



**The State of New Hampshire**  
**Annual Report**  
**of the**  
**State Treasury**

**As of and for the**  
**FISCAL YEAR ENDED JUNE 30, 2023**

**Monica I. Mezzapelle**  
**State Treasurer**

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**Monica I. Mezzapelle**  
STATE TREASURER



**THE STATE OF NEW HAMPSHIRE**  
**STATE TREASURY**  
25 CAPITOL STREET, ROOM 121  
CONCORD, NH 03301

September 19, 2023

Pursuant to RSA 6:17, RSA 6:43, RSA 11:5-b and RSA 20:7, I am pleased to present the Annual Report of the State Treasury, as of and for the fiscal year ended June 30, 2023.

The New Hampshire Treasury is charged with conducting a wide range of financial management activities. Among those responsibilities, the Treasury performs cash and investment management functions, issues the State's general obligation and revenue bonds, and pursuant to RSA 471-C, is responsible for acquiring and returning all financial property that qualifies as abandoned property under the law. The Treasurer is also a member of several boards and commissions and serves as trustee and custodian of multiple funds.

Please note that all of the information contained in this report is preliminary, unaudited, and subject to change pending completion of the State's Annual Comprehensive Financial Report.

The staff of the Treasury and I look forward to the opportunities of the next fiscal year as we continually strive to improve and deliver the wide range of financial management services we provide to the residents of New Hampshire and to all branches of State government.

Respectfully submitted,

Monica I. Mezzapelle  
State Treasurer



**STATE OF NEW HAMPSHIRE  
SELECTED STATE OFFICIALS**

**GOVERNOR**

Christopher T. Sununu

**EXECUTIVE COUNCIL**

Joseph D. Kenney, District 1  
Cinde Warmington, District 2  
Janet Stevens, District 3  
Theodore L. Gatsas, District 4  
David K. Wheeler, District 5

**SECRETARY OF STATE**

David M. Scanlan

**STATE TREASURER**

Monica I. Mezzapelle

**ATTORNEY GENERAL**

John M. Formella

**COMMISSIONER OF ADMINISTRATIVE SERVICES**

Charles M. Arlinghaus

## **OVERVIEW OF THE TREASURY**

Part 2, Article 67 of the New Hampshire Constitution establishes the position of the Treasurer of the state of New Hampshire. In accordance with the Constitution, the State Treasurer is elected by a joint session of the Senate and the House of Representatives (the General Court). This election takes place on the first Wednesday of December following the biennial election when the newly elected General Court meets for organizational purposes. In colonial periods, the Treasurer was appointed by the chief executive and frequently the same person was both Secretary of the province and Treasurer. Today, Monica I. Mezzapelle is serving her second two-year term as the New Hampshire Treasurer.

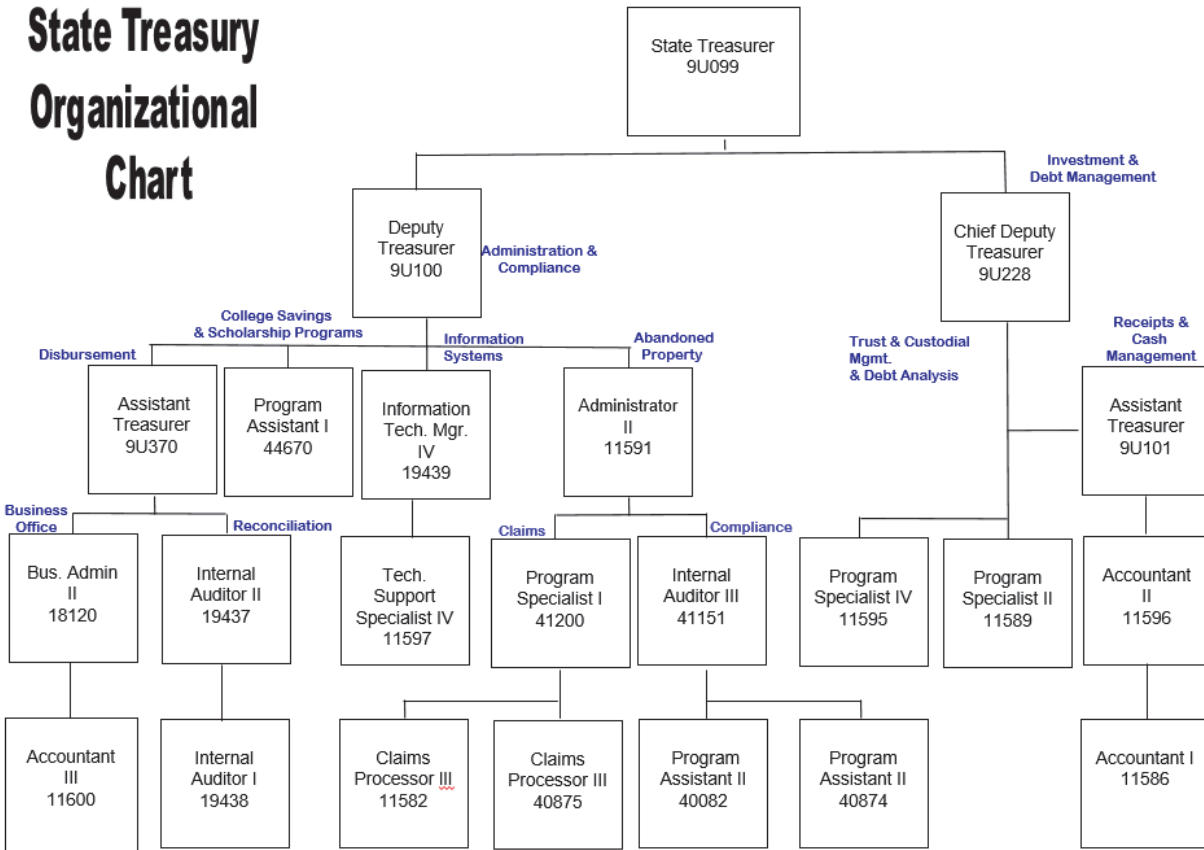
On February 25, 2020, prompted by the resignation of former Treasurer, William F. Dwyer and pursuant to RSA 6:20, which states that upon the death, resignation, or removal of the Treasurer, the Governor, with the advice of the Executive Council, is to appoint a suitable person as commissioner to take charge of the money, books, electronic records, and papers in the office, and to perform all the duties of the Treasurer until a Treasurer is elected and qualified, Governor Christopher Sununu nominated Monica Mezzapelle, to the position of Commissioner of the Treasury. The Executive Council confirmed the nomination on March 25, 2020 and Ms. Mezzapelle was sworn in as Commissioner of the Treasury on March 26, 2020. In accordance with the New Hampshire Constitution, Treasurer Mezzapelle was elected by the members of the Legislature on December 2, 2020 and reelected on December 7, 2022 with her current term expiring on January 7, 2025.

In addition to the core Treasury responsibilities of managing the State's cash, investments, and debt management functions, the State Treasury oversees the Unclaimed Property program, the New Hampshire College Tuition Savings Plan, and shares the administration of the New Hampshire's ABL program, a savings plan for individuals with disabilities, with the Governor's Commission on Disability. The State Treasurer is also an *ex-officio* member of several boards and commissions, including, but not limited to, the New Hampshire Retirement System Board of Trustees, New Hampshire Municipal Bond Bank Board, New Hampshire Business Finance Authority, Nuclear Decommissioning Financing Committee, New Hampshire Public Deposit Investment Pool Advisory Committee, and others.

The State Treasury will optimize the use of state financial assets and financing options while protecting both through the deployment of secure technology, cost-effective and efficient banking practices, and a dedicated and highly-qualified staff; a commitment to the prudent management of public funds.

The authorized staffing of the State Treasury for fiscal year 2023 was 23 positions, 5 unclassified and 18 classified. As of the close of fiscal year 2023, there was one vacant position. The organizational chart on the following page delineates the authorized positions for each functional area in effect as of June 30, 2023.

# State Treasury Organizational Chart



As of June 30, 2023

## CASH MANAGEMENT

The Treasury is responsible for a wide range of cash management activities pursuant to its role as the custodian of public funds. It is the Treasury’s duty to maintain the appropriate amount of cash when and where needed in order to finance the State’s operating and capital budgets. This responsibility is met in several ways, including cash flow forecasting, collecting and concentrating funds, administering disbursements, and investing available daily cash balances.

