



View from summit of Mount Major, Alton, NH

The State of New Hampshire
Annual Report
of the
State Treasury
As of and for the
FISCAL YEAR ENDED JUNE 30, 2012

Catherine A. Provencher
State Treasurer
Concord, New Hampshire
2012

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Catherine A. Provencher
STATE TREASURER



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September 28, 2012

To His Excellency the Governor and the Honorable Council:

Pursuant to, RSA 6:17, RSA 6:43, RSA 11:5-b and RSA 20:7, I am pleased to submit the Annual Report of the State Treasury, as of and for the fiscal year ended June 30, 2012 for your approval.

The New Hampshire Treasury is charged with executing a variety of financial management tasks. Among those responsibilities, the Treasury performs internal bank and investment management functions for the State's funds; issues the State's general obligation and revenue bonds and other debt and, pursuant to RSA 471-C, is responsible for acquiring and returning to owners all financial property that qualifies as abandoned property under the law. The Treasurer is also a member of various boards and commissions and acts as trustee and custodian of various State funds.

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

The staff of the Treasury and I look forward to the challenges ahead as we continually strive to improve the wide range of financial management services we provide to the citizens of New Hampshire and to all branches of State government.

Respectfully submitted,

Catherine A. Provencher
State Treasurer



**STATE OF NEW HAMPSHIRE
SELECTED STATE OFFICIALS**

GOVERNOR

John H. Lynch

EXECUTIVE COUNCIL

Raymond S. Burton, District 1
Daniel St. Hilaire, District 2
Christopher T. Sununu, District 3
Raymond J. Wieczorek, District 4
David K. Wheeler, District 5

SECRETARY OF STATE

William M. Gardner

ATTORNEY GENERAL

Michael A. Delaney

COMMISSIONER OF ADMINISTRATIVE SERVICES

Linda M. Hodgdon

STATE TREASURER

Catherine A. Provencher

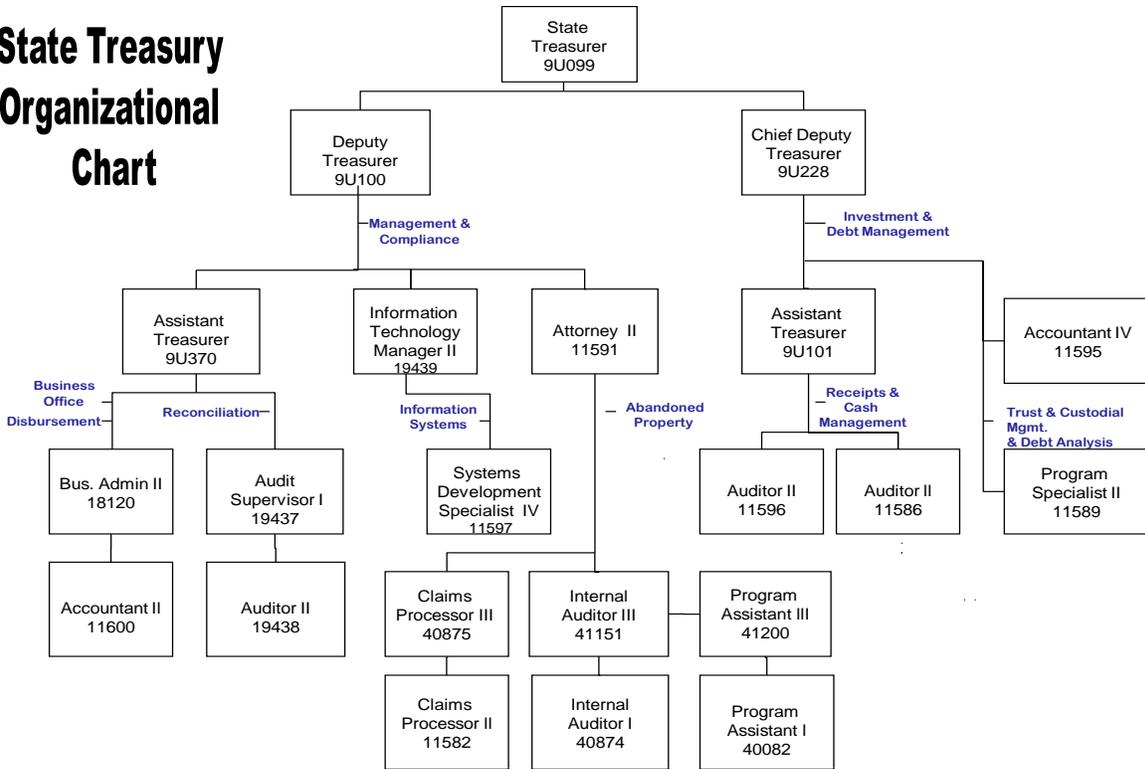
OVERVIEW OF THE TREASURY

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 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.

The State Treasury is responsible for a variety of financial management activities including cash and investment management, debt management, and the unclaimed and abandoned property program. The Treasurer is a member of many boards and commissions including but not limited to the New Hampshire Retirement System, the New Hampshire Municipal Bond Bank, the New Hampshire Business Finance Authority, the Nuclear Decommissioning Finance Committee and the College Tuition Savings Plan Advisory Commission. The Treasurer is also the trustee of, or has administrative responsibilities for many trust, custodial, escrow and other funds.

The authorized staffing of the Treasury for the 2012/2013 biennium is 22 positions and, as of the close of fiscal year 2012, all positions were filled. The organizational chart below illustrates the authorized positions for each functional area as of June 30, 2012.

**State Treasury
Organizational
Chart**



As of June 30, 2012

CASH MANAGEMENT

The Treasury is responsible for a broad array of cash management activities related to its role as the State's "bank". It is the Treasury's responsibility to have the right amount of cash, when and where needed to finance the operating and capital budgets. This responsibility is accomplished in several ways including cash flow forecasting, collecting and concentrating funds, making disbursements, and investing available daily cash balances.

