the 1984 Buck Mortality Table.

	MORTALITY RATE			MORTALITY RATE	
AGE	MEN	WOMEN	AGE	MEN	WOMEN
45	.24%	.10%	75	4.97%	2.93%
50	.35	.16	80	7.76	4.72
55	.54	.29	85	11.64	7.26
60	.96	.54	90	16.16	10.71
65	1.77	.99	95	20.78	15.71
70	3.09	1.74	100	27.66	23.96

A special mortality table was used for the period after disability retirement.

NORMAL RETIREMENT: Age 45 with 20 years of service or age 60 if earlier.

VALUATION METHOD: Open group aggregate. Under this method, the excess of the actuarial present value of projected benefits over the sum of a) the actuarial value of assets, b) the present value of future employee contributions and c) the unfunded accrued liability is allocated over the future earnings of the members between the valuation date and the assumed retirement date. The actuarial present value of projected benefits, the present value of future employee contributions and the present value of future earnings are calculated for both current members and future members. The Board of Trustees recommends that the results cannot be less than the rates using target funding assuming a 130% funded level over a 20 year horizon. Gains and losses are spread over the average future careers of both current and future active members.

ASSET VALUATION METHOD: Five-year moving average of fair values based on unit values. Under this method an artificial unit value is established as a starting point, and based on that value, the starting number of units is determined. The increase in the number of units is determined by converting the net cash flow, excluding realized and unrealized gains and losses, into additional units based on the unit value at the beginning of the measurement period. At the end of the measurement period the number of units is divided into the fair value of the fund to determine the new unit value. The average unit value over the past five years is multiplied by the number of units available at the valuation date to determine the value of assets at the valuation date. The actual value of assets used in the valuation is the middle value among book, fair, and the five-year average value, however, it cannot be lower than the five-year average value.

PERCENTAGE MARRIED: 50% of active members are assumed to be married and eligible for spouse's benefit with the husband assumed to be three years older than the wife. 40% of active members are assumed to be married and elect spousal coverage for postretirement medical benefits.

SEVERANCE PAY: The valuation recognizes 75% of the effect of severance pay.

EXPENSES: Employing subdivision's normal rate is loaded by 0.30% for fiscal year 1999 and by 0.30% for fiscal years 2000.

PROJECTION ASSUMPTIONS: The following additional assumptions were used in projecting the workforce. All other assumptions for projection purposes were identical to the valuation assumptions outlined above.

WORKFORCE SIZE: Constant

NEW ENTRANT DISTRIBUTION: The new entrants are assumed to be all males distributed by age as follows:

Age	Percent	1997 Compensation Level*
20	5.0%	$29,000
25	35.0	29,000
30	35.0	29,000
35	10.0	31,000
40	10.0	31,000
45	5.0	32,000

*Increases at 5.0% per annum and based on 6/30/97 new member demographics.

INVESTMENTS: The total realized rate of return on adjusted assets was 9% per annum during the projection period.

Historical Membership Data—Active and Retired

The following 4 tables summarize the actuarial valuation data for the period from 1989 through 1999. Since biennial valuations are prepared, the data is available for odd years only.

EMPLOYEES

(aggregate compensation and aggregate benefit dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES***	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
1999	22,519	$588,290	$26,124	3.86%
1997	21,307	535,936	25,153	(1.26)
1995	20,717	527,715	25,473	5.51
1993	19,730	476,326	24,142	5.47
1991	18,971	434,225	22,889	11.16
1989	18,439	379,672	20,591	10.96

RETIRED MEMBERSHIP DATA

	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR			
FISCAL YEAR	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
1999	1,183	$10,077	571	$3,195	7,928	$61,501	20.00 %	$7,757
1997	1,064	9,120	578	2,724	7,316	51,249	19.11	7,005
1995	1,195	N/A	393	N/A	6,830	43,027	26.95	6,300
1993	855	N/A	302	N/A	6,028	33,892	18.77	5,622
1991	928	N/A	394	N/A	5,475	28,535	25.38	5,212
1989	854	N/A	260	N/A	4,941	22,758	54.15	4,606

TEACHERS

(aggregate compensation and aggregate benefit dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES***	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
1999	16,034	$609,275	$37,999	3.27%
1997	15,062	554,208	36,795	3.09
1995	14,419	514,653	35,693	2.41
1993	13,889	484,070	34,853	6.50
1991	13,693	448,107	32,725	25.15
1989	14,849	388,277	26,148	20.93

RETIRED MEMBERSHIP DATA

	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR			
FISCAL YEAR	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
1999	685	$11,458	292	$2,504	4,289	$61,301	25.29 %	$14,293
1997	583	9,528	294	2,220	3,896	48,927	28.21	12,558
1995	627	N/A	204	N/A	3,607	38,161	45.93	10,580
1993	428	N/A	165	N/A	3,184	26,151	31.41	8,213
1991	334	N/A	228	N/A	2,921	19,900	20.73	6,813
1989	277	N/A	152	N/A	2,815	16,483	38.32	5,855

* Includes beneficiaries in receipt but excludes deferred vested terminations.

** Includes additional COLA allowances. The benefit amounts shown are the monthly benefits as of the valuation date annualized and are not the actual benefits paid during the fiscal year.

*** Excludes temporary inactive members.

POLICE OFFICERS

(aggregate compensation and aggregate benefit dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES***	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
1999	3,600	$137,981	$38,328	4.30%
1997	3,393	124,669	36,743	3.97
1995	3,254	114,994	35,339	1.52
1993	2,980	103,734	34,810	7.15
1991	2,914	94,670	32,488	10.85
1989	2,664	78,078	29,309	14.72

RETIRED MEMBERSHIP DATA

	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR			
FISCAL YEAR	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
1999	238	$5,790	39	$604	1,369	$30,490	30.00 %	$22,272
1997	167	3,252	54	648	1,170	23,450	22.39	20,043
1995	194	N/A	32	N/A	1,057	19,160	41.07	18,127
1993	122	N/A	19	N/A	895	13,582	22.51	15,175
1991	141	N/A	36	N/A	792	11,086	34.23	13,998
1989	124	N/A	34	N/A	687	8,259	46.13	12,022

FIREFIGHTERS

(aggregate compensation and aggregate benefit dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES***	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
1999	1,339	$58,081	$43,376	6.50%
1997	1,289	52,500	40,729	4.68
1995	1,289	50,151	38,907	6.51
1993	1,287	47,013	36,529	9.54
1991	1,307	43,586	33,348	12.97
1989	1,262	37,252	29,518	17.57

RETIRED MEMBERSHIP DATA

	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR			
FISCAL YEAR	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
1999	108	$2,684	41	$514	781	$15,787	25.03 %	$20,214
1997	93	2,244	38	432	714	12,627	23.01	17,685
1995	63	N/A	28	N/A	659	10,265	19.35	15,576
1993	60	N/A	22	N/A	624	8,601	15.06	13,784
1991	72	N/A	26	N/A	586	7,475	19.58	12,756
1989	71	N/A	26	N/A	540	6,251	34.03	11,576

* Includes beneficiaries in receipt but excludes deferred vested terminations.

** Includes additional COLA allowances. The benefit amounts shown are the monthly benefits as of the valuation date annualized and are not the actual benefits paid during the fiscal year.