In fiscal year 2023, the Treasury administered over \$9.13 billion in receipts and \$8.99 billion in disbursements. A summary of receipts and disbursements for the previous three fiscal years follows:

**COMPARATIVE STATEMENT OF RECEIPTS AND DISBURSEMENTS**  
**(Unaudited)**

	As of and for the Year Ended June 30		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>BEGINNING BALANCE</b>	3,466,807,575	2,567,942,991	2,014,071,365
<b>TOTAL RECEIPTS</b>	9,134,426,020	9,353,229,961	8,774,485,536
<b>TOTAL DISBURSEMENTS</b>	(8,987,387,858)	(8,454,365,377)	(8,220,613,910)
<b>ENDING BALANCE</b>	\$3,613,845,737	\$3,466,807,575	\$2,567,942,991

### **Federal COVID-19 Relief Funds**

Cash receipts in fiscal year 2021 included funds authorized under the Coronavirus Response and Relief Supplemental Appropriations Act of 2020 (“CRRSA”) and American Rescue Plan Act of 2021 (“ARPA”). As part of the ARPA funding, the State received \$497 million of State and Local Fiscal Recovery Fund (“SLFR”), which was one-half of the total amount allocated to New Hampshire; \$225 million of Emergency Rental Assistance (\$179 million from the CRRSA (ERA1) and \$46 million authorized through ARPA (ERA2)); and other federal aid available through the Coronavirus Aid, Relief, and Economic Security Act (“CARES”), CRRSA and ARPA. The State of New Hampshire had previously received \$1.25 billion in CARES funds from the U.S. Treasury to assist in the State’s efforts to combat the COVID-19 pandemic and provide economic relief to small businesses, non-profits, municipalities, and other entities that had emergency expenses or that suffered revenue losses as a result of the pandemic.

In fiscal year 2022, the State received the second tranche of SLFR funds of \$497.2 million, and \$45 million in Homeowner Assistance Fund (“HAF”) money, which was authorized under ARPA.

In fiscal year 2023, the State received \$35.7 million in ERA2 funding and \$27.3 million in Coronavirus Capital Projects Fund (“CPF”) funding, which were both authorized under ARPA.

### **Analysis of Banking Balances, Products, and Processes**

The State Treasury analyzes its relationships with banking vendors and the impact they have on statewide cash operations. This analysis is conducted in several ways and accounts for the deployment of balances held, institutional banking products utilized, and processes followed.

On a daily basis, Treasury performs an analysis of operating cash balances held. The result of this analysis is the administration of balances held in a manner that complies with Treasury’s Cash and

Investment Guidelines for Operating Funds. While ensuring safety and liquidity, balances are strategically maintained to optimize the rate of return.

On a monthly basis, Treasury analyzes bank service statements to identify overall price and volume changes. This effort has identified opportunities to improve efficiency or the presence of any inconsistencies in pricing. Opportunities to improve efficiency are often discussed during regularly scheduled meetings between Treasury and its banking vendors. Inconsistencies in pricing or volume are brought to the attention of each bank's client relationship manager as they are identified. Fraud prevention services and products are also evaluated and discussed during those meetings.

The analysis of bank products utilized by individual agencies is performed on a rolling basis and results from either Treasury's outreach to agencies or in response to an agency's request. This analysis consistently integrates the specific bank, accounts, products, and processes utilized by the agency or entity in conjunction with the overall banking relationship the Treasury maintains with that financial institution.

Treasury collaborates with its banking vendors to not only enhance operational efficiencies generated by the use of banking products, but also to ensure specific business continuity processes that will enable secure and efficient banking operations in the event of a disruption in normal service delivery.

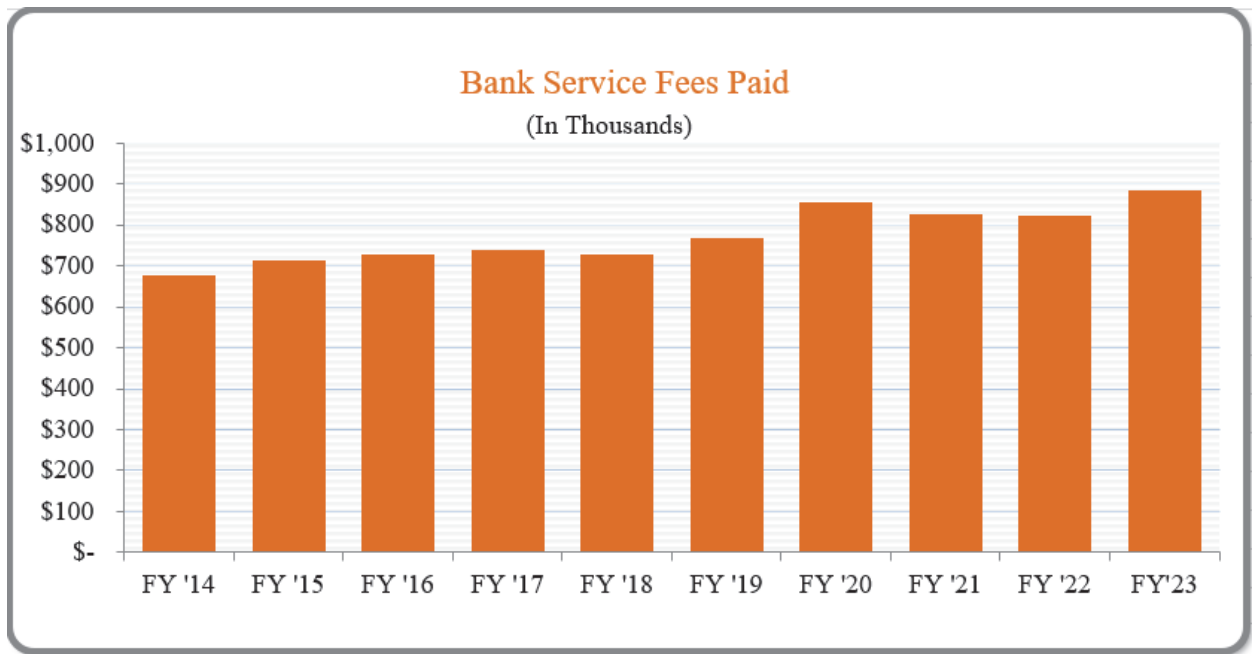
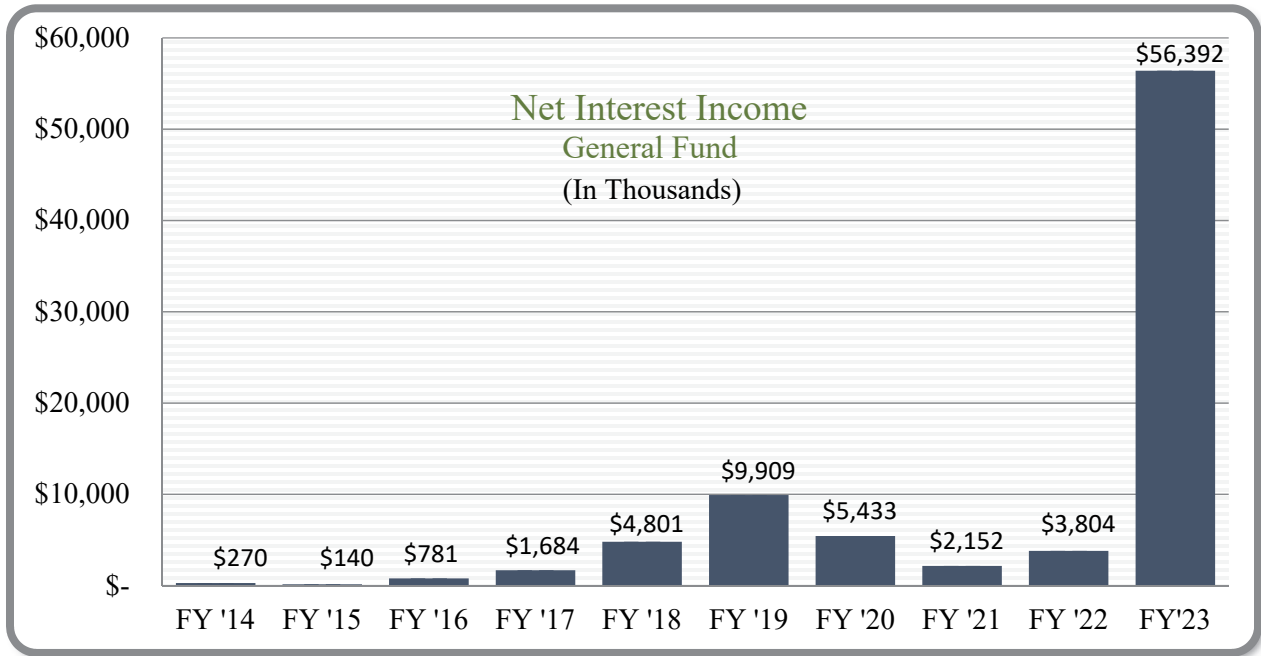
Beginning in fiscal year 2023, Treasury contracted with PFM Asset Management, LLC ("PFMAM") for financial consulting services. Like many state governments, the COVID-19 pandemic had a significant impact on the cash management and banking needs of the State. The State went from a cash position of approximately \$200 million in the operating accounts in fiscal year 2020 to nearly \$2.4 billion at the end of fiscal year 2022. In addition, interest rates shifted from nearly zero to a period of rising rates while the economic recovery remained strong. As a result, the Treasury recognized a clear need and opportunity to maximize earnings and partner with an investment firm in a formal relationship for the first time.