In fiscal year 2012, the Treasury managed over \$5.2 billion in receipts and approximately \$5.2 billion in disbursements. A list of receipts and disbursements for the past three fiscal years follows:

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

	As of and for the Year Ended June 30		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
BEGINNING BALANCE	\$ 655,975,613	\$ 604,671,539	\$ 357,858,295
TOTAL RECEIPTS	5,255,496,091	5,602,341,952	5,803,413,747
TOTAL DISBURSEMENTS	(5,165,877,667)	(5,551,037,878)	(5,556,600,503)
ENDING BALANCE	\$ 745,594,037	\$ 655,975,613	\$ 604,671,539

TRUST AND AGENCY ACCOUNTS

Pursuant to RSA 11:1, the State Treasurer acts as the custodian of "...all trust funds left to and accepted by the state..." As of June 30, 2012, the fair market value of the forty-seven (47) trust and agency funds was approximately \$49 million, with a maximum individual fund value of over \$16.4 million and investment objectives ranging from short-term liquidity to maximum capital gain. Six accounts were liquidated during the fiscal year, two of which had also been opened during the fiscal year. These funds originated from a variety of sources and serve a wide array of beneficiaries. A list of these trust and agency funds, along with activity and balances for fiscal year 2012, is included in this report as Exhibit 1.

DEBT MANAGEMENT

General Obligation Bonds

General obligation debt is paid from the State's taxes and other revenues. As of June 30, 2012 total outstanding general obligation debt was \$960 million. Approximately 71% of this debt will be repaid from the general fund while the remaining balance is paid from a variety of dedicated user fees and fines.

On July 21, 2011 the Treasury issued a \$1,295,000 general obligation capital improvement bond through a private placement sale to the NH Municipal Bond Bank (NHMBB) to use as an investment in its Debt Service Reserve Fund. The bond pays an average coupon of 3.00% with a maturity date of 2021, resulting in a true interest cost of 2.79%. Similarly, on December 15, 2011 the Treasury issued a \$2,225,000 general obligation capital improvement bond through a private placement sale to NHMBB for use as an investment in its Debt Service Reserve Fund. The bond pays an average coupon of 4.00% with a maturity date of 2031, resulting in a yield of 3.58%. Both of these issues pay interest only until maturity (10 and 20 years respectively), thereby serving as a steady reserve investment for the NHMBB.

On October 20, 2011 the Treasury issued \$100,000,000 General Obligation Capital Improvement Bonds, 2011 Series B (the "Bonds") through a competitive sale. The Bonds have maturities ranging from 2013 to 2031 with an average coupon of 3.99%. The Bonds were sold through a competitive sale and resulted in an overall true interest cost of 2.88%. These Bonds were issued for the sole purpose of financing state authorized capital projects. The projects funded with the proceeds are associated with a variety of state agencies and have been authorized over several capital budgets. The majority of the projects funded are those in the 2010/2011 capital budget, such as: completion of the Hampton Seashell, repairs/improvements of the State Library, implementation of the new Revenue Department tax application, repair/maintenance of Court System facilities, construction of Milford Kindergarten, various building projects of the NH Community College System, and a variety of construction projects related to Transportation and Fish and Game facilities.

Federal Highway Grant Anticipation Bonds

Treasury also issued \$98,250,000 Federal Highway Grant Anticipation Bonds, 2012 Series (the "GARVEE Bonds") on May 30, 2012 with maturities ranging from 2013 to 2020. The GARVEE bonds were issued to provide funding for continued work on widening Interstate 93, specifically, three identified construction projects associated with I-93 Exits 2 and 3 in Salem and Windham, respectively. Sold through a negotiated sale to provide marketing expertise and broad exposure with a relatively new type of bond with unique features, the sale resulted in an overall true interest cost of 1.27% with an average coupon of 4.8%. The GARVEE Bonds are special limited obligations of the State, payable and secured solely by the state's federal highway aid program revenue, and thus do not constitute general obligations of the State.

Turnpike System Bonds

In addition to coordinating the issuance of general obligation debt, the Treasury issues capital improvement revenue and refunding bonds for the Turnpike System. These bonds are repaid solely

from the revenues (tolls) collected throughout the Turnpike System. Total outstanding debt (principal only) of the Turnpike System as of June 30, 2012 was \$340 million.

Treasury issued \$42,115,000 Turnpike System Revenue Bonds, 2012 Refunding Series (Delayed Delivery) on July 27, 2011. The bonds refinanced \$45,870,000 of the outstanding Turnpike System 2002 Refunding Series Bonds due in the years 2013 through 2020. The sale was done on a negotiated basis and resulted in net present value savings of \$3,735,515, percent savings of 8.144%. Although settling on January 5, 2012, the sale occurred in July, 2011 to lock in savings prior to the call date on the 2002 Bonds. The 2012 refunding bonds have maturities in 2013 through 2020 paying coupons of 4% and 5% but a true-interest-cost of 3.007%.

STATE GUARANTEED DEBT

The State is contingently liable for certain municipal government debt issues for water pollution control bonds, school building, 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 be either on the total amount guaranteed or on the total amount guaranteed that remains outstanding at any time; the latter is a revolving limit, allowing additional guarantees to be awarded as guaranteed debt is retired.
2. The statutory dollar limit may represent either the total amount of principal and interest or only the total amount of principal that may be guaranteed; in the latter case interest on that principal amount may also be guaranteed but is not otherwise specifically limited.

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

As of June 30, 2012 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 ^{(1) (2)}	\$ 48.0 million
School Building Authority Bonds	\$ 95.0 million ^{(1) (2)}	\$ 42.8 million
Superfund Site Bonds	\$ 20.0 million	\$ 20.0 million
Landfill and Waste Site Bonds	\$ 10.0 million ^{(1) (2)}	\$ 9.9 million
Business Finance Authority Bonds	\$ 95.0 million ⁽¹⁾	\$ 32.0 million
Pease Development Authority Bonds	\$ 105.0 million	\$ 48.9 million
Housing Finance Authority Child Care Loans	\$ 0.3 million ⁽¹⁾	\$ 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.