*** Excludes temporary inactive members.

Solvency Test

TOTAL OF ALL GROUPS

(dollars in thousands)

	Projected Liabilities For						
Fiscal Year	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*	Net Assets Held For Benefits**	Percentage of Accrued Liabilities Covered By Net Assets Held for Benefits (1)	(2)	(3)
2000	$ 1,309,395	$ 1,536,578	$ 614,286	$ 3,109,734	100.00%	100.00%	42.94%
1999	$ 1,229,239	$ 1,464,941	$ 535,011	$ 2,886,526	100.00%	100.00%	35.95%
1998	$ 1,129,695	$ 1,278,159	$ 516,804	$ 3,167,053	100.00%	100.00%	100.00%
1997	$ 1,027,616	$ 1,172,285	$ 477,131	$ 2,941,505	100.00%	100.00%	100.00%
1996	$ 929,829	$ 986,295	$ 502,774	$ 2,547,190	100.00%	100.00%	100.00%
1995	$ 843,880	$ 933,696	$ 447,463	$ 2,303,656	100.00%	100.00%	100.00%

EMPLOYEES

(dollars in thousands)

	Projected Liabilities For						
Fiscal Year	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*	Net Assets Held For Benefits**	Percentage of Accrued Liabilities Covered By Net Assets Held for Benefits (1)	(2)	(3)
2000	$ 436,460	$ 515,947	$ 166,567	$ 955,057	100.00%	100.00%	1.59%
1999	$ 419,864	$ 501,219	$ 131,556	$ 888,554	100.00%	93.51%	0.00%
1998	$ 381,408	$ 453,196	$ 129,150	$ 982,255	100.00%	100.00%	100.00%
1997	$ 347,726	$ 418,829	$ 117,983	$ 914,804	100.00%	100.00%	100.00%
1996	$ 315,455	$ 355,207	$ 137,050	$ 794,959	100.00%	100.00%	90.69%
1995	$ 285,352	$ 348,292	$ 119,045	$ 731,764	100.00%	100.00%	82.42%

TEACHERS

(dollars in thousands)

	Projected Liabilities For						
Fiscal Year	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*	Net Assets Held For Benefits**	Percentage of Accrued Liabilities Covered By Net Assets Held for Benefits (1)	(2)	(3)
2000	$ 579,900	$ 547,844	$ 281,655	$ 1,293,907	100.00%	100.00%	59.00%
1999	$ 537,114	$ 528,764	$ 245,278	$ 1,190,269	100.00%	100.00%	50.71%
1998	$ 495,845	$ 450,786	$ 244,476	$ 1,301,650	100.00%	100.00%	100.00%
1997	$ 446,967	$ 417,390	$ 223,086	$ 1,196,062	100.00%	100.00%	100.00%
1996	$ 405,916	$ 338,028	$ 234,448	$ 1,028,870	100.00%	100.00%	100.00%
1995	$ 368,898	$ 316,379	$ 203,703	$ 910,976	100.00%	100.00%	100.00%

* Liabilities for active members are based on service as of the valuation date and projected compensation at the member's expected retirement date. Also includes terminated vested members.

** Based on Actuarial Value of Assets excluding Special Account and reserve for medical subsidy and transfer to non-governmental employees for Fiscal Year 2000 and based on Fair Value of Assets for Fiscal Years prior to 2000.

NOTE: Based on a 9% interest rate.

POLICE OFFICERS

(dollars in thousands)

	Projected Liabilities For						
	(1)	(2)	(3)		Percentage of Accrued Liabilities Covered By Net Assets Held for Benefits		
Fiscal Year	Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members (Employer Financed Portion)*	Net Assets Held For Benefits**	(1)	(2)	(3)
2000	$ 190,592	$ 316,404	$ 106,288	$ 581,843	100.00%	100.00%	70.42%
1999	$ 175,847	$ 291,465	$ 102,361	$ 545,198	100.00%	100.00%	76.09%
1998	$ 163,055	$ 250,584	$ 93,394	$ 603,742	100.00%	100.00%	100.00%
1997	$ 150,905	$ 223,626	$ 88,849	$ 564,654	100.00%	100.00%	100.00%
1996	$ 134,743	$ 195,777	$ 77,509	$ 489,653	100.00%	100.00%	100.00%
1995	$ 121,097	$ 179,281	$ 74,111	$ 443,080	100.00%	100.00%	100.00%

FIREFIGHTERS

(dollars in thousands)

	Projected Liabilities For						
	(1)	(2)	(3)		Percentage of Accrued Liabilities Covered By Net Assets Held for Benefits		
Fiscal Year	Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members (Employer Financed Portion)*	Net Assets Held For Benefits**	(1)	(2)	(3)
2000	$ 102,443	$ 156,383	$ 59,776	$ 278,927	100.00%	100.00%	33.63%
1999	$ 96,414	$ 143,493	$ 55,816	$ 262,505	100.00%	100.00%	40.49%
1998	$ 89,387	$ 123,593	$ 49,784	$ 279,406	100.00%	100.00%	100.00%
1997	$ 82,018	$ 112,440	$ 47,213	$ 265,985	100.00%	100.00%	100.00%
1996	$ 73,715	$ 97,283	$ 53,767	$ 233,708	100.00%	100.00%	100.00%
1995	$ 68,533	$ 89,744	$ 50,604	$ 217,836	100.00%	100.00%	100.00%

* Liabilities for active members are based on service as of the valuation date and projected compensation at the member's expected retirement date. Also includes terminated vested members.

** Based on Actuarial Value of Assets excluding Special Account and reserve for medical subsidy and transfer to non-governmental employees for Fiscal Year 2000 and based on Fair Value of Assets for Fiscal Years prior to 2000.

NOTE: Based on a 9% interest rate.

This presentation shows the experience of actual financial results relative to expected results. It is an analysis which focuses on actuarial gains and losses over the most recent five actuarial valuations and reconciles the difference in the actuarial normal contribution rates from the expected to actual values.

RECONCILIATION OF EMPLOYER NORMAL RATE *

EMPLOYEES

YEAR ENDED	June 30 1999	June 30 1997	June 30 1995	June 30 1993	June 30 1991
Projected Normal Rate*	3.94%	3.86%	3.14%	2.65%	6.79%
Decremental Experience	.15	.19	.17	.11	.09
Pensioner's Experience	.01	.01	.02	.01	.05
Excess Salary Increases	(.05)	(.13)	(.05)	(.06)	(.07)
Assets Different than Expected	—	(.03)	.06	(.15)	(.08)
Current New Entrants	(.04)	(.04)	(.05)	.01	.43
Amendments	—	—	.01	—	.25
Assumption Changes #	.18	.12	.38	.47	(4.96)
Balancing Items	(.05)	(.04)	.18	.10	.15
ACTUAL NORMAL RATE	**4.14%**	**3.94%**	**3.86%**	**3.14%**	**2.65%**

TEACHERS

YEAR ENDED	June 30 1999	June 30 1997	June 30 1995	June 30 1993	June 30 1991
Projected Normal Rate *	4.11%	4.05%	3.35%	2.79%	5.23%
Decremental Experience	.12	.12	.12	.12	.18
Pensioner's Experience	—	—	.01	.03	(.01)
Excess Salary Increases	(.15)	(.17)	(.30)	(.08)	.17
Assets Different than Expected	(.12)	(.03)	.02	(.19)	.17
Current New Entrants	(.07)	(.05)	(.05)	—	.31
Amendments	—	—	—	—	.20
Assumption Changes #	.09	.16	.49	.91	(3.20)
Balancing Items	(.01)	.03	.41	(.23)	(.26)
ACTUAL NORMAL RATE	**3.97%**	**4.11%**	**4.05%**	**3.35%**	**2.79%**

* Based on forecast valuations.