In the spring of 2022, State Treasury published a request for proposal ("RFP") to solicit bids from firms qualified to serve as investment consultant and adviser for the State Treasury to assist in the oversight and management of the State's operating and other restricted funds. Following the analysis and scoring of proposals submitted by qualified firms registered as investment advisers, a Treasury Selection Committee consisting of the State Treasurer, Chief Deputy State Treasurer, and Assistant Treasurer identified PFMAM as the best value and most qualified firm to provide these professional services. Work began early in fiscal year 2023 following approval by the Governor and Executive Council of a requested three year contract. While the scope of services is quite broad, including best practice recommendations to optimize public funds, minimize banking and other fees, as well as increase transparency by improving the quality and timeliness of cash and investment reports, the State Treasury prioritized activities related to portfolio structures, investment selections, and review of existing investment policies.

In fiscal year 2023, \$56.3 million in net interest income was credited to the General Fund. Net interest earned on all funds totaled \$72 million. This amount is net of the cost of institutional



financial services provided by banking vendors. Achieving this outcome results from not only optimizing returns, but also systematically analyzing services and the associated fees incurred for the banking services utilized by State Treasury.



## Community Banks Program

The Community Banks Program began in April of 2020 in response to the financial and liquidity concerns that developed at the start of the COVID-19 pandemic. The State Treasurer notified all banks chartered in the state of New Hampshire of the State's interest in depositing public funds in their institutions with the goal of increasing lending capacity and provide additional support to local businesses in the state. The State Treasury initially deposited \$50 million in collateralized deposits.

In fiscal year 2023, State Treasury reiterated its commitment to support New Hampshire community banks. \$41.7 million of additional deposits into community banks were made in fiscal year 2023, bringing the total amount of collateralized deposits to nearly \$94 million.

## Out-of-State Chartered Banks

In fiscal year 2022, pursuant to Chapter 65, laws of 2021 (RSA 6:8, I-a), the State Treasury began receiving legal opinions from banks chartered under the laws of another state and interested in accepting deposits of public funds from the State Treasurer, municipal and county treasurers, or trustees.

RSA 6:8, I-a, (d) states that before accepting such deposits, the out-of-state bank is to furnish to the State Treasurer an opinion of legal counsel indicating that the state in which the out-of-state bank is chartered must permit a New Hampshire-chartered bank to accept public funds in deposit in that state in substantially the same manner and subject to substantially the same terms and conditions as is permitted for banks chartered in that state. The State Treasurer is required to confirm receipt of the opinion in writing within 60 days and shall make the opinion publicly available on the State Treasury's website: <https://www.nh.gov/treasury/cash-investment-management/index.htm>.

In fiscal year 2023, the State Treasury received legal opinions from two banks chartered under the laws of another state. Previously, in fiscal year 2022, six banks furnished legal opinions.

## **TRUST AND CUSTODIAL ACCOUNTS**

Pursuant to RSA 11:1, the State Treasurer serves as the custodian of "All trust funds left to and accepted by the state...". As of June 30, 2023, the fair market value of the 38 trust and custodial funds was approximately \$64.3 million, ranging from just over \$5,100 to over \$16.9 million. Investment objectives range from short-term liquidity to maximum capital appreciation. During fiscal year 2023, one existing fund was liquidated and no accounts were added. All accounts originated from a variety of sources and serve a wide range of beneficiaries and purposes. A list of these trust and agency funds, along with unaudited activity and balances for fiscal year 2023, is included at the end of this report as Exhibit 1.

In addition, the State Treasury invests monies in the Drinking Water and Groundwater (“DWGW”) Trust Fund in accordance with RSA 6-D. As of June 30, 2023, the DWGW Trust Fund portfolio balance was \$181 million. DWGW Trust Fund activity is reported in the General Fund.

## **DEBT MANAGEMENT**

### **General Obligation Bonds**

General obligation debt is paid from the State's taxes and other revenues. As of June 30, 2023, total outstanding general obligation debt stood at \$661 million (unaudited). Approximately 70% of this debt will be repaid from unrestricted general fund revenue, while the remainder will be paid from a variety of dedicated user assessments, fines, and other revenues. During fiscal year 2023, the Treasury transacted one “new money” issue and one refunding general obligation issue.

The State issued \$60,995,000 General Obligation Capital Improvement Bonds, 2023 Series A as well as \$16,255,000 General Obligation Refunding Bonds, 2023 Series B through competitive sales on March 30, 2023, which subsequently closed on April 13, 2023.

The “new money” Series A bond sale resulted in an overall true-interest-cost to the State of 3.08% with coupons of 5.00% and with final maturity on February 15, 2043. The proceeds of these bonds will be used to fund all or part of various capital projects of the State.

The refunding Series B bond sale resulted in an overall true-interest-cost to the State of 2.28% with coupons of 5.00% and with final maturity on April 1, 2033. These bonds were issued to refinance \$18,885,000 of previously issued and currently outstanding bonds and achieved present value savings of \$1.9 million or 10.2% of the refunded bonds over ten years.

### **Turnpike System Revenue and Federal Highway Grant Anticipation Revenue Bonds**

In addition to administering the issuance of general obligation debt, Treasury is responsible for issuing capital improvement revenue and refunding bonds for the Turnpike System, as well as bonds backed in large part by Federal Highway funds for the Department of Transportation called Federal Highway Grant Anticipation Revenue Vehicle Bonds (“GARVEE”). Turnpike System Revenue bonds are repaid solely from revenues (tolls) collected throughout the Turnpike System.

There were no Turnpike System Revenue Bonds issued in fiscal year 2023. Total outstanding debt of the Turnpike System as of June 30, 2023 stood at \$217.1 million (unaudited).

There were no GARVEE bonds issued in fiscal year 2023. At June 30, 2023, the total amount of GARVEE bonds outstanding stood at \$46.6 million (unaudited).

### **Transportation Infrastructure Finance and Innovation Act (“TIFIA”) Financing**

In collaboration with the State’s Department of Transportation and pursuant to RSA 6:13-d, Treasury entered into a \$200 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan from the U.S. Department of Transportation in May 2016 to provide additional funding for the widening of Interstate 93 from Salem to Manchester. Borrowing under this federal program enabled the State to secure a significantly more favorable interest rate than conventional financing would have produced. Specifically, the financing agreement carries a rate of 1.09% for the term of the loan, with principal payments deferred until June 1, 2025 and a final maturity of June 1, 2034. Additionally, the loan is structured similar to a line of credit whereby drawdowns will be taken as construction funds are spent, thus minimizing interest expense on the entire \$200 million for the term of the loan. Drawdowns on the loan began in June 2016 and ended with a final draw in fiscal year 2022 of \$7.4 million. As of June 30, 2023, the outstanding balance on the loan stood at \$198.5 million (unaudited).

**STATE GUARANTEED DEBT**

The State is contingently liable for certain municipal government debt issues for water pollution control bonds, school building aid, and landfill bonds up to statutory limits. The State also provides certain guarantees for the debt issued by the Pease Development Authority and the Business Finance Authority. There are statutory limitations on these contingent debt guarantees:

1. The limit may apply to either the total amount of the original guarantee or to the total amount guaranteed that remains outstanding at any time; the latter is a revolving limit, facilitating additional guarantees to be awarded as guaranteed debt is retired.
2. The statutory dollar limit may constitute a guarantee of either the total amount of principal and interest owed, or the total amount of principal only; in the latter case interest on the principal amount outstanding may also be guaranteed notwithstanding the principal guarantee limit.

Issuance of new debt with a State guarantee requires the approval of the Governor and Executive Council.

As of June 30, 2023 the remaining unused guarantee authorizations under the various statutory limitations were:

<u>Purpose</u>	<u>Guarantee Limit</u>	<u>Remaining Capacity</u>
Water Pollution and Waste Control Bonds	\$ 50.0 million <sup>(1)(2)</sup>	\$ 50.0 million
School Building Authority Bonds	\$ 95.0 million <sup>(1)(2)</sup>	\$ 85.3 million
Superfund Site Bonds	\$ 20.0 million	\$ 20.0 million
Landfill and Waste Site Bonds	\$ 10.0 million <sup>(1)(2)</sup>	\$ 10.0 million
Business Finance Authority Bonds	\$145.0 million <sup>(1)</sup>	\$ 76.3 million
Pease Development Authority Bonds	\$ 70.0 million	\$ 13.9 million
Housing Finance Authority Child Care Loans	\$ 0.3 million <sup>(1)</sup>	\$ 0.3 million

- (1) Revolving limit.
- (2) Limit applies to total principal and interest.