The State also has exposure 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, then the Bond Bank may ask the legislature for non-appropriated funds to cover any shortfall. While this exposure exists, the level of its risk is not easily quantifiable to evaluate the potential on the State's credit rating. Chapter 324, Laws of 2008, amended RSA 35-A:24 to include an intercept program where in the case of a 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 that defaulted.

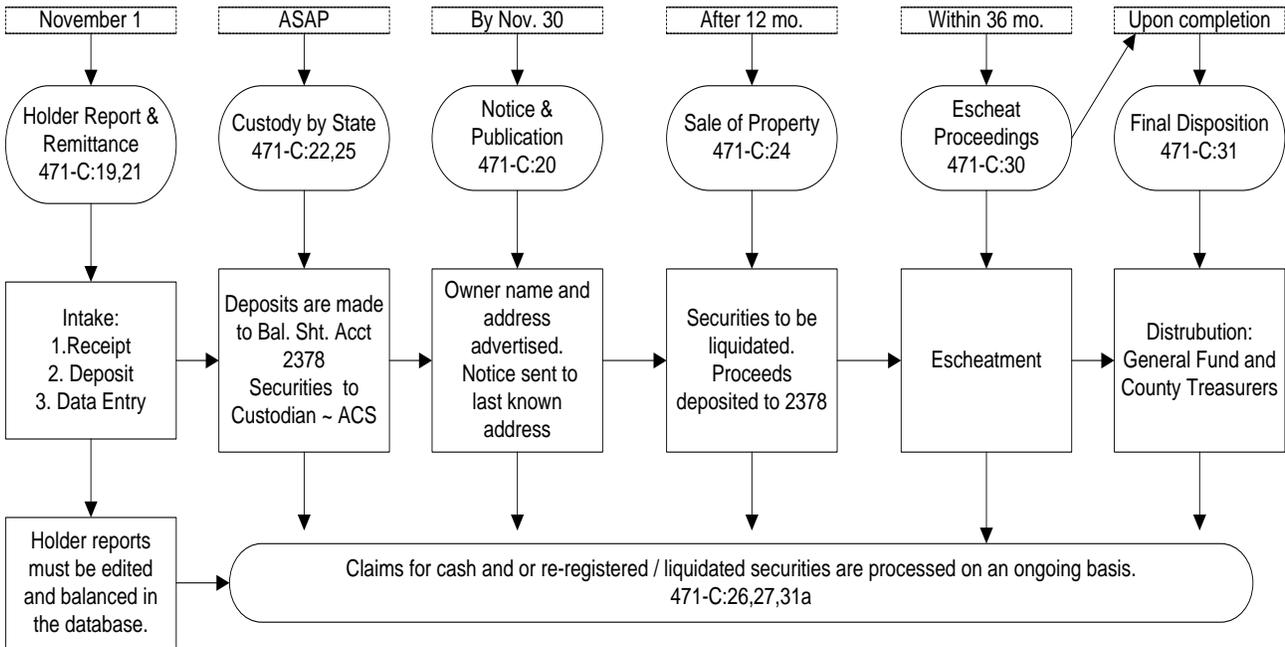
ABANDONED PROPERTY

Overview

Pursuant to the provisions of NH RSA Chapter 471-C, Treasury’s Abandoned Property Division is charged with the task of receiving 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 “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.