\# Includes severance and new entrant population assumption changes.

This presentation shows the experience of actual financial results relative to expected results. It is an analysis which focuses on actuarial gains and losses over the most recent five actuarial valuations and reconciles the difference in the actuarial normal contribution rates from the expected to actual values.

RECONCILIATION OF EMPLOYER NORMAL RATE *

POLICE OFFICERS

YEAR ENDED	June 30 1999	June 30 1997	June 30 1995	June 30 1993	June 30 1991
Projected Normal Rate *	7.13%	5.22%	3.81%	5.07%	10.85%
Decremental Experience	.34	.23	.33	.15	.03
Pensioner's Experience	.05	.04	.06	(.01)	.48
Excess Salary Increases	—	(.15)	(.24)	.01	.31
Assets Different than Expected	.05	(.10)	.18	(.71)	(.28)
Current New Entrants	(.01)	.04	.01	(.02)	.72
Amendments	—	—	.07	(.01)	—
Assumption Changes #	.50	1.24	.87	(.98)	(7.49)
Demographics	—	.43	—	—	—
Balancing Items	.14	.18	.13	.31	.45
ACTUAL NORMAL RATE	**8.20%**	**7.13%**	**5.22%**	**3.81%**	**5.07%**

FIREFIGHTERS

YEAR ENDED	June 30 1999	June 30 1997	June 30 1995	June 30 1993	June 30 1991
Projected Normal Rate *	8.30%	7.61%	6.47%	8.15%	15.14%
Decremental Experience	.21	.34	(.05)	(.14)	(.12)
Pensioner's Experience	.05	.09	.23	(.10)	1.06
Excess Salary Increases	.05	(.08)	(.36)	.13	.08
Assets Different than Expected	.62	(.04)	.22	(.18)	(.42)
Current New Entrants	(.03)	.08	.01	.07	1.05
Amendments	—	—	.06	(.01)	—
Assumption Changes #	.91	(.50)	1.07	(1.41)	(9.49)
Demographics	—	.57	—	—	—
Balancing Items	.06	.23	(.04)	(.04)	.85
ACTUAL NORMAL RATE	**10.17%**	**8.30%**	**7.61%**	**6.47%**	**8.15%**

* Based on forecast valuations.

\# Includes severance and new entrant population assumption changes.

Summary of Principal Plan Provisions As Interpreted For Valuation Purposes

1—GENERAL

Plan Name	New Hampshire Retirement System.
Effective Date	July 1, 1967.
Membership	Prospectively, any employee, teacher, permanent police officer or permanent firefighter becomes a member as a condition of employment; except in the case of elected officials or officials appointed for fixed terms, membership is optional.
Average Final Compensation (AFC)	Average annual compensation during highest 3 years.
NOTE:	A more detailed description of the plan provisions is available from the System's administrative office.

2—BENEFITS

GROUP I MEMBERS (EMPLOYEES AND TEACHERS)

Service Retirement

Eligibility	Age 60.
Amount of Benefit	A member annuity equal to the actuarial equivalent of the member's accumulated contributions plus a state annuity. Prior to the member's attainment of age 65, the state annuity, together with the member annuity, shall be equal to 1/60 of AFC multiplied by years of service. After attainment of age 65, the state annuity, together with the member annuity, shall be equal to 1/66 of AFC multiplied by years of service.

Reduced Service Retirement

Eligibility	Age plus service of at least 70, provided the member has at least 20 years of service or age 50 with at least 10 years of service.
Amount of Benefit	Service retirement benefit is reduced by the following percents for each month that benefits commence prior to age 60.

Years of Service at Retirement	Monthly Percent Reduction
35 or more	1/8 of 1%
30–35	1/4 of 1%
25–30	1/3 of 1%
20–25	5/12 of 1%
less than 20	5/9 of 1%

Ordinary Disability Retirement

Eligibility	10 years of service and permanent disability.
Amount of Benefit	Service retirement benefit if age 60, otherwise a member annuity plus a state annuity which together equals 1.5% of AFC multiplied by the number of years of creditable service at the time of disability; provided that the benefit shall not be less than 25% of AFC.

Accidental Disability Retirement

Eligibility	Permanently disabled due to accident occurring while in the performance of duty.
Amount of Benefit	Service retirement benefit if age 60, otherwise a member annuity plus a state annuity which together equals 50% of AFC; provided that the benefit shall not be less than 50% of AFC.

Ordinary Death Benefit

Eligibility	Death, other than accidental death.
Amount of Benefit	(a) If eligible for service retirement and, (i) if survived by a spouse, 50% of the service retirement benefit payable until death or remarriage; (ii) if no surviving spouse or member designated a beneficiary other than a spouse, a lump sum equal to the greater of $3,600 or the member's annual compensation. (b) If not eligible for service retirement, a lump sum equal to the greater of $3,600 or the member's annual compensation.

Accidental Death Benefit

Eligibility	Accidental death occurring while in the performance of duty.
Amount of Benefit	Benefit equal to 50% of AFC.

Vested Deferred Retirement

Eligibility	10 years of service, if no withdrawal of contributions.
Amount of Benefit	Payable at age 60, a member annuity plus a state annuity which together equals the service retirement benefit that would be payable after age 60. The benefit changes at age 65 as for service retirement. At any time after attainment of age 50, a member may have his benefit commence early, however, the benefit will be reduced for early commencement using the same early retirement reduction factors as described under reduced service retirement.

Return of Members' Contributions

(a) Upon termination of service other than for retirement or death, and if vested deferred retirement benefit has not been elected, the member's accumulated contributions are returned to him.

(b) Upon accidental death or upon other death for which no surviving spouse's benefit is payable, the member's accumulated contributions will be paid to the member's beneficiary or estate.

(c) Upon death prior to age 60 of a member on deferred vested retirement, the member's accumulated contributions will be paid to the member's beneficiary or estate.

(d) Upon death of a retired member (or the survivor of a retired member, if an optional benefit was elected), the excess of his accumulated contributions at retirement over the benefits received by the retired member (and, in the case of election of an optional benefit, the benefits received by the survivor) will be paid to the beneficiary or estate of the member.

Special Provisions Applicable to Certain Members Transferred from the Employees' Retirement System of the State of New Hampshire

Certain employee members transferred to the New Hampshire Retirement System effective January 1, 1976 have elected to have their benefits calculated on the basis of the provisions of the Predecessor System.