Chapter 144, Laws of 2009, increased the State guarantee for School Bonds to \$95 million, effective July 1, 2009. In accordance with RSA 195-C:2, and as recommended by the School Building Authority and approved by the Governor and Executive Council, the State guaranteed \$51.6 million (principal and interest) of General Obligation Qualified School Construction Bonds issued by five school districts as of June 30, 2010. These bonds are federally taxable bonds created through the American Recovery and Reinvestment Act of 2009 and issued by school districts for facility construction and/or renovation or for the purchase of land upon which a facility will be built.

Chapter 47, Laws of 2015, amended the enabling legislation of the Business Finance Authority (“BFA”) (RSA 162) to increase the BFA’s Unified Contingent Credit Limit from \$95 million to \$115 million. The legislation, which became effective May 21, 2015, established redevelopment districts in unincorporated places, provided for the assessment of parcels located within redevelopment districts, and authorized a \$30 million State guarantee for such redevelopment bonds.

Chapter 346, Laws of 2019, granted the BFA the ability to recommend that the Governor and Council award additional State guarantees of certain indebtedness of businesses located in unincorporated areas of the state, limited to the total principal amount under such program not exceeding \$30 million at any time. This is separate and in addition to the previously existing authority to issue up to \$115 million in state guaranteed bonds and/or notes.

Chapter 346, Laws of 2019 additionally amended State guarantee provisions pertaining to indebtedness of the Pease Development Authority. Specifically, the statute repealed the authority to issue \$35 million of State guaranteed development bonds, bonds that had never been issued.

The State also bears a contingent and moral obligation for debt issued by municipalities through the Municipal Bond Bank. If any municipality that has issued through the Bond Bank fails to make scheduled debt payments and escrowed funds are not sufficient to cover missed payments, the Bond Bank may request non-appropriated funds from the legislature in order to cover any shortfall. Although this exposure exists, the level of its risk is not easily quantifiable in considering the potential impact of such a default on the State’s credit rating. Chapter 324, Laws of 2008, amended RSA 35-A:24 to include an intercept, or “offset”, program such that in the event of default by a governmental unit, the Treasurer shall pay the Bond Bank the defaulted amount from general or education trust fund appropriations that are due to the governmental unit which defaulted.

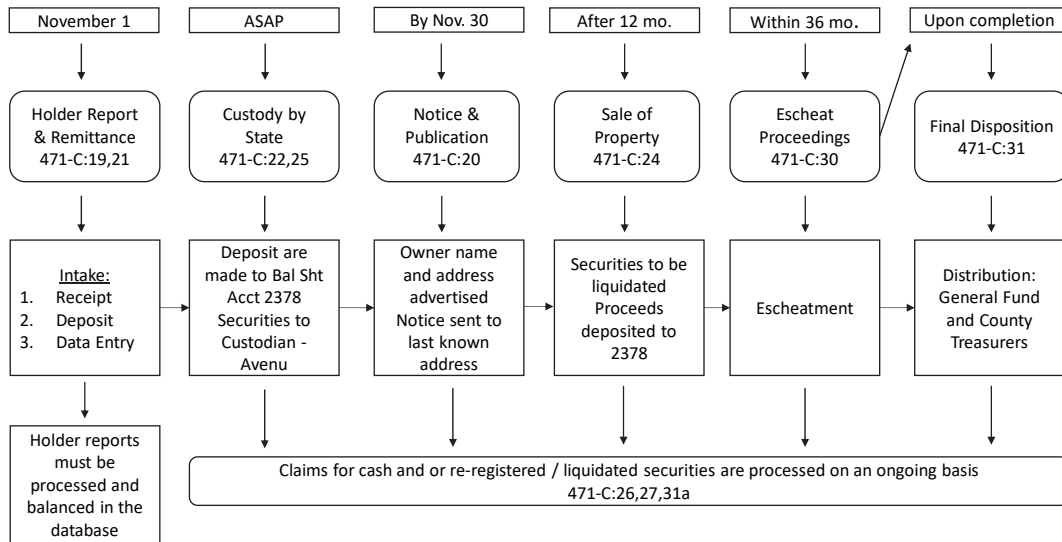
## **ABANDONED PROPERTY**

### **Overview**

Pursuant to the provisions of RSA Chapter 471-C, Treasury's Abandoned Property Division is charged with the task of recovering and returning intangible properties to the rightful owner or heir. Typically, such properties are in the form of cash from dormant accounts but may also include securities such as stock or mutual funds in share form. These properties are reported and remitted by the institutional "holders" of such property. By and large, holders are entities such as banks, credit unions, corporations, utilities, insurance companies, retailers, as well as government agencies and municipalities.

Diligent efforts are made to ensure that the property owners are notified that their property has been reported and remitted to the Division. Each October, an annual advertisement listing all owner names reported to the Division in the past year, and their last known addresses, is published in two consecutive weeks in a newspaper with state-wide circulation, generally the New Hampshire Union Leader. Additionally, a mailing in the form of a postcard notification is sent to the last known address of the reported owner during August and September. On-line searches of all properties the Division is presently holding can be done directly on the claims section of the Division's website: <https://www.findnhmoney.gov/>. The Division also participates in [www.MissingMoney.com](http://www.MissingMoney.com), a multi-state database of unclaimed property owner information. This multi-faceted owner reunification program affords ready access to any citizen inquiring about a lost or abandoned account.

In summary, the Division's statutory obligation and annual production cycle requires receipt and deposit of unclaimed funds and shares; maintenance of a database of the properties; sending notice to, and advertisement of, the name and last known address of the reported owner; processing claims; and escheating unclaimed funds to county treasurers and the State's general fund. The general timeline that follows provides an overview of the annual workflow.



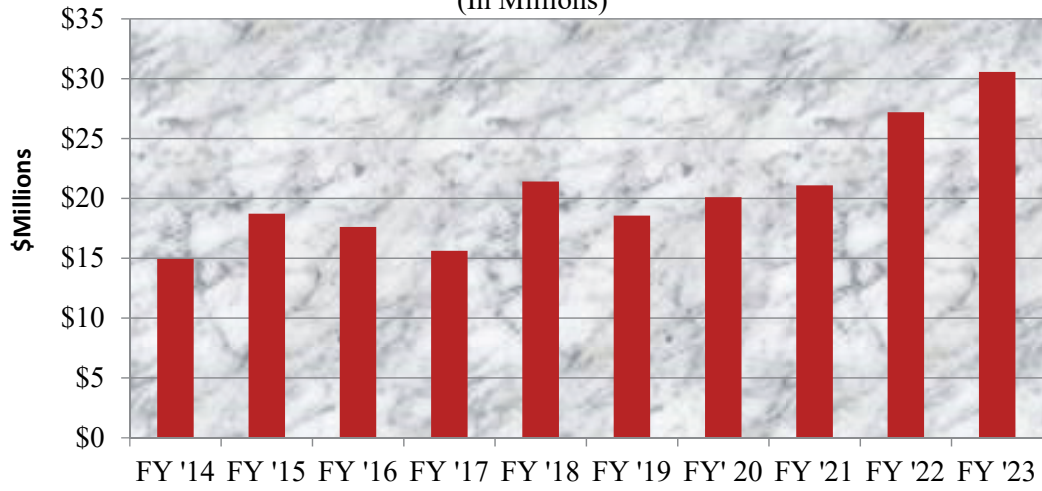
### Holder Reporting and Remittances

In fiscal year 2023, over 4,800 institutional holders of property reported and remitted cash in excess of \$30.5 million and delivered over 1.8 million shares of stock and/or mutual funds to the State’s custodial account. Over the past ten (10) fiscal years, the Division has taken in \$205 million from holders of abandoned property, averaging approximately \$20.5 million annually.

The tables below depict since fiscal year 2014 the amount of cash reported and remitted by holders as well as the number of holders reporting and remitting unclaimed property to the Division. The relatively higher number of holders reporting in fiscal years 2017 through 2023 is due to a relatively new report import process for property received through the cooperative state reciprocal reporting arrangement. Previously, a reciprocal remit from a participating state would be counted as a single report and holder. The new process enables the identification of the underlying holder as an entity compliant with its obligation to report property to the state of New Hampshire.