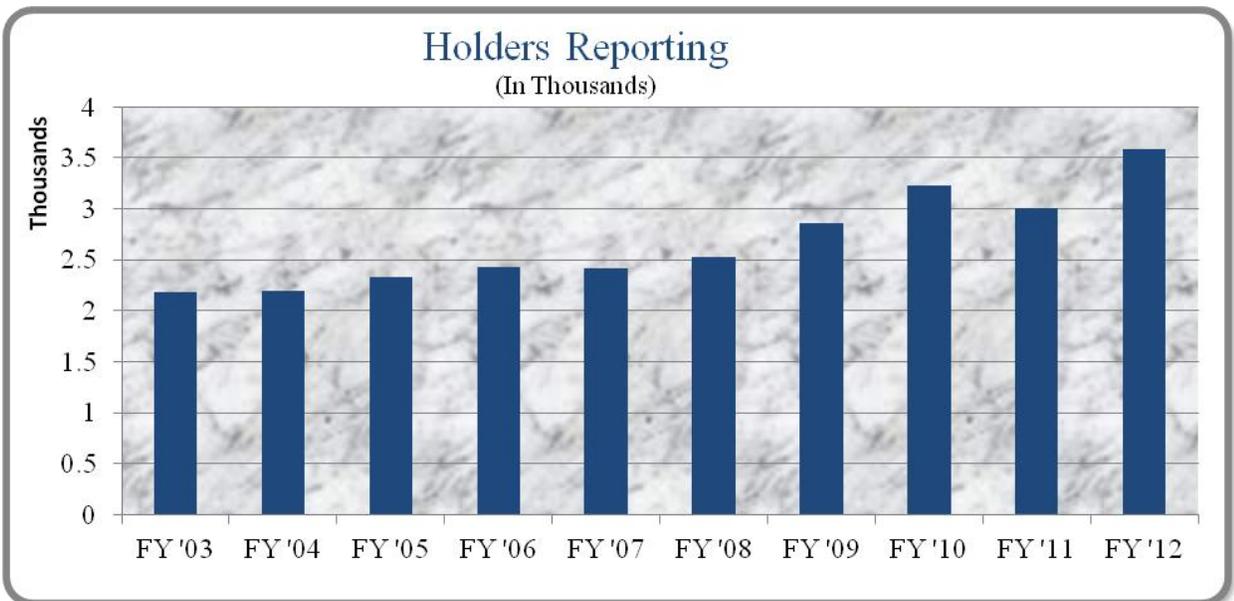
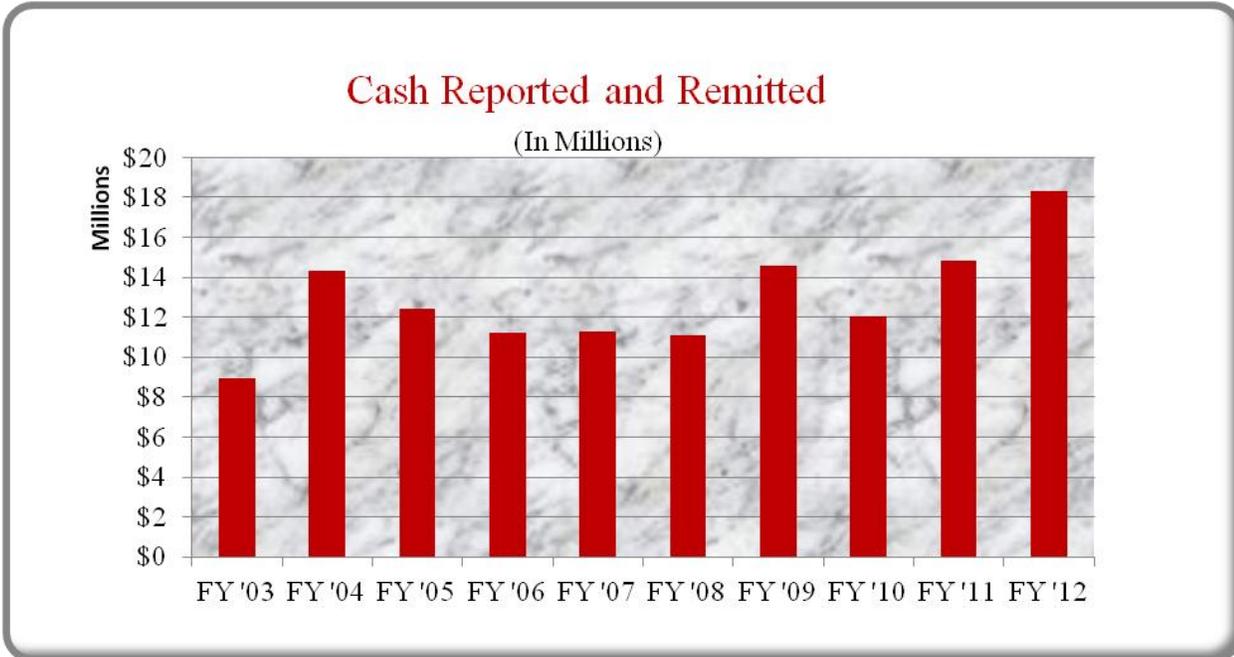
Diligent efforts are made to ensure that the property owners are notified that their property has been reported and remitted to the Division. An annual advertisement listing all names reported and their last known address is published in a newspaper with state-wide circulation. Additionally, a mailing in the form of a postcard notification is sent to the last known address of the reported owner. Further, the Division participates in MissingMoney.com, a multi-state database of unclaimed property owner information, and also maintains a page on the State Treasury website, affording 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 the state’s general fund. The general timeline below provides an overview of the annual workflow.



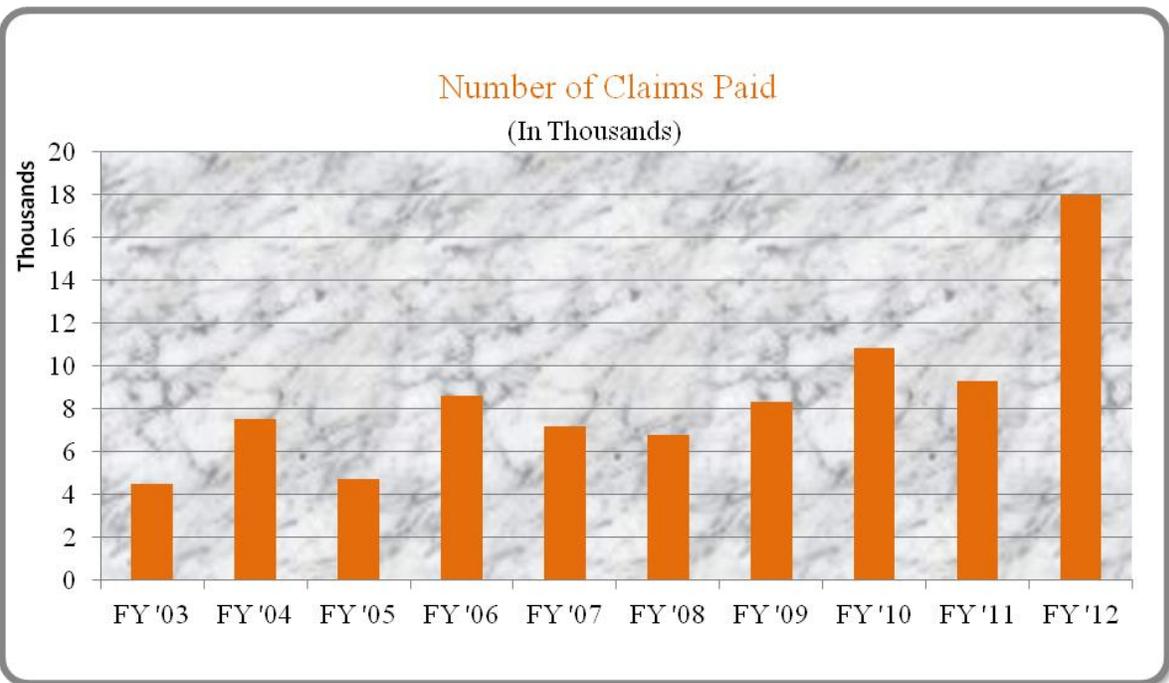
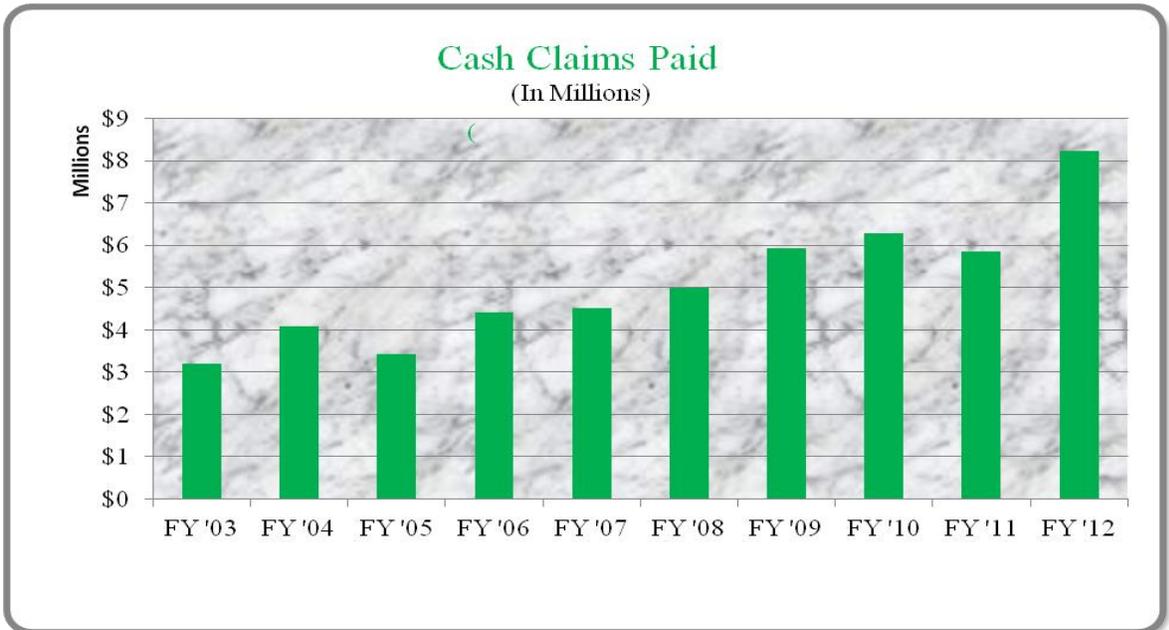
Holder Reporting and Remittances