GROUP II MEMBERS (POLICE OFFICERS AND FIREFIGHTERS)

Service Retirement	
Eligibility	Age 45 and 20 years service or age 60 if earlier (age 65 before July 1,1989), regardless of number of years of service.
Amount of Benefit	A member annuity equal to the actuarial equivalent of the member's accumulated contributions plus a state annuity which together with the member annuity is equal to 2-1/2% of AFC times years of service, but not more than 40 years. Effective July 1, 1992, if a member retires on a full service retirement, the minimum annual benefit (prior to reduction for optional form of payment) is $5,200. The minimum annual benefit is reduced for benefits payable from Social Security and from any public body benefits.
Ordinary Disability Retirement	
Eligibility	10 years service and permanent disability.
Amount of Benefit	A member annuity plus a state annuity which together equals the service retirement benefit; provided that the benefit shall not be less than 25% of the member's annual compensation.
Accidental Disability Retirement	
Eligibility	Permanent disability occurring while in the performance of duty.
Amount of Benefit	A member annuity as for service retirement plus a state annuity which together with the member annuity is equal to 2/3 of AFC. If a member has completed more than 26-2/3 years of service, then a supplemental disability allowance will also be paid equal to 2-1/2% of AFC multiplied by service in excess of 26-2/3 years but not in excess of 40 years.
Ordinary Death Benefit	
Eligibility	Death other than accidental death.
Amount of Benefit	(a) If eligible for service retirement and, (i) if survived by a spouse, 50% of the service retirement benefit payable until death or remarriage. (ii) if no surviving spouse or member designated a beneficiary other than a spouse, a lump sum equal to the greater of $3,600 or member's annual compensation. (b) If not eligible for service retirement, a lump sum equal to the greater of $3,600 or the member's annual compensation.
Accidental Death Benefit	
Eligibility	Accidental death occurring while in the performance of duty.
Amount of Benefit	A state annuity payable first to spouse until death or remarriage, then to children under age 18 or if no spouse or children, to dependent parent, or member's beneficiaries or estate.
Death after Retirement	**Retirement Prior to April 1, 1987**
	Lump sum of $3,600 unless accidental disability retirement, then surviving spouse receives 50% of the retired member's disability benefits payable until death or remarriage.

	Retirement on or after April 1, 1987
	Benefit payable to surviving spouse until death or remarriage equal to 50% of the member's service, ordinary disability or accidental disability retirement allowance if member was married on the date of retirement plus a lump sum. The lump sum shall be equal to: If retired prior to July 1, 1988: $ 3,600 If retired on or after July 1, 1988: If Group II member as of June 30, 1988 $10,000 If becomes a Group II member after June 30, 1988 and prior to July 1, 1993 $ 3,600
Special Death Benefit—Old Firefighter's System	
	Continuance of duty connected disability benefits to spouse of deceased retired member payable until death or remarriage.
Vested Deferred Retirement	
Eligibility	10 years of service, if no withdrawal of contributions.
Amount of Benefit	Payable when the member would be age 45 with 20 years of service, a benefit determined as for service retirement.
Return of Members' Contributions	
	(a) Upon termination of service other than for retirement or death, and if vested deferred retirement has not been elected, the member's accumulated contributions are returned to the member. (b) Upon accidental death or upon other death for which no surviving spouse's benefit is payable, the member's accumulated contributions will be paid to the member's beneficiary or estate. (c) Upon death of a member on vested deferred retirement prior to the time benefits commence, the member's accumulated contributions will be paid to the member's beneficiary or estate. (d) Upon death of the survivor of a member retired on accidental disability and his spouse in receipt of the accidental disability survivor benefit, the excess of the member's accumulated contributions at retirement over the benefits received by the member and the spouse will be paid to the beneficiary or estate. (e) Upon death of a retired member (or the survivor of a retired member, if an optional benefit was elected), the excess of accumulated contributions at retirement over the benefits received by the retired member (and, in the case of election of an optional benefit, the benefits received by the survivor) will be paid to the beneficiary or estate of the member.
Benefits for Call Firefighters	
Accidental Disability	Annual benefit not to exceed $1,250 if permanently disabled while in the performance of duty.

Accidental Death	Annual benefit not to exceed $1,250 if death as a result of injury received while in the performance of duty. Paid to spouse until death or remarriage, then to children until age 18 or if no spouse or children under 18, to the dependent parent.
Death after Accidental Disability	Upon death of a call firefighter receiving accidental disability benefits, the benefit will continue to be paid to the spouse until death or remarriage, then to children under age 18.

3—CONTRIBUTIONS

GROUP I MEMBERS (EMPLOYEES AND TEACHERS)

By Members	5.00% of compensation.
By Employer	
For Employee Members	100% of the normal contribution rate for their employees plus accrued liability contributions, if any.
For Teacher Members	65% of the normal contribution rate for their employees plus 65% of the accrued liability contributions, if any.
By the State	
For Employee Members	100% of the normal contribution rate for its employees plus accrued liability contributions, plus any delinquent accrued liability contributions.
For Teacher Members	35% of the normal contribution rate for the employees of the employing subdivisions plus 35% of the accrued liability contributions, if any, plus any delinquent accrued liability contributions. In the case of teacher members employed by the state, the state shall pay 100% of both the normal and accrued liability contributions, if any.

GROUP II MEMBERS (POLICE OFFICERS AND FIREFIGHTERS)

By Members	
Police Officers and Firefighters	9.30% of compensation.
Call Firefighters	$6 per year (not refundable).
By Employing Subdivisions	65% of the normal contribution rate for their employees plus 65% of the accrued liability contributions, if any.
By the State	35% of the normal contribution rate for the employees of the employing subdivision plus 35% accrued liability contributions, if any, plus any delinquent accrued liability contributions. In the case of Group II members employed by the state, the state shall pay 100% of both the normal and accrued liability contributions, if any.

CHANGES IN PLAN PROVISIONS

The June 30, 1997 valuation determined the contributions of the System for the fiscal years ended June 30, 2000 and June 30, 2001. The June 30, 1995 valuation determined the contributions of the System for the fiscal year ended June 30, 1998 and June 30, 1999. The funded ratio information on pages 72, 73 and 74 is as of June 30, 2000 and June 30, 1999. The liabilities shown for the System reflect all legislation enacted as of the measurement date. For a summary of the legislation reflected see page 38.

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Statistical Section

Schedules of Revenues and Expenses

SCHEDULES OF REVENUES AND EXPENSES—COMBINED PLANS

REVENUE BY SOURCE

(dollars in thousands)

Fiscal Year	Member Contributions	Employer Contributions Dollars	Employer Contributions % of Annual Covered Payroll	Net Investment Income	Other	Total
2000	$88,237	$69,828	4.8%	$526,539	$14,880	$699,484
1999	81,566	61,342	4.4	506,486	7,736	657,130
1998	77,395	58,977	4.6	534,385	9,935	680,692
1997	73,669	46,151	3.6	511,049	5,776	636,645
1996	71,674	44,903	3.7	407,528	5,267	529,372
1995	69,035	40,034	3.3	393,100	2,934	505,103
1994	65,556	38,796	3.3	30,241	2,907	137,500

EXPENSES BY TYPE

(dollars in thousands)

Fiscal Year	Benefits	Administrative Expenses	Refunds	Other	Total
2000	$185,613	$3,353	$19,485	$9,333	$217,784
1999	161,583	3,367	17,411	4,002	186,363
1998	144,300	4,642	16,939	3,773	169,654
1997	130,525	3,581	15,603	3,748	153,457
1996	117,499	3,256	12,673	3,172	136,600
1995	105,531	3,037	10,961	615	120,144
1994	93,071	2,952	9,306	756	106,085