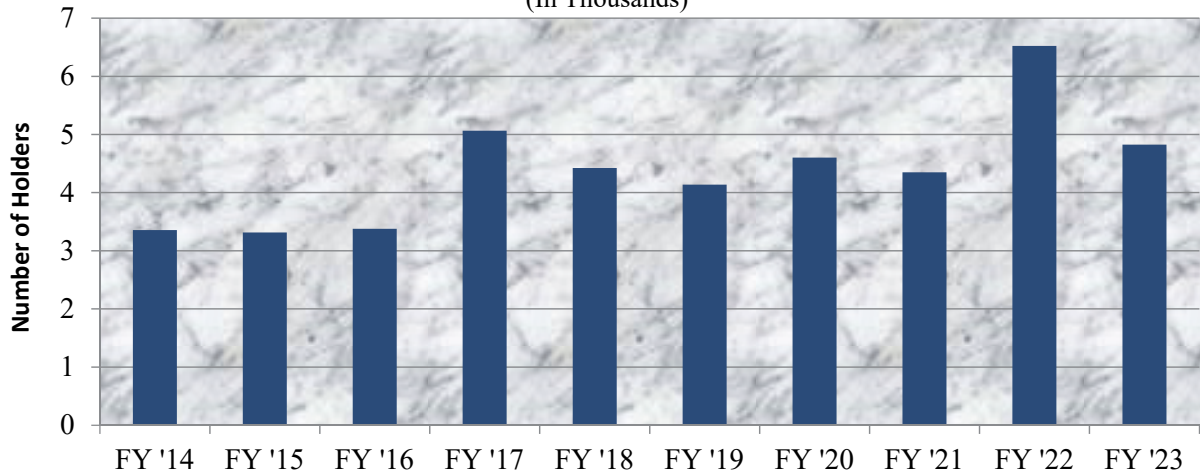
### Cash Reported and Remitted

(In Millions)



### Holder Reporting

(In Thousands)

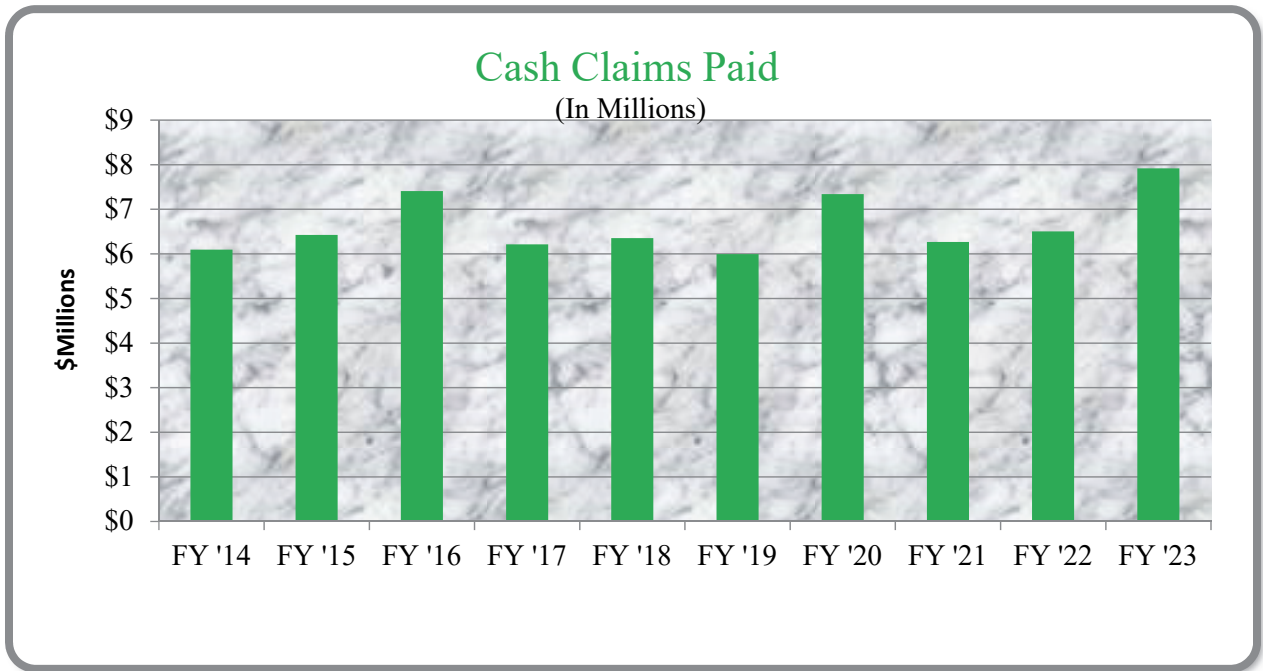


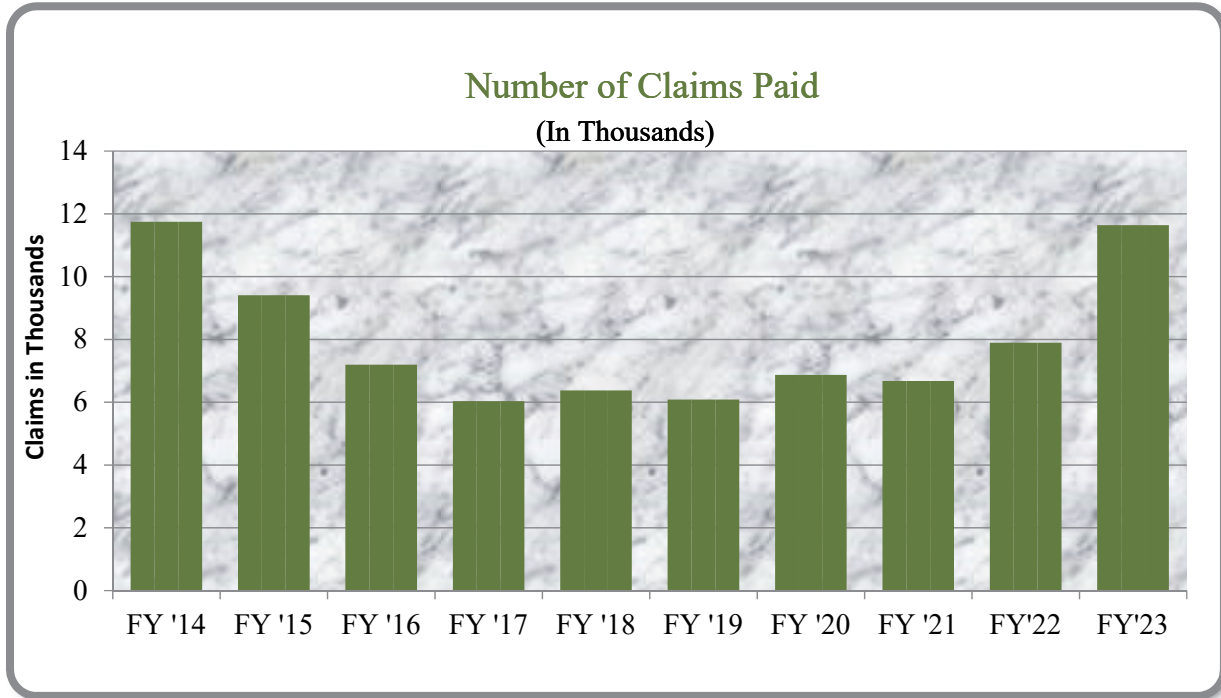


### Owner Claims Processed

During fiscal year 2023, the Division returned \$7.9 million to citizens, representing 11,636 claims paid (see graphs on pages 13 and 14). The reduction in the number of total claims paid beginning in fiscal year 2016 is not reflective of diminished returns of unclaimed property; rather this decline is the result of the Division’s January 2015 conversion to a highly efficient unclaimed property system which enables the payment of all properties recovered by one individual via a single claim. Prior to this conversion, a separate claim had to be processed for each asset returned. This enhancement to the claims process is only one example of how this automated system has streamlined business operations and improved the Division’s customer response time.