In fiscal year 2012, nearly 3,600 holders of property reported and remitted cash in excess of \$18.8 million and delivered roughly 375,000 thousand 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 \$128,967,125 million from holders of abandoned property, averaging approximately \$12.9 million annually.



Owner Claims Processed

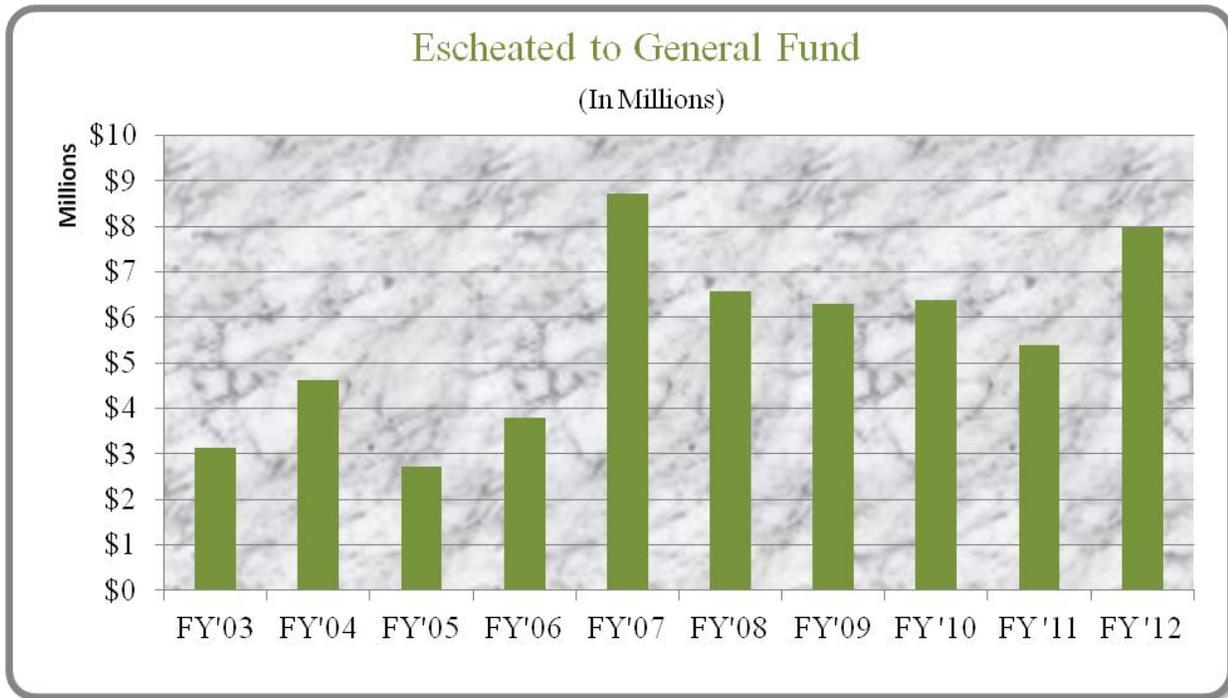
During fiscal year 2012, the Division returned \$8.2 million dollars to citizens representing 17,997 claims paid. The average claim paid was \$459 and the largest individual claim was \$145,198. In the past ten (10) fiscal years, \$50,967,055 has been returned to owners with an average of nearly \$5.1 million returned each year. A notable increase in the numbers relative to claims paid is largely the result of additional processing of reciprocal claims paid to other states within the fiscal year.



Escheatment (NH RSA Chapter 471-C: 30, 31)

The Division delivered just under \$8 million to the General Fund during fiscal year 2012. Over the past ten (10) fiscal years, just over \$55 million has been escheated to the General Fund. On average a transfer of funds of nearly \$5.5 million has taken place each year. A noteworthy increase in funds transferred in FY 2007 was the result of a significant, one-time recovery of demutualization proceeds from life insurance companies.

(The following graph excludes the impact of the liquidation of securities for fiscal years 2007, through 2012 discussed below.)