Schedule of Benefit Payments By Type

BENEFIT PAYMENTS BY TYPE—COMBINED PLANS*

(in thousands)

Fiscal Year	Type of Retirement	Employees	Teachers	Police Officers	Firefighters	Total
1999	Service & Early Retirements	$52,458	$57,995	$23,644	$11,799	$145,896
	Ordinary Disability Retirements	1,704	1,475	510	424	4,113
	Accidental Disability Retirements	3,275	196	4,674	2,019	10,164
	Ordinary Death in Active Service	93	74	30	20	217
	Accidental Death in Active Service	90	80	258	191	619
	Beneficiaries**	3,881	1,480	1,373	1,335	8,069
	Refunds	10,629	5,304	2,586	552	19,071
	Postretirement Medical Premium Subsidies	—	—	3,340	1,809	5,149
	Total	$72,130	$66,604	$36,415	$18,149	$193,298
1997	Service & Early Retirements	$44,160	$46,350	$17,885	$ 9,062	$117,457
	Ordinary Disability Retirements	1,331	1,233	403	450	3,417
	Accidental Disability Retirements	2,555	143	3,870	1,765	8,333
	Ordinary Death in Active Service	106	69	28	35	238
	Accidental Death in Active Service	95	91	206	219	611
	Beneficiaries**	3,003	1,041	1,058	1,096	6,198
	Refunds	8,545	6,209	2,016	765	17,535
	Postretirement Medical Premium Subsidies	—	—	2,547	1,466	4,013
	Total	$59,795	$55,136	$28,013	$14,858	$157,802

* Includes COLA allowances.

** Beneficiaries of deceased members who retired on a service or disability retirement.

NOTE: Fiscal years 1999 and 1997 are the only data available at this time. Data for future years will be reported prospectively.

Refunds (including lump sum death benefits) and postretirement medical premium subsidies are the actual payments made during the 1999 fiscal year. Since benefit payments for fiscal year 1999 are not available by type of retirement, the amounts shown above for the 1999 fiscal year are estimates based on annualized benefit payments as of July 1, 1999 because of the valuation year.

Schedule of Retired Members By Type of Benefit

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFITS AS OF JUNE 30, 1999

		Type of Retirement**						
Amount of Monthly Benefit	Number of Retirants	1	2	3	4	5	6	7
EMPLOYEES								
$1–250	2,075	1,718	18	1	5	—	256	77
251–500	2,249	1,850	89	17	4	—	173	116
501–750	1,439	1,112	86	76	6	2	102	55
751–1,000	900	713	17	99	1	1	46	23
1,001–1,250	537	430	14	53	—	2	29	9
1,251–1,500	360	296	3	23	1	1	26	10
1,501–1,750	207	185	3	9	—	1	7	2
1,751–2,000	167	149	2	6	—	—	7	3
Over 2,000	291	266	4	6	—	—	13	2
Totals	**8,225**	**6,719**	**236**	**290**	**17**	**7**	**659**	**297**
TEACHERS								
$1–250	347	210	4	—	—	—	26	107
251–500	639	511	13	—	1	1	34	79
501–750	732	621	40	—	1	—	24	46
751–1,000	555	482	30	3	—	—	16	24
1,001–1,250	499	449	16	2	2	1	15	14
1,251–1,500	420	395	12	3	—	—	5	5
1,501–1,750	429	406	5	2	2	2	11	1
1,751–2,000	306	286	11	1	—	1	5	2
Over 2,000	641	627	1	1	—	—	11	1
Totals	**4,568**	**3,987**	**132**	**12**	**6**	**5**	**147**	**279**
POLICE OFFICERS								
$1–250	66	50	2	4	—	3	5	2
251–500	60	28	6	4	—	1	9	12
501–750	99	58	12	4	—	1	19	5
751–1,000	123	73	11	7	—	4	26	2
1,001–1,250	112	81	6	13	—	1	11	—
1,251–1,500	106	76	3	21	—	1	5	—
1,501–1,750	136	96	3	34	—	—	3	—
1,751–2,000	144	101	1	36	—	1	4	1
Over 2,000	545	439	2	82	1	4	17	—
Totals	**1,391**	**1,002**	**46**	**205**	**1**	**16**	**99**	**22**
FIREFIGHTERS								
$1–250	6	1	1	—	—	2	1	1
251–500	40	10	—	2	—	3	23	2
501–750	56	21	7	2	—	—	25	1
751–1,000	93	40	3	13	—	6	30	1
1,001–1,250	107	71	6	15	—	2	12	1
1,251–1,500	90	53	8	19	—	1	9	—
1,501–1,750	79	56	1	11	1	1	9	—
1,751–2,000	68	45	2	19	—	1	1	—
Over 2,000	248	217	2	23	—	1	5	—
Totals	**787**	**514**	**30**	**104**	**1**	**17**	**115**	**6**

**Type of Retirement: 1—Service and early retirement. 2—Ordinary disability retirement. 3—Accidental disability retirement. 4—Ordinary death in active service. 5—Accidental death in active service. 6—Beneficiaries of deceased members who retired on a service or disability allowance. 7—Vested member with future benefit

				Option Selected #					
No Option	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9
1,038	345	268	105	312	6	—	—	1	—
1,214	338	241	97	341	17	—	—	—	1
716	191	148	68	301	13	—	—	2	—
453	103	91	55	194	4	—	—	—	—
217	67	69	36	140	7	—	—	1	—
142	26	64	19	102	4	—	—	3	—
77	17	30	11	71	1	—	—	—	—
51	8	30	10	63	5	—	—	—	—
65	22	53	26	121	4	—	—	—	—
3,973	**1,117**	**994**	**427**	**1,645**	**61**	**—**	**—**	**7**	**1**
235	65	20	3	22	2	—	—	—	—
345	184	35	13	58	4	—	—	—	—
367	231	31	20	81	2	—	—	—	—
297	130	31	25	60	12	—	—	—	—
247	86	43	20	97	6	—	—	—	—
178	73	39	15	110	4	—	—	—	1
215	33	41	18	116	5	—	—	1	—
158	27	22	9	88	2	—	—	—	—
291	60	66	28	186	8	—	—	—	2
2,333	**889**	**328**	**151**	**818**	**45**	**—**	**—**	**1**	**3**
37	3	5	7	14	—	—	—	—	—
42	8	2	1	6	1	—	—	—	—
60	14	8	2	1	12	3	—	—	—
63	19	5	10	26	—	—	—	—	—
54	16	9	8	24	1	—	—	—	—
45	13	9	11	27	1	—	—	—	—
71	12	4	16	28	5	—	—	—	—
81	19	5	11	25	3	—	—	—	—
215	53	18	85	140	32	—	—	1	1
668	**157**	**65**	**151**	**291**	**55**	**3**	**—**	**1**	**1**
4	1	1	—	—	—	—	—	—	—
13	15	4	2	5	1	—	—	—	—
21	14	9	4	8	—	—	—	—	—
44	20	9	9	11	—	—	—	—	—
58	18	10	9	9	3	—	—	—	—
44	15	6	9	14	2	—	—	—	—
40	10	7	10	10	2	—	—	—	—
29	7	5	6	20	1	—	—	—	—
88	20	5	40	84	11	—	—	—	—
341	**120**	**56**	**89**	**161**	**20**	**—**	**—**	**—**	**—**

#Option Selected: No option—Straight life. Option 1—Cash refund. Option 2—100% Joint & Survivorship. Option 3—50% Joint & Survivorship. Option 4—100% Pop-Up. Option 5—50% Pop-Up. Option 6—Other % Joint & Survivorship. Option 7—Other % Pop-Up. Option 8—Fixed amount to Beneficiaries. Option 9—Widow's benefit (accidental disability) 50%

Schedules of Average Benefit Payment Amounts

SCHEDULES OF AVERAGE BENEFIT PAYMENT AMOUNTS

EMPLOYEES

1999

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	125*	621	1,198	2,064
Annual Benefits	$2,256,792	$1,579,858	$3,713,011	$9,799,710
Avg. Monthly Benefit	$1,505	$212	$258	$396

* Includes 17 members who did not have service reported.