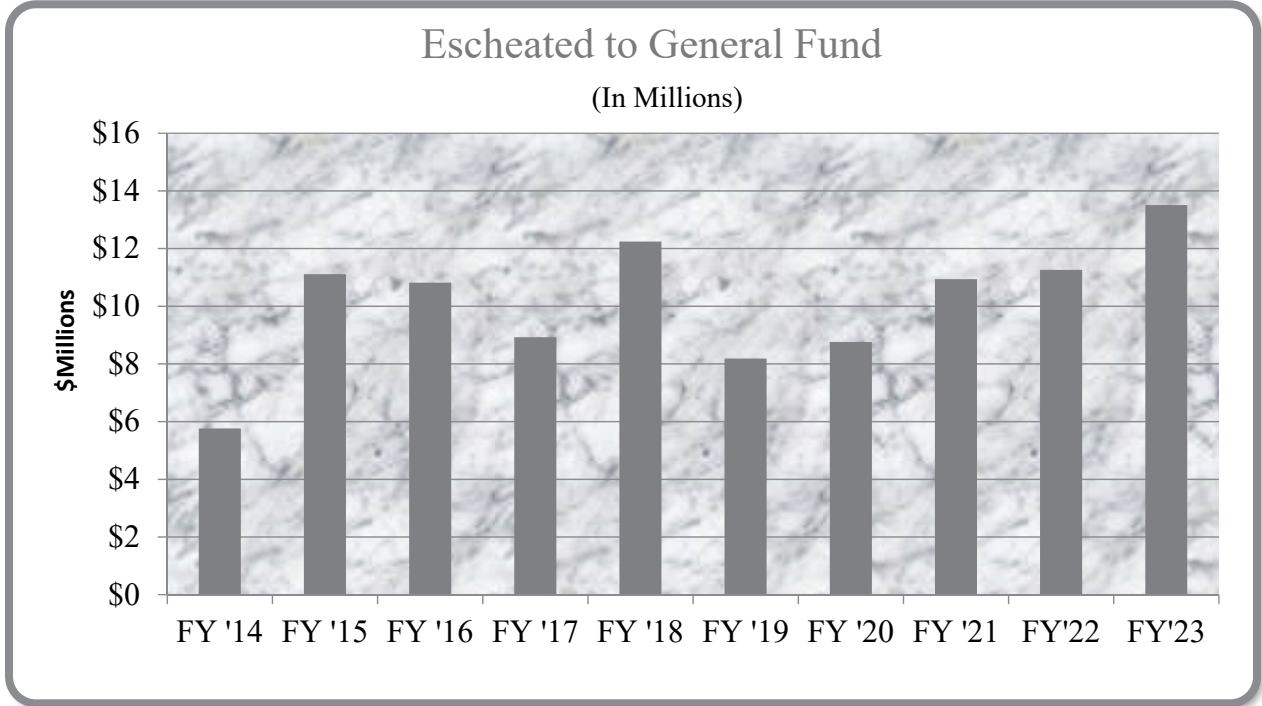
In fiscal year 2023 the average claim size was \$688. The largest individual claim in fiscal year 2023 totaled \$461,156. Over the past ten (10) fiscal years, \$66,503,848 has been returned to owners, an average of over \$6.6 million returned each year.





**Non-Securities Escheatment (RSA Chapter 471-C:30-31)**

On a net basis, the Division delivered nearly \$13.5 million to the General Fund during fiscal year 2023. RSA 471-C:30-31 provides for certain deductions from the gross amount available for transfer to the General Fund based on further escheatment to New Hampshire counties, as well as the payment of administrative expenses of the Division. Over the past ten (10) fiscal years, the net transfer to the General Fund was approximately \$101.4 million, an average net transfer of funds of \$10.1 million annually. The following graph excludes the impact of the liquidation of securities for fiscal years 2014 through 2023, which is summarized below the graph.



**Securities Liquidation (RSA Chapter 471-C:30-31)**

The State Treasury practices with respect to the liquidation of unclaimed securities were modified in fiscal year 2007 in an effort to recover and deliver proceeds to owners’ accounts and the General Fund on a timelier basis. Following a three-year hold period, proceeds from liquidated securities are transferred to the General Fund in the same fiscal year they are sold, as opposed to being held for an additional period, as was past practice. The result of this change is an increase in recent year escheatment dollars, with significant proceeds delivered to the General Fund in conjunction with, and in addition to, the annual net escheatment of cash receipts similarly subject to a 3-year hold period. Over the past ten fiscal years, liquidation proceeds were delivered to the General Fund as follows (dollars in millions):

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$9.10	\$3.60	\$5.40	\$3.90	\$5.80	\$6.10	\$2.90	\$4.60	\$4.00	\$3.11

**COLLEGE SAVINGS PLANS**

As the fiscal year closed, the State Treasury and the New Hampshire College Tuition Savings Plan Advisory Commission (“Advisory Commission”) had completed 25 years of administering the UNIQUE College Investing Plan (“UNIQUE Plan”) and 21 years of administering the Fidelity Advisor 529 Plan (“FA 529 Plan”) pursuant to RSA 195-H. Both plans are managed by Fidelity Investments under contract to the State through the end of calendar year 2028. The combined assets under management for the two plans totaled \$23.3 billion at the end of fiscal year 2023. The

combined New Hampshire Plans ranked fourth among all state plans in the market value of assets. Plan assets were held by over 926,000 participants throughout the U.S. and its territories. The average participant account balance as of the end of the fiscal year was \$24,109 in the UNIQUE Plan and \$30,237 in the FA 529 Plan, highlighting that this is a college savings vehicle primarily used by middle and lower income families.

Both plans are very flexible and withdrawals can be used for a wide array of qualified higher education expenses such as computers, books, required supplies, equipment, room and board, and tuition at accredited postsecondary schools, anywhere in the United States and at several international institutions. Furthermore, as a result of the Tax Cut and Jobs Act of 2017, 529 plans became more flexible, allowing up to \$10,000 per year in 529 savings plan assets to be used for tuition expenses for grades K-12 in addition to qualified higher education expenses. There are no income limits on participation, both plans are open to anyone regardless of state of residence. The UNIQUE Plan is sold directly to retail investors, while the FA 529 Plan is sold through financial intermediaries, such as financial planners. Participants in these plans have multiple investment portfolio options from which to choose, comprised of age-based target, static allocation investment, and individual fund portfolios representing both actively managed and index funds, as well as a series of blend portfolios which combine both active and passive strategies. The portfolios are largely funds of funds and range from aggressive 100% equity funds to highly conservative fixed income mutual funds. Changes to investment portfolios are continually reviewed in order to ensure enhanced investment performance for college savers.

### **UNIQUE Scholarship Programs**

The New Hampshire Excellence in Higher Education Endowment Trust Fund (the “Trust Fund”) was established pursuant to RSA 6:38 and is funded through a monthly investment management assessment generated by the two New Hampshire 529 plans. The purpose of the Trust Fund is to provide scholarships to financially disadvantaged New Hampshire students attending New Hampshire postsecondary education institutions, under the governance of the Advisory Commission. The Trust Fund also covers all costs associated with the administration of the Plans, including the financial audits. Two scholarship programs implemented in mid-2006, are:

1. UNIQUE Annual Allocation Program (“Annual Program”), which provides yearly scholarships to New Hampshire-resident students attending the University System of New Hampshire (“USNH”), the Community College System of New Hampshire (“CCSNH”), and nine (9) other eligible and participating New Hampshire postsecondary education institutions pursuant to Administrative Rule Csp 600. In July 2022, an initial allocation of approximately \$1 million was distributed to participating institutions, both public and private. Additional scholarship reimbursements of \$4.7 million were distributed to participating institutions at the end of fiscal 2023, resulting in a total distribution of \$5.7 million in UNIQUE Annual Awards for the year.
2. UNIQUE Endowment Allocation Program (“Endowment Program”) provides monthly distributions to restricted endowment funds maintained and managed by USNH, CCSNH, and nine (9) other eligible, non-profit New Hampshire postsecondary education institutions,

pursuant to Administrative Rule Csp 700. With these institutions providing scholarships from the earnings of the growing endowment funds, it is intended that future UNIQUE scholarships will be available to New Hampshire students in perpetuity. Under the Endowment Program, 30% of the monthly revenue (investment management assessment) received from Fidelity is allocated to participating institutions. As a result, \$5.1 million in monthly allocations were distributed to participating institutions throughout fiscal year 2023.

Eligibility criteria for both scholarship programs were developed by the Advisory Commission and are established in administrative rules for the Endowment Program, while the eligibility criteria for Annual Program scholarships are revised and approved at least annually.

On December 6, 2021, at its quarterly meeting, the Advisory Commission adopted the eligibility criteria for the UNIQUE Annual Award Program for the 2022-2023 academic year by increasing the Expected Family Contribution cap from \$1,000 to \$5,846 and the individual award amount from \$1,000 to \$1,300 each (full time-students, prorated for part-time). The Advisory Commission also sought a rule change to the administrative rules governing the funding of the UNIQUE Endowment Allocation Program. On December 6, 2021, the Advisory Commission adopted said rules (Csp 702.01(c)), which requires the Advisory Commission to determine annually the total amount available for endowment allocations to participating institutions (a percentage of gross proceeds from the assessments collected). The Advisory Commission is required to set a percentage to maximize the number of scholarships for New Hampshire needy students by applying the following factors: (1) annual assessments collected, (2) projected cost of operating the UNIQUE Annual Allocation Program and Governor’s Scholarship Program, and (3) the cumulative balance of the restricted endowments of institutions participating in the Endowment Program. For fiscal year 2023, the Advisory Commission set the allocation percentage of assessment revenue to the UNIQUE Endowment Allocation program to 30% and institution endowments received \$5.1 million.

Since their inception, the UNIQUE scholarship programs have distributed \$193 million of scholarship funding through the end of fiscal year 2023 (in thousands of dollars):

	<u>FY 2023</u>	<u>From Inception</u>
Annual Program	\$5,761	\$ 44,090
Endowment Program	<u>5,114</u>	<u>149,297</u>
TOTAL	\$10,875	\$193,387

As of the end of fiscal year 2023, the Trust Fund had a market value of \$16.95 million.