Securities Liquidation (NH RSA Chapter 471-C; 30, 31)

Treasury practices, with respect to liquidation of unclaimed securities, were modified in FY 2007 in an effort to recover and deliver proceeds to owners' accounts and the General Fund on a timelier basis. Essentially, proceeds from liquidated securities are transferred in the same fiscal year they are sold, as opposed to being held for an additional period as was the past practice. The result of this change is an increase in recent year escheatment dollars with significant funds being delivered to the General Fund in conjunction with, and in addition to, the annual escheatment dollars. Liquidation proceeds delivered to the General Fund during fiscal years 2007, 2008, 2009, 2010 and 2011 were \$16.1 million, \$2.9 million, \$6.3 million, \$1.2 million and \$3.1 million respectively. In fiscal year 2012 \$3.0 million was similarly delivered.

COLLEGE SAVINGS PLAN

As the fiscal year closed, Treasury and the College Tuition Savings Plan Advisory Commission (“Advisory Commission”) had completed 14 years of sponsoring the UNIQUE College Investing Plan and 10 years of sponsoring the Fidelity Advisor 529 Plan, pursuant to RSA 195-H. Both plans are managed by Fidelity Investments, under contract to the State through calendar year-end 2018. The combined net assets for the two plans approximated \$10.75 billion at the end of the fiscal year. The New Hampshire Plans ranked third of all state plans in the market value of net assets. Plan assets were held by over 642,000 participants throughout the country. The average account balance as of the end of the fiscal year approximated \$20,850 in the UNIQUE Plan and \$17,057 in the FA 529 Plan, indicating that this is a college savings vehicle for largely middle and lower income families.

Both plans are very flexible and withdrawals can be used for a wide range 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. There are no income limits on participation and participation is open to anyone, regardless of state of residence. The UNIQUE College Investing Plan is sold directly to retail investors, while the Fidelity Advisor 529 Plan is sold through financial intermediaries, such as financial planners, on a fee (commission) basis. Participants in these Plans have a total of 59 investment portfolio options from which to choose, comprised of age-based, static investment and individual fund portfolios representing both actively managed and index funds, as well as a series of eight multi-firm or “open architecture” portfolios that were added during the fiscal year. The portfolios are largely funds of funds and range from aggressive 100% equity funds to highly conservative money market funds. Changes to investment portfolios are continually reviewed in order to identify investment enhancements for plan participants.

The New Hampshire Excellence in Higher Education Fund (the “Trust Fund”) was established pursuant to RSA 6:38 and is funded by an administrative fee generated from the two plans. The purpose of the Trust Fund is to provide scholarships to financially needy New Hampshire students attending New Hampshire postsecondary education institutions, under the guidance of the Advisory Commission, and secondarily, to pay for administrative costs incurred by the Advisory Commission. Two scholarship programs, implemented in mid-2006, are:

1. UNIQUE Annual Allocation Program (Annual Program) that provides annual scholarships to New Hampshire-resident students attending the University System of New Hampshire (USNH), the Community College System of New Hampshire (CCSNH), and eleven other eligible and participating New Hampshire postsecondary education institutions. The passage of HB2 into law at the conclusion of the 2011 legislative session (budget legislation for the 2012-13 biennium) resulted in the liquidation of approximately \$13.5 million from the Trust Fund. Those funds were appropriated to USNH and CCSNH, however under the provisions of HB2, students in the two systems are not eligible to receive Annual Award scholarships.
2. UNIQUE Endowment Allocation Program (Endowment Program) that provides monthly funding to restricted endowment funds established and managed by the University

System of New Hampshire, the Community College System of New Hampshire and nine other eligible and participating New Hampshire postsecondary education institutions. With these institutions providing scholarships from the earnings of their growing endowment fund, it is intended that future UNIQUE scholarships will be available to New Hampshire students in perpetuity. Under the provisions of HB2, the Endowment Program is restricted to a one-time yearly allocation of \$500,000 among New Hampshire's private colleges and universities.

Criteria for both scholarship programs were developed by the Advisory Commission, are established in administrative rules, and are reviewed at least annually.

The Trust Fund, administered by Treasury, has provided scholarship funding totaling \$60 million through the end of fiscal 2012 as follows (in thousands of dollars):

	2012 Fiscal <u>Year</u>	From <u>Inception</u>
Annual Program	\$83	\$13,419
Endowment Program	\$500	\$46,646

As of the end of fiscal year 2012, the Trust Fund had a market value of \$3.0 million.

SEABROOK NUCLEAR DECOMMISSIONING

As of June 30, 2012, the Seabrook Decommissioning Trust fund had assets with a market value of \$422.2 million, unchanged from its value at the end of the prior fiscal year (on an after-tax basis) due to weak equity market performance during the third quarter of calendar year 2011 generally offset by strong performance in the fixed income markets throughout the 2012 fiscal year. The trust represents the cumulative contributions made by the owners of the Seabrook Nuclear Power Station for the cost of future decommissioning and investment earnings on those contributions, net of appropriate 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. The trust fund is invested in a mix of equities (stocks), fixed income securities (bonds) and cash. The allocation of the fund at the end of the fiscal year was approximately 65% stocks and 35% bonds and cash. In addition, nearly \$29 million was being held in separate escrow accounts at June 30, 2012 on behalf of the owners.

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 Mellon Bank 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 serves on the Nuclear Decommissioning Financing Committee, pursuant to RSA 162-F, and fulfills certain other administrative roles, the State Treasury provides no direct financial management or custodial services to the Trust.

TREASURY ACCOMPLISHMENTS AND INITIATIVES

Treasury achieved several accomplishments over the past year and continues with a number of initiatives which started during the fiscal year and are ongoing. As a service provider to other State agencies, these important changes could not have taken place without the full and enthusiastic cooperation of the Treasury staff, a variety of State agencies, the Legislature and private sector financial services firms.