1997

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	508*	1,131	1,775	1,305
Annual Benefits	$1,124,799	$2,901,573	$7,403,767	$8,092,767
Avg. Monthly Benefit	$185	$214	$348	$517

* Includes 17 members who did not have service reported.

1995

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	477*	1,082	1,619	1,215
Annual Benefits	$909,794	$2,403,358	$5,994,383	$6,793,032
Avg. Monthly Benefit	$159	$185	$309	$466

* Includes 11 members who did not have service reported.

1993

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	420*	924	1,450	1,049
Annual Benefits	$627,787	$1,721,776	$4,775,786	$5,110,249
Avg. Monthly Benefit	$125	$155	$274	$406

* Includes 9 members who did not have service reported.

TEACHERS

1999

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	92*	58	138	624
Annual Benefits	$2,027,011	$224,987	$513,560	$3,537,762
Avg. Monthly Benefit	$1,836	$323	$310	$472

* Includes 11 members who did not have service reported.

1997

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	57*	140	548	630
Annual Benefits	$180,631	$426,864	$2,676,466	$4,658,727
Avg. Monthly Benefit	$264	$254	$407	$616

* Includes 11 members who did not have service reported.

1995

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	51*	147	520	629
Annual Benefits	$144,208	$380,494	$2,136,263	$3,990,777
Avg. Monthly Benefit	$236	$216	$342	$529

* Includes 6 members who did not have service reported.

1993

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	46*	131	490	612
Annual Benefits	$125,791	$261,530	$1,660,839	$3,198,819
Avg. Monthly Benefit	$228	$166	$282	$436

* Includes 6 members who did not have service reported.

1999						
20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
1,379	988	590	570	361	32	7,928
$9,758,421	$9,522,768	$7,472,894	$9,601,520	$7,208,456	$587,964	$61,501,394
$590	$803	$1,055	$1,404	$1,664	$1,531	$646

1997						
20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
941	573	555	356	139	33	7,316
$7,960,802	$6,233,554	$8,443,032	$6,395,147	$2,169,857	$524,130	$51,249,428
$705	$907	$1,268	$1,497	$1,301	$1,324	$584

1995						
20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
852	549	518	338	145	35	6,830
$6,545,332	$5,439,064	$7,002,962	$5,500,902	$1,995,547	$442,440	$43,026,814
$640	$826	$1,127	$1,356	$1,147	$1,053	$525

1993						
20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs	40 - 44 yrs.	45 or more yrs.	Total
727	490	472	314	144	38	6,028
$4,905,194	$4,273,984	$5,635,473	$4,667,010	$1,726,640	$447,933	$33,891,832
$562	$727	$995	$1,239	$999	$982	$469

1999						
20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
661	852	724	738	383	19	4,289
$5,617,830	$10,874,303	$12,457,317	$16,052,553	$9,604,336	$390,970	$61,300,629
$708	$1,064	$1,434	$1,813	$2,090	$1,715	$1,191

1997						
20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
781	622	617	362	115	24	3,896
$8,953,020	$9,502,002	$12,155,987	$7,753,880	$2,176,905	$442,844	$48,927,326
$955	$1,273	$1,642	$1,785	$1,577	$1,538	$1,047

1995						
20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
718	523	522	334	129	34	3,607
$7,147,595	$6,895,001	$9,067,061	$5,926,742	$1,944,763	$527,757	$38,160,661
$830	$1,099	$1,447	$1,479	$1,256	$1,294	$882

1993						
20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
615	421	390	295	142	42	3,184
$4,833,061	$4,464,788	$5,364,163	$3,971,190	$1,741,529	$529,743	$26,151,453
$655	$884	$1,146	$1,122	$1,022	$1,051	$684

SCHEDULES OF AVERAGE BENEFIT PAYMENT AMOUNTS

POLICE OFFICERS

1999

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	3*	104	91	172
Annual Benefits	$141,829	$998,628	$1,299,420	$2,524,099
Avg. Monthly Benefit	$3,940	$800	$1,190	$1,223

* Includes 6 members who did not have service reported.

1997

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	70*	86	144	129
Annual Benefits	$631,730	$1,163,340	$1,958,132	$2,166,636
Avg. Monthly Benefit	$752	$1,127	$1,133	$1,400

* Includes 6 members who did not have service reported.

1995

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	56*	79	129	115
Annual Benefits	$507,977	$1,030,681	$1,604,526	$1,766,595
Avg. Monthly Benefit	$756	$1,087	$1,037	$1,280

* Includes 1 member who did not have service reported.

1993

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	40	54	111	96
Annual Benefits	$396,920	$665,929	$1,218,982	$1,184,260
Avg. Monthly Benefit	$827	$1,028	$915	$1,028

FIREFIGHTERS

1999

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	5*	19	27	54
Annual Benefits	$142,558	$151,462	$351,971	$751,848
Avg. Monthly Benefit	$2,376	$664	$1,086	$1,160

* Includes 7 members who did not have service reported.

1997

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	19*	22	52	87
Annual Benefits	$111,377	$258,415	$678,311	$1,353,033
Avg. Monthly Benefit	$488	$979	$1,087	$1,296

* Includes 7 members who did not have service reported.

1995

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	17*	22	47	83
Annual Benefits	$72,237	$261,675	$583,368	$1,159,964
Avg. Monthly Benefit	$354	$991	$1,034	$1,165

* Includes 1 member who did not have service reported.

1993

Service	0 - 4 yrs.	5 - 9 yrs.	10 - 14 yrs.	15 - 19 yrs.
Total Retirees	16*	21	43	75
Annual Benefits	$67,143	$215,122	$473,594	$951,779
Avg. Monthly Benefit	$350	$854	$918	$1,058

* Includes 2 members who did not have service reported.

1999

20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
138	600	196	58	7	—	1,369
$2,624,209	$15,169,104	$5,554,529	$2,006,955	$171,328	—	$30,490,101
$1,585	$2,107	$2,362	$2,884	$2,040	—	$1,856

1997

20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
488	181	59	8	5	—	1,170
$10,956,910	$4,341,254	$1,813,002	$234,573	$184,659	—	$23,450,236
$1,871	$1,999	$2,561	$2,443	$3,078	—	$1,670

1995

20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
433	174	57	8	6	—	1,057
$8,737,269	$3,595,808	$1,525,723	$216,325	$175,218	—	$19,160,122
$1,682	$1,722	$2,231	$2,253	$2,434	—	$1,511

1993

20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
370	157	53	8	6	—	895
$6,123,923	$2,470,306	$1,194,615	$156,987	$170,044	—	$13,581,966
$1,379	$1,311	$1,878	$1,635	$2,362	—	$1,265

1999

20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
93	382	140	45	16	—	781
$1,606,161	$7,719,756	$3,245,859	$1,374,635	$442,477	—	$15,786,727
$1,439	$1,684	$1,932	$2,546	$2,305	—	$1,684

1997

20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
336	132	45	15	6	—	714
$5,852,602	$2,610,733	$1,194,908	$372,674	$194,973	—	$12,627,026
$1,452	$1,648	$2,213	$2,070	$2,708	—	$1,474

1995

20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs.	40 - 44 yrs.	45 or more yrs.	Total
298	128	42	17	5	—	659
$4,521,502	$2,134,183	$972,389	$378,429	$181,127	—	$10,264,874
$1,264	$1,389	$1,929	$1,855	$3,019	—	$1,298

1993

20 - 24 yrs.	25 - 29 yrs.	30 - 34 yrs.	35 - 39 yrs	40 - 44 yrs.	45 or more yrs.	Total
281	122	44	18	4	—	624
$3,783,959	$1,752,296	$859,961	$362,066	$135,565	—	$8,601,485
$1,122	$1,197	$1,629	$1,676	$2,824	—	$1,149

Listing of Participating Employers

STATE GOVERNMENT

Adjutant General's Office E, F
Administrative Services E
Agriculture E
Bank Commission E
Boards and Commissions E
Board of Accountancy E
Board of Electricians E
Board of Land & Tax Appeals E
Board of Pharmacy E
Div. of Children & Youth E
Commissioner of Health and Welfare E
Corrections E, P
Cosmetology and Barbering Board E
Cultural Affairs E
Education E
Elderly and Adult Services E
Employment Security E
Environmental Services E
Executive Agencies E
Fish and Game Commission E, P
Glencliff Home for the Elderly E
Div. of Human Services E
Highway Safety E
Human Rights Commission E
Insurance E
Joint Board E
Judicial Council E
Justice E
Labor E
Laconia Developmental Services E
Legislative Branch E
Liquor Commission E, P
Mental Health E
New Hampshire Hospital E
New Hampshire Community Tech College System E
New Hampshire Office of Emergency Management E
New Hampshire Port Authority E
New Hampshire Retirement System E
New Hampshire Veterans Home E
Pari-Mutuel Commission E
Police Standards and Training E, P
Post Secondary Education Commission E
Public Employees Labor Relations Board E
Public Health E
Public Utilities Commission E
Real Estate Commission E
Registration in Medicine E
Resources and Economic Development E, F
Revenue Administration E
Safety E, P, F
Secretary of State E
Sweepstakes Commission E
Transportation E
Treasury E
Unified Court System E
Veterans Council E
Youth Development Center E

CITIES AND TOWNS (AND RELATED ENTITIES)

Allenstown 2E, P, F
Alstead P
Alton E, P
Amherst P
Andover P
Antrim E, P
Ashland E, P
Atkinson P
Auburn E, P
Baker Free Library E
Barnstead E, P, F
Barrington E, P
Bartlett P, F
BCEP Solid Waste District E
Bedford P, F
Belmont E, P, F
Bennington E, P
Berlin 2E, P, F
Bethlehem E, P
Boscawen E, P
Bow E, P, F
Bradford P
Brentwood P, F
Bridgewater P
Bristol E, P
Brookline E, P
Campton P
Campton-Thornton F
Canaan E, P
Candia P
Canterbury E, P
Carroll P
Center Harbor P
Central Hooksett Water Precinct E
Charlestown E, P
Chester E, P
Chesterfield E, P
Chichester P
Claremont E, P, F
Colebrook E, P
Concord 2E, P, F
Conway E, P, F
Conway Village Fire District E
Cornish E
Danville P
Deerfield P

KEY: E – Employees T – Teachers P – Police Officers F – Firefighters
Numbers before Key represent multiple groups.
SAU – School Administrative Unit

Deering P
Derry 3E, P, F
Dover E, P, F
Dublin E, P, F
Dunbarton E, P, F
Durham E, P, F
East Derry Fire Precinct E, F
East Kingston E, P
Enfield E, P
Epping E, P, F
Epsom P, F
Exeter P, F
Farmington P
Fitzwilliam E, P
Francestown E
Franconia P
Franklin E, P, F
Freedom P
Fremont P
Gilford E, P, F
Gilmanton E, P, F
Goffstown E, P, F
Goffstown Village Water Precinct E
Gorham E, P
Goshen E, P
Grafton P
Grantham E, P
Greenfield E, P
Greenland E, P
Greenville E, P
Hampstead E, P
Hampton Falls P
Hampton E, P, F
Hancock P
Hanover E, P, F
Haverhill E, P
Henniker E, P
Hillsborough P

Hinsdale P
Holderness E, P
Hollis E, P, F
Hooksett 2E, P, F
Hopkinton E, P, F
Housing Authority of Salem E
Hudson E, P, F
Jackson E, P
Jaffrey P
Keene E, P, F
Kensington P
Kingston E, F, P
Laconia 3E, P, F
Lakes Region Mutual Fire Aid F
Lancaster E, P
Lebanon E, P, F
Lee P
Lempster E
Lincoln E, P
Lisbon P
Litchfield E, P, F
Littleton 3E, P, F
Londonderry E, P, F
Loudon E, P, F
Lyme E, P
Lyndeborough P
Madison P
Manchester P, F
Marlborough E, P
Mason P
Meredith E, P, F
Merrimack P, F
Middleton P
Milford 2E, P, F
Milford Area Communication E
Milton F, P
Monroe E
Mont Vernon E, P

Moultonboro E, P, F
Nashua Airport Authority E
Nashua E, P, F
New Boston P
New Castle E, P
New Durham E, P
New England Interstate Water Pollution Control Commission E
New Hampton E, P
New Ipswich E, P
New London E, P, F
New London-Springfield Water Precinct E
Newbury P
Newfields P
Newington P, F
Newmarket 2E, P
Newport E, P, F
Newton E, P
New Hampshire Municipal Bond Bank E
North Conway Water Precinct E
North Conway F
North Hampton E, P, F
Northfield E, P
Northumberland E, P
Northwood E, P, F
Nottingham F, P
Orford E, P
Ossipee E, P
Pease Development Authority E
Pelham P, F
Pembroke P
Penacook-Boscawen WP E
Peterborough E, P, F
Pittsburg E, P
Pittsfield E, P
Plainfield E, P
Plaistow E, P, F
Plymouth 2E, P, F

KEY: E – Employees T – Teachers P – Police Officers F – Firefighters
Numbers before Key represent multiple groups.
SAU – School Administrative Unit