**GOVERNOR’S SCHOLARSHIP PROGRAM**

Chapter 346, Laws of 2019, repealed and reenacted RSA 4-C:31-34, transferring the administration and oversight of the Governor's Scholarship Program from the New Hampshire Office of Strategic Initiatives to the New Hampshire College Tuition Savings Plan Advisory Commission effective July 1, 2019.

The Governor's Scholarship Program provides financial assistance to eligible New Hampshire high school graduates or recent high school graduates who enroll full-time and continuously attend a participating postsecondary education institution of their choice within the state of New Hampshire. Any first year, full-time, Pell Grant-eligible student who earns the New Hampshire Scholar designation and meets the residency and academic requirements may be eligible for a scholarship award of \$2,000 per year for up to four years. All other eligible students will qualify for a scholarship award of \$1,000 per year for up to four years. The scholarships are to be applied to tuition, fees, and direct costs of an education at a participating institution.

Chapter 156, Laws of 2017 established the Governor's Scholarship Program and non-lapsing Fund funded with an initial appropriation of \$5 million. The same chapter also appropriated \$850,000 and \$950,000 for fiscal year 2018 and fiscal year 2019, respectively, to the department of education from the Governor's Scholarship Fund to fund student participation in the dual and concurrent enrollment program overseen by the Community College System of New Hampshire. Furthermore, Chapter 155, Laws of 2017 (2018-19 operating budget) appropriated \$5 million to the Governor's Scholarship Fund for fiscal year 2019. Chapter 345, Laws of 2019 (2020-21 operating budget), appropriated \$3 million for fiscal year 2020 and \$3 million for fiscal year 2021. Chapter 91, Laws of 2021, appropriated \$6 million for fiscal year 2021 and no additional funding for fiscal years 2022 and 2023.

In fiscal year 2023, New Hampshire postsecondary education institutions awarded approximately 838 4-, 2-, and 1-year awards to New Hampshire students participating in the Governor's Scholarship Program compared to 834 scholarships awarded in fiscal year 2022. Of the 834 scholarships, 202 went to students who obtained the New Hampshire Scholar designation while attending high school. In fiscal year 2023, participating institutions received approximately \$2.3 million in reimbursements for eligible students enrolled and who were already receiving a scholarship from the Governor's Scholarship Program.

### **STABLE NH SAVINGS PROGRAM**

Pursuant to RSA 195-K, and following the approval of the Executive Council on October 25, 2017 (item #23), the Governor's Commission on Disability and the State Treasury jointly entered into a 5-year, no-cost, partner agreement with the State of Ohio Treasury for the administration of New Hampshire's STABLE NH savings program. In December 2014, federal passage of ABLE (Achieving a Better Life Experience) legislation paved the way for each state to sponsor its own tax-advantaged savings program for the benefit of those with qualifying disabilities, with many features similar to those of a college tuition savings (529) account. Accordingly, section 529(a) of the Internal Revenue Code governs the tax treatment of ABLE accounts.

The STABLE NH savings program was operationally launched on December 15, 2017, with a formal ceremony on December 18 that featured remarks from Governor Christopher T. Sununu, Representative Lynne Ober, and former NH Health & Human Services Commissioner Jeffrey A. Meyers, as well as representatives from several area disability advocacy agencies. Following the

program launch, the Governor's Commission on Disability and the Treasury began a series of presentations promoting the NH Plan throughout New Hampshire.

Under the federal guidelines, there are specific criteria for determining the eligibility of an individual to qualify for ownership of an ABLE account. A maximum of \$16,000 annually in after-tax funds can be deposited into an ABLE account, however, if the individual who owns the account is employed, they can deposit an additional \$12,880 of wages. Funds held in a STABLE NH account are allocated across five portfolio options: an FDIC-insured bank deposit portfolio and four Vanguard portfolios that combine equity and fixed income funds based on splits of 80/20, 60/40, 40/60, and 20/80. Distributions from a STABLE NH account are not taxed as long as the distributions are used to pay for qualified disability expenses.

As of June 30, 2023, Granite Staters had opened 899 accounts in the program with a total of \$7.7 million in assets held.

### **SEABROOK NUCLEAR DECOMMISSIONING TRUST**

As of June 30, 2023, the Seabrook Decommissioning Trust Fund had assets with a market-value of \$1.04 billion. The decommissioning trust represents the cumulative contributions made by the owners of the Seabrook Nuclear Power Station for the cost of future decommissioning, combined with the investment earnings on the trust balance, net of applicable taxes and qualified administrative expenses. The trust is invested on the basis of elections made by each individual owner, subject to an investment policy approved by the State Treasurer, and influenced by the tax status of each individual owner. Trust fund proceeds may be invested in a mix of equities (stocks), fixed income securities (bonds), opportunistic (direct lending and private equity) portfolios, and cash equivalents. The allocation of fund holdings at the end of fiscal year 2023 was 64% equities, 26% fixed income, and 10% opportunistic investments. In addition, \$4,220 was held as a decommissioning funding assurance in separate escrow accounts on behalf of the owners at June 30, 2023. Escrow holdings primarily consist of cash and cash equivalents, with the State Treasurer and Deputy State Treasurer having signatory authority, but not custody of the funds.

The Seabrook Decommissioning Trust is not in the custody of the State Treasurer, nor does the Treasurer serve as the trustee. It is held in trust by Bank of New York Mellon on behalf of the owners of the Seabrook Nuclear Power Plant for the sole purpose of funding decommissioning costs when the plant ceases operations. Although the Treasurer presently serves on the Nuclear Decommissioning Financing Committee (pursuant to RSA 162-F), approves the Trust's Investment Guidelines (pursuant to the Master Trust Agreement), and fulfills certain other administrative roles, the State Treasury provides no direct financial management or custodial services to the Trust.

## **COMPONENT UNIT REPORTS**

Pursuant to RSA 6:44, all component units of New Hampshire state government are required to report to the State Treasurer on a quarterly basis. These quarterly reports include interim financial information, performance metrics, and all relevant information on the component units' activities. In accordance with the statute, the State Treasury serves as a clearinghouse of information by collecting and making these reports readily available to New Hampshire citizens and State officials on its website at <https://www.nh.gov/treasury/component-unit-dashboards>.

The New Hampshire Component Units regularly reporting to the State Treasury are listed below:

- Community college system of New Hampshire
- Community development finance authority
- Judicial retirement plan
- Land and community heritage authority
- Business finance authority
- Health and educational facilities authority
- Housing finance authority
- Municipal bond bank
- Pease development authority
- Retirement system of New Hampshire
- University system of New Hampshire

## **TREASURY ACCOMPLISHMENTS AND INITIATIVES**

The State Treasury achieved several milestones over the past year and continues to work on a number of initiatives that support not only the Treasury, but the entire state government. As a service provider to other State agencies, these important achievements could not have taken place without the full and dedicated collaboration of Treasury staff, multiple State agencies, the Governor, Legislature, and private sector entities.

In fiscal year 2023, the State Treasury diligently pursued goals delineated in its Three-Year Strategic Plan and some of those goals were deliberately considered during the development of the 2024-2025 biennial budget. The Treasury collaborated with the Governor and State Legislators on areas that benefited the Treasury, the State as a whole, and the general public. Initiatives such as the migration of essential information technology functions to the Department of Information Technology, the ability to expedite the return of unclaimed funds already escheated (property held longer than three years) immediately after obtaining verification of ownership of funds, and others. The Treasury will continue to work on established goals and will measure progress at the end of every fiscal year.

The Treasury also implemented Key Performance Indicators that track day-to-day operations. These management tools along with its risk assessment program will continue to assist the



Treasury in meeting its constitutional responsibilities and better serve the citizens of New Hampshire.

### **Abandoned Property Current and Future Initiatives**

In fiscal year 2023, the Abandoned Property Division continued to benefit from the many enhanced features of its unclaimed property system, KAPS. The provider of KAPS has implemented standardized unclaimed property websites for all the states utilizing its system. The standardized structure of the websites has enhanced holder reporting, as holders become increasingly proficient with the uniform interactive efficiencies offered by the states. The standardized nature of the websites also benefits claimants who see the consistency of the individual states' websites as a reinforcement of the legitimacy of the states unclaimed property programs, and also, as consumer protection-based programs focused on returning unclaimed funds to the rightful owners in an expedient and recognizable manner.

In the summer of 2020, this hosted website began allowing claimants to complete the entire claim process on-line. The improved unclaimed property system solution allows property owners to search unclaimed property directly into the KAPS database, file claims electronically, and securely upload documents to the website.

Beginning in fiscal year 2022, eligible claims (\$100.00) were paid via an automated process that utilizes a data match analysis verifying ownership of funds. Claims approved through this process are paid within two weeks of initiation. In fiscal year 2023, 5,855 claims totaling \$173,623 were paid through this streamlined, fast track process, compared to 2,457 claims (or \$80,450) in fiscal year 2022.