Abandoned Property, Business Practice Improvement:

The Abandoned Property Division, in an effort to increase efficiency and effectiveness, has focused on the improvement of business practices. Throughout FY 2012 the Division has bolstered the claims review processes with additional oversight by the Treasury Business Office; instituted a Holder notification initiative to prompt consistent and timely filing of reports and remittances; commenced Balance Sheet (General Ledger Account) reconciliation against the Unclaimed Property Management System (UPMS) on a monthly basis; enhanced securities custody processes and required that the custodian provide SAS 70 report annually. The Division will continue to develop these and other business practices in efforts to continually improve efficiency.

Statewide Account Inventory:

As part of an effort to provide transparency and better internal controls, Treasury staff worked over several months to identify all bank accounts under the State's tax identification number for which the Treasury does not have custody. As part of this project all State agencies, the Legislative Branch, the Judicial Branch, and all banks that do business in NH were contacted by the Treasury Department on or before June 30, 2012, requesting the disclosure of all bank accounts held under the State's tax identification number. The responses were analyzed by internal Treasury staff and the results were as follows:

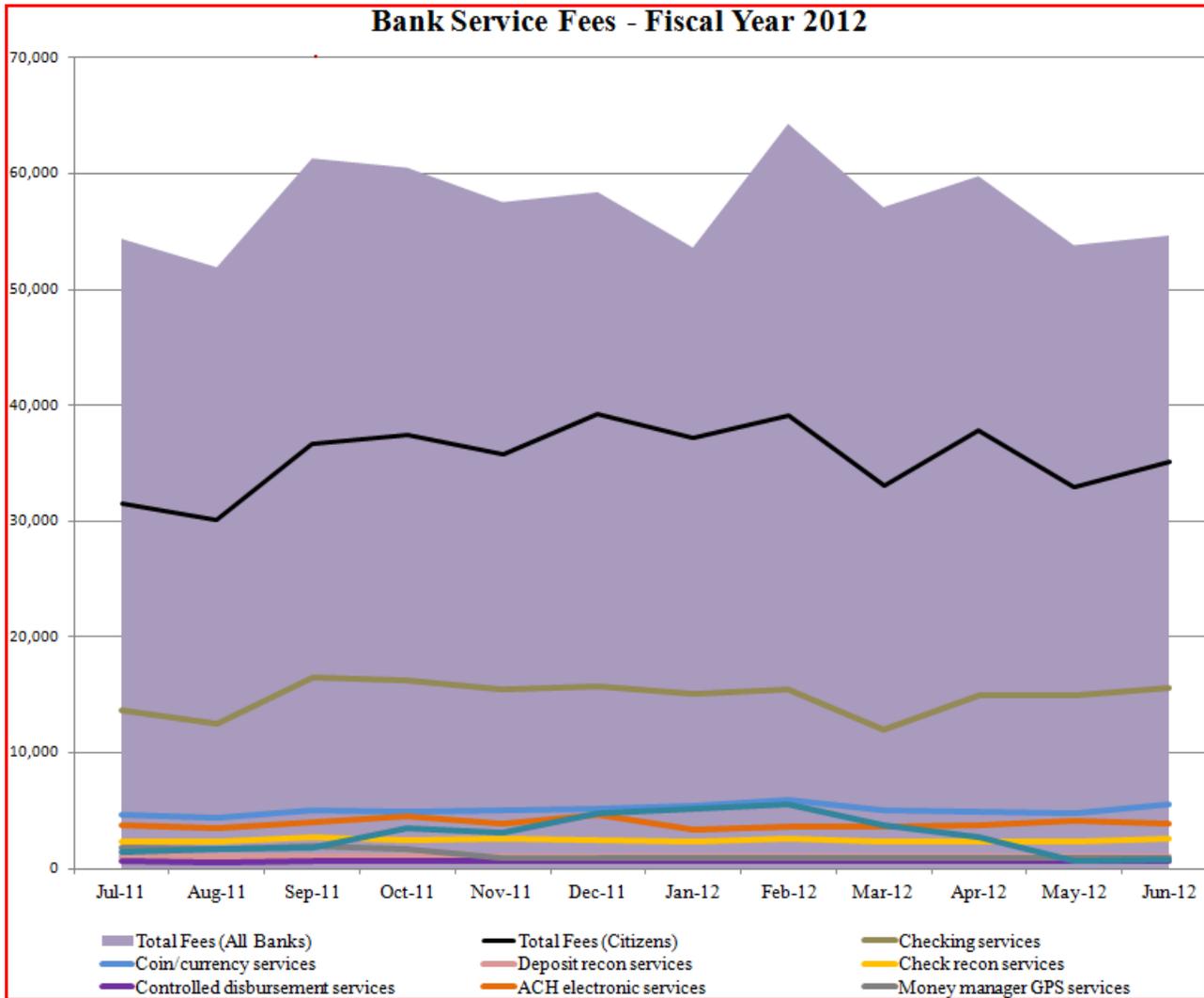
- 235 bank accounts were reported
- 120 of the 235 identified accounts lacked evidence of prior Governor and Council approval

Following this analysis, Treasury contacted the responsible parties for the 120 identified accounts that did not have a record of Governor & Council approval and requested that a sufficient "valid business purpose" be provided to Treasury for these 120 identified bank accounts. Treasury will respectfully request Governor and Council approval of these 120 bank accounts in order to provide for more transparency and tighten the internal controls of the State within the first quarter of Fiscal Year 2013.

Banking Processes & Products:

Due to the historically low interest rate environment, Treasury maintains a compensating balance arrangement with each of its banking vendors. This approach allows Treasury to pay for the state’s banking services by maintaining targeted balances sufficient to compensate the banks for services provided. As a result of rigorous monthly analysis of bank statements and trends, Treasury is able to optimize the balances it maintains with its banking vendors and deploy excess cash for financial operations or investment elsewhere.

Treasury continues to work with its banking vendors to both enhance the operational efficiency of certain banking applications utilized and to design or improve specific business continuity processes that will facilitate banking operations in the event of an interruption in normal service delivery.