Plymouth Court Jurisdictional Association E

Portsmouth 2E, P, F

Raymond E, P, F

Rindge P, F

Rochester E, P, F

Rollinsford P

Rumney E, P

Rye P, F

Salem 2E, P, F

Sanbornton E, P

Sandown P

Sandwich P

Seabrook P, F

Shelburne E

Somersworth P, F

South Hampton P

Southern NH Planning Commission E

Springfield P

Stark E

Strafford P

Stratham E, P

Sugar Hill E, P

Sunapee E, P

Sutton P

Swanzey P

SWNH District Fire Mutual Aid E, F

Temple P

Thornton E, P

Tilton E, P

Tilton/Northfield F

Troy E, P

Tuftonboro E, P

Unity E

Wakefield E, P

Walpole E, P

Warner E, P

Warner Village Water District E

Washington E, P

Waterville Valley P

Weare E, P

Webster E, P

Westmoreland E

Whitefield E, P

Wilton E, P

Winchester E, P

Windham E, P, F

Wolfeboro E, P, F

Woodstock E, P

Woodsville E

Woodsville Fire District E

COUNTY GOVERNMENTS

Belknap County 2E, P

Carroll County E, P

Cheshire County E, P

Coos County 2E, P

Grafton County E, P

Hillsborough County E, P

Merrimack County E, P

Rockingham County E, P

Strafford County E, P

Sullivan County E, P

SCHOOL DISTRICTS

Allenstown School District 2T

Alton School District E, T

Amherst School District E, T

Andover School District E, T

Ashland School District E, T

Auburn School District E, T

Barnstead School District E, T

Barrington School District E, T

Bartlett School District E, T

Bath School District E, T

Bedford School District E, T

Berlin School District E, T

Bethlehem School District E, T

Bow School District 2E, T

Brentwood School District E, T

Brookline School District T

Campton School District E, T

Candia School District E, T

Chester School District E, T

Chesterfield School District T

Chichester School District E, T

Claremont School District E, T

Colebrook School District T

Concord School District E, T

Contoocook Valley Regional School District-SAU 1 E, T

Conway School District E, T

Cornish School District E, T

Croydon School District T

Deerfield School District T

Dover School District E, T

Dresden School District E, T

Dunbarton School District T

East Kingston School District E, T

Epping School District E, T

Epsom School District T

Errol School District T

Exeter Area School District E, T

Exeter Regional Co-Op School District E, T

Fall Mountain Regional School District E, T

Farmington School District E, T

Franconia School District E

Franklin School District E, T

Freedom School District E, T

Fremont School District E, T

Gilford School District E, T

Gilmanton School District E, T

Goffstown School District T

Gorham School District E, T

Goshen-Lempster Coop School District E, T

KEY: E – Employees T – Teachers P – Police Officers F – Firefighters
Numbers before Key represent multiple groups.
SAU – School Administrative Unit

Governor Wentworth Regional School District E, T

Grantham School District T

Greenland School District E, T

Hampstead School District E, T

Hampton Falls School District E, T

Hampton School District E, T

Hanover School District E, T

Harrisville School District T

Haverhill Coop School District E, T

Henniker School District E, T

Hill School District T

Hillsboro-Deering School District E, T

Hinsdale School District E, T

Holderness School District E, T

Hollis School District E, T

Hollis/Brookline Coop School District E, T

Hooksett School District E, T

Hopkinton School District E, T

Hudson School District E, T

Inter-Lakes School District E, T

Jackson School District E, T

Jaffrey-Rindge School District E, T

John Stark Regional School District E, T

Kearsarge Regional School District E, T

Keene School District E, T

Kensington School District E, T

Laconia School District E, T

Lafayette Regional School District T

Landaff School District T

Lebanon School District E, T

Lincoln Woodstock Coop School District E, T

Lisbon Regional School District E, T

Litchfield School District E, T

Littleton School District E, T

Londonderry School District E, T

Lyme School District E, T

Lyndeborough School District T

Madison School District T

Manchester School District T

Marlborough School District E, T

Marlow School District T

Mascenic Regional School District E, T

Mascoma Valley Regional School District E, T

Merrimack School District E, T

Merrimack Valley School District E, T

Milan School District T

Milford School District E, T

Milton School District E, T

Monadnock Regional School District E, T

Monroe School District E, T

Mont Vernon School District E, T

Moultonboro School District T

Nashua School District T

Nelson School District T

New Boston School District E, T

New Castle School District E, T

Newfields School District T

Newfound Area School District E, T

Newington School District E, T

Newmarket School District E, T

Newport School District E, T

North Hampton School District E, T

Northumberland School District E, T

Northwood School District E, T

Nottingham School District E, T

Orford School District E, T

Oyster River Coop School District E, T

Pelham School District E, T

Pembroke School District 3E, 3T

Pemi-Baker Regional School District E, T

Piermont School District T

Pittsburg School District T

Pittsfield School District E, T

Plainfield School District E, T

Plymouth School District E, T

Portsmouth School District - SAU 52 E, T

Profile School District E, T

Raymond School District E, T

Rivendell Interstate School District E, T

Rochester School District T

Rollinsford School District E, T

Rumney School District T

Rye School District E, T

Salem School District E, T

Sanborn Regional School District E, T

Seabrook School District E, T

Shaker Regional School District T

Somersworth School District E, T

Souhegan Cooperative School District E, T

South Hampton School District E, T

Stark School District T

Stewartstown School District T

Stoddard School District E, T

Strafford School District E, T

Stratford School District E, T

Stratham School District E, T

Sunapee School District E, T

Tamworth School District E, T

KEY: E – Employees T – Teachers P – Police Officers F – Firefighters
Numbers before Key represent multiple groups.
SAU – School Administrative Unit

Thornton School District E, T

Timberlane Regional School District E, T

University of New Hampshire-- Keene State College E

University of New Hampshire-- Plymouth State College E

Unity School District E, T

Wakefield School District E, T

Warren School District E, T

Washington School District T

Waterville Valley School District E, T

Weare School District T

Wentworth School District T

Westmoreland School District E, T

White Mountains Regional School District E, T

Wilton School District E, T

Wilton-Lyndeborough Coop School District E, T

Winchester School District E, T

Windham School District E, T

Winnacunnet School District E, T

Winnisquam Regional School District E, T

SCHOOL ADMINISTRATIVE UNITS

SAU 2 E

SAU 3 E

SAU 4 E

SAU 5 E

SAU 6 E

SAU 7 E, T

SAU 8 E

SAU 9 E, T

SAU 10 E, T

SAU 11 E

SAU 13 E

SAU 14 E

SAU 15 E

SAU 16 E, T

SAU 18 E, T

SAU 19 E, T

SAU 20 E

SAU 21 E, T

SAU 23 E, T

SAU 24 E, T

SAU 27 E

SAU 28 E

SAU 29 E, T

SAU 30 E, T

SAU 32 E

SAU 33 E

SAU 34 E

SAU 35 E, T

SAU 36 E

SAU 37 E

SAU 38 E, T

SAU 39 E

SAU 41 E

SAU 42 E

SAU 43 E, T

SAU 44 E, T

SAU 45 E

SAU 46 E

SAU 48 E, T

SAU 49 E

SAU 50 E

SAU 51 E, T

SAU 53 E, T

SAU 54 E

SAU 55 E

SAU 56 E, T

SAU 57 E

SAU 58 E

SAU 61 E

SAU 63 E, T

SAU 64 E, T

SAU 65 E

SAU 66 E

SAU 67 E

SAU 70 E

SAU 74 E, T

KEY: E – Employees T – Teachers P – Police Officers F – Firefighters
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SAU – School Administrative Unit

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