Furthermore, in fiscal year 2023, the administration of the National Association of Unclaimed Property Administrators national on-line claims clearinghouse database, [www.missingmoney.com](http://www.missingmoney.com), was awarded to the same vendor the Division uses for its unclaimed property system. The significance of this change is that now all the [missingmoney.com](http://missingmoney.com) inquiries are immediately converted to electronic claims in KAPS. Previously, [missingmoney.com](http://missingmoney.com) inquiries were received in the form of emails directed to the Division.

The introduction of those solutions have dramatically transformed the manner in which claims are handled and have improved the Division's ability to return unclaimed property to rightful owners. During the past fiscal year, approximately 90% of claimants filed their claim on-line while the other 10% continued with the traditional method of submitting inquiries directly at the Division's claims services lines.

### **Financial Education**

In fiscal year 2023, the State Treasury introduced a new Financial Wellness Platform, a free online tool that conducts assessments of individuals' financial wellness and offers related personalized learning modules that can help navigate many of life's financial decisions. Thanks to the partnership with the National Association of State Treasurers and Enrich Financial Wellness, the

Treasury has been able to offer this free resource to State employees and their family members. The Enrich Financial Wellness Platform can be found by visiting the State Treasury website at <https://www.nh.gov/treasury/> and selecting the *Financial Education* tab or directly at <https://nastfoundation.enrich.org/landing/nast-off-start-nh>.

**Remediation of Observations from 2014 LBA Financial Audit**

On June 16, 2014 Governor Maggie Hassan issued Executive Order 2014-03, which requires State agencies to report on their progress in responding to audits of the Legislative Budget Assistant on a semi-annual basis. In an LBA financial audit dated March 11, 2014, thirteen observations were identified and reported to the Legislative Fiscal Committee.

On August 12, 2014 (within 60 days of the Executive Order, as required) Treasury filed its initial remediation plan and has since filed updated status reports regarding its remediation efforts semiannually, as summarized in the table below. These reports, including the original LBA audit report, can be accessed on the Transparent NH website at <https://www.nh.gov/transparentnh/audit/treasury/index.htm>, or on the Treasury website at <http://www.nh.gov/treasury/forms-publications/index.htm#audit>. A summary of Treasury’s progress in resolving audit observations follows:

Observations	1	2	3	4	5	6	7	8	9	10	11	12	13
03-21-15	P	P	R	R	P	R	U	U	R	U	R	R	U
09-21-15	P	P	R	R	S	R	P	U	R	P	R	R	P
03-21-16	S	S	R	R	S	R	P	U	R	S	R	R	S
09-21-16	R	R	R	R	S	R	P	U	R	S	R	R	R
03-21-17	R	R	R	R	S	R	P	U	R	S	R	R	R
09-21-17	R	R	R	R	S	R	P	U	R	S	R	R	R
03-21-18	R	R	R	R	R	R	P	U	R	S	R	R	R
09-21-18	R	R	R	R	R	R	P	U	R	R	R	R	R
03-21-19	R	R	R	R	R	R	P	U	R	R	R	R	R
09-21-19	R	R	R	R	R	R	P	U	R	R	R	R	R
03-21-20	R	R	R	R	R	R	P	U	R	R	R	R	R
09-21-20	R	R	R	R	R	R	P	U	R	R	R	R	R
03-21-21	R	R	R	R	R	R	P	U	R	R	R	R	R
09-21-21	R	R	R	R	R	R	P	U	R	R	R	R	R
03-21-22	R	R	R	R	R	R	R	U	R	R	R	R	R
09-21-22	R	R	R	R	R	R	R	U	R	R	R	R	R
03-31-23	R	R	R	R	R	R	R	U	R	R	R	R	R

R – Resolved    S – Substantially Resolved    P – Partially Resolved    U – Unresolved

Treasury remains committed to fully resolving all audit findings and includes in its updated status reports an estimated target date for the final remediation of all findings not yet fully resolved.

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TRUST AND CUSTODIAL ACCOUNTS HELD BY THE STATE TREASURER (EXHIBIT 1)					
FISCAL YEAR 2023 (unaudited)					
	July 1, 2022	Dividends	Net	Net	June 30, 2023
	Beginning	&	Transactions	Change	Ending
Fund Name	Market	Interest	During	in Market	Market
	Value	Earned	Year	Value	Value
<b>Department of Education</b>					
- Harriet Huntress	82,533	2,582	2,465	1,222	88,802
- Hattie Livesey	42,956	1,337	2,049	(1)	46,342
- John Nesmith	624,915	19,716	16,761	(2,702)	658,689
- Special Teachers Competence	277,330	8,331	9,344	(289)	294,717
<b>Department of Environmental Services</b>					
- Connecticut-Coos	2,910,490	88,369	88,656	(136,547)	2,950,969
- Mascoma	45,345	1,688	0	0	47,033
- Newfound	85,266	3,175	0	0	88,441
- Piscataquog	6,713	250	0	0	6,963
- Squam Lake	94,540	3,520	0	0	98,060
- Sugar River	13,352	497	0	0	13,849
- Winnepesaukee	13,819	514	0	(0)	14,333
<b>Department of Fish &amp; Game</b>					
- Lifetime License Fund	2,722,270	89,550	244,160	27,995	3,083,975
<b>Health &amp; Human Services</b>					
- Laconia State School	119,152	4,259	(5,590)	(1,559)	116,262
- Matthew Elliott Memorial Trust Fund	4,957	185	0	0	5,142
- New Hampshire Hospital	7,409,076	162,359	(419,912)	434,441	7,585,963
- NHSLRP/JUA Escrow Account	3,334,628	110,520	(369,782)	0	3,075,366
- Youth Development Center	35,643	1,327	0	(0)	36,970
<b>Department of Labor</b>					
- Crown Paper Workers Compensation	15,277	2	0	0	15,278
- Special Fund for Active Cases	11,120	400	(1,835)	0	9,686
- Special Fund For Second Injuries	3,262,730	334,923	1,005,558	0	4,603,212
<b>Dept of Natural and Cultural Resources</b>					
- Tip-Top House Fund	21,565	803	0	0	22,368
<b>Department of Safety</b>					
- Financial Responsibility	101,941	3,993	10,519	0	116,453
- Road Toll Bonds	36,977	1,377	0	0	38,354
<b>New Hampshire Veterans' Home</b>					
- Benefit Fund	1,642,981	52,575	54,423	12,565	1,762,544
- Guy Thompson Account	15,108	362	(108)	(0)	15,362
- Members' Administrative Account	407,396	7,273	100,000	458	515,128

TRUST AND CUSTODIAL ACCOUNTS HELD BY THE STATE TREASURER (EXHIBIT 1 CONT.)					
FISCAL YEAR 2023 (unaudited)					
	July 1, 2022	Dividends	Net	Net	June 30, 2023
	Beginning	&	Transactions	Change	Ending
Fund Name	Market	Interest	During	in Market	Market
	Value	Earned	Year	Value	Value
<b>NH Higher Education</b>					
-NH Higher Ed- Concord Hospital Surgical Technology Program	81,399	3,031	0	(0)	84,429
-NH Higher Ed- The Prelude Institute	10,017	332	0	(10,349)	0
-NH Higher Ed- The Trivium Institute	10,016	373	0	(0)	10,389
<b>Office of Energy and Planning</b>					
- Land Conservation Monitoring Endowment	4,407,476	120,130	17,061	303,269	4,847,936
<b>Public Utilities Commission</b>					
-Electric Assistance Program	3,738,949	30,124	(3,634,666)	0	134,407
<b>Treasury Department</b>					
- Japanese Charitable Fund	186,234	5,729	9,749	(3,749)	197,963
- College Savings Plan Trust	10,650,879	544,677	5,145,043	612,507	16,953,105
<b>University of New Hampshire</b>					
- Benjamin Thompson Trust	2,416,035	76,676	(27,299)	126,290	2,591,702
<b>Other</b>					
- Community Conservation Endowment	6,306,735	158,833	(206,154)	600,386	6,859,799
- Conn Lakes Headwaters Natural Areas Stewardship	2,228,447	53,819	(91,347)	179,002	2,369,921
- Conn Lakes Headwaters Tract Monitoring Endowment	2,405,597	60,112	(27,148)	204,776	2,643,338
- Conn Lakes Headwaters Tract Road Maintenance	2,244,575	52,602	(169,592)	169,403	2,296,987
<b>Total Trust &amp; Escrow Accounts</b>	<b>58,024,438</b>	<b>2,006,324</b>	<b>1,752,356</b>	<b>2,517,118</b>	<b>64,300,236</b>
- Unclaimed and Abandoned Property <sup>(1)</sup>	23,598,095	1,067,039	3,334,769	505,711	28,505,613