Lean Initiative

“Lean refers to a collection of principles and methods that focus on the identification and elimination of non-value added activity (waste) involved in producing a product or delivering a service to customers”.*

Currently, Treasury has two active Lean initiatives. More than half of Treasury’s employees (including Abandoned Property) are involved, and Treasury has enlisted one of its employees as the Lean Coordinator. All employees are encouraged to submit new Lean ideas. Collectively, Treasury has a Lean culture and continues to be fully engaged in the Lean process improvement initiative.

The first Lean initiative, “Cash Reconciliation”, was initiated in Fiscal Year 2011. In this, Treasury is redesigning the process of approving revenue transactions and reconciliation of bank activity to eliminate duplication and to gain efficiencies. Treasury continues to make progress on this initiative. Documents are approved more quickly since a database issue was identified and corrected. In June 2011, Treasury began adding Unique IDs to many of the daily cash & check deposits. The Unique ID appears on the bank reports and is keyed into the corresponding NH First document making the reconciliation process more efficient. The functionality needed in NH First, to accommodate revenue date edits is still being developed.

The second, “Medicaid Estate Recovery from Abandoned Property”, is an interagency Lean initiative seeking to improve public service, transparency, communication, and increase the dollars recovered by Medicaid Estate Recovery. Treasury is currently working to obtain the identified technology, business rules, and policy necessary to move forward.

* James Womack, Daniel Jones, and Daniel Roos coined the term “Lean” in their 1990 book *The Machine that Changed the World* to describe the manufacturing paradigm.

Legislative Activity

Treasury continued to work with legislators seeking to make needed changes to statutes. During the 2012 legislative session, Treasury worked with many of the legislative committees and study committees providing research and testimony, as well responding to numerous fiscal note requests on a variety of issues. Significant efforts during this session were focused on an array of budget-related issues.

Physical Office Security Enhancements

Treasury management continues to monitor the physical security of the Treasury office spaces during all hours. All off-hours entry to Treasury requires access through doors which utilize electronic key cards. Such access has been restricted from over 100 State employees to only Treasury staff, limited housekeeping personnel, security and emergency services. All such accesses are reported to Treasury and continue to be reviewed on a weekly basis. Additional physical security enhancements have been identified and will be implemented as resources permit.

Treasury Policy Development

To enhance professionalism, strengthen personal ethics and to develop teamwork, Treasury implemented a formal Code of Conduct policy and a Fraud Policy and Procedure which are applicable to, and will be signed off by, each staff member annually. A comprehensive Fraud Risk Assessment is ongoing and will continue into fiscal year 2013 in order to improve the safeguards over State cash and investments. The assessment reviews Treasury's role in the overall internal control process of the State, reviewing confidential data flowing into and out of Treasury to other agencies or to our banking partners, as well as analyze detailed processes and procedures internal to Treasury. Additional fraud risk assessments and the implementation of recommendations for data security improvements will continue as budgeted resources permit.

TRUST AND ESCROW ACCOUNTS HELD BY THE STATE TREASURER

Fiscal Year 2012

<u>Fund Name</u>	<u>Beginning Market Value</u>	<u>Annual Earnings</u>	<u>Net Annual Transactions</u>	<u>Market Value Change (Net)</u>	<u>Ending Market Value</u>
<u>Health & Human Services</u>					
- Laconia State School	153,867	263	0	0	154,129
- New Hampshire Hospital	5,810,068	161,290	(62,246)	(126,106)	5,783,007
- Youth Development Center	45,525	70	(9,000)	0	36,595
- Matthew Elliott Memorial Trust Fund	4,659	8	0	(0)	4,667
- Catastrophic Illness Fund	266,820	3,809	(271,240)	612	0
<u>New Hampshire Veterans' Home</u>					
- Benefit Fund	691,620	12,713	(74,819)	10,921	640,435
- Members' Administrative Account	234,204	400	0	0	234,603
- Guy Thompson Account	15,312	26	(25)	(0)	15,313
<u>Dept of Agriculture, Markets & Foods</u>					
- Agriculture, Markets & Foods	17,561	15	(17,576)	0	0
<u>Department of Education</u>					
- John Nesmith	319,001	6,639	(3,340)	6,835	329,135
- Special Teachers Competence	215,692	4,433	(20,088)	4,889	204,926
- Hattie Livesey	17,418	349	6	350	18,123
- Harriet Huntress	34,487	717	11	671	35,887
<u>University of New Hampshire</u>					
- Sam Whidden Trust	167,335	475	1,541	(5,580)	163,771
- Ben Thompson Trust	1,620,385	39,738	123	(51,868)	1,608,377
<u>Department of Fish & Game</u>					
- Lifetime License Fund	1,445,873	29,841	87,807	(21,515)	1,542,005
<u>Dept of Resources and Economic Development</u>					
- Caroline A. Fox Fund	242,867	392	(64,874)	0	178,386
- Tip-Top House Fund	24,100	41	0	(0)	24,141
<u>Department of Labor</u>					
- Special Fund for Active Cases	41,497	0	(29,561)	0	11,936
- Special Fund For Second Injuries	2,105,257	5,146	517,763	(0)	2,628,166
- Crown Paper Workers Compensation	15,248	9	0	0	15,257
<u>Department of Safety</u>					
- Financial Responsibility	95,764	182	14,171	0	110,117
- Road Toll Bonds	831,587	1,370	29,295	(0)	862,251
- NH Disaster Relief Fund 2011	0	185	125,015	0	125,200
- VOIP Escrow	0	1,325	3,358,388	0	3,359,713
<u>Department of Environmental Services</u>					
- Connecticut-Coos	1,125,442	1,922	0	0	1,127,363
- Piscataquog	54,812	67	(23,000)	0	31,879
- Winnepesaukee	69,410	119	0	(0)	69,528
- Mascoma	92,575	119	(50,000)	0	42,694
- Squam Lake	58,948	101	0	0	59,048
- Newfound	80,144	137	0	0	80,281
- Sugar River	15,541	27	0	0	15,568

TRUST AND ESCROW ