

LBA Financial Audit Report Summary:

New Hampshire Retirement System Comprehensive Annual Financial Report For the Year Ended June 30, 1996

The New Hampshire Retirement System (NHRS) was established in 1967 to consolidate and replace four existing public employee retirement 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 is the administrator of a cost-sharing multiple-employer contributory pension plan and trust that covers substantially all full-time state employees, public school teachers and administrators, permanent fire fighters and permanent police officers within the State of New Hampshire. Full-time employees of political subdivisions, including counties, municipalities and school districts are also eligible to participate as a group if the governing body of the political subdivision has elected participation. At June 30, 1996, there were 428 employers participating in the NHRS and 42,569 active members. There were also approximately 12,521 retirees and beneficiaries receiving benefits at June 30, 1996.

We audited the statement of net assets available for benefits of the New Hampshire Retirement System as of June 30, 1996, and the related statement of changes in net assets available for benefits for the year then ended, and issued our report thereon dated December 2, 1996.

A management letter, containing two comments involving the internal control structure of the System and its operation that we considered to be reportable conditions and a management issue comment, was presented under a separate cover.

- The financial status and change in status of the NHRS are reported on the NHRS' statement of net assets available for benefits and statement of changes in net assets available for benefits. At June 30, 1996 the net assets available for benefits of the NHRS were \$2,812,301,000. Approximately 86% of the assets of the NHRS were invested in domestic and global equity and fixed income portfolios. Other significant investments of the NHRS included commercial real estate, timberfunds, alternative investments including venture capital funds, and other temporary investments. The change in net assets available for benefits for the year ended June 30, 1996 was \$392,772,000. Contributing to the changes in net assets was \$407,242,000 in net investment income. Payments to beneficiaries during fiscal year 1996 totalled \$114,049,000. The total pension benefit obligations (PBO) of the NHRS at June 30, 1996 as determined by the calculation required by Governmental Accounting Standards Board Statement No. 5 was \$2,418,898,000 providing for a funding level of 106%. The funding ratio for pension liability as determined by the Financial Accounting Standards Board Statement No. 35 calculation was 123.29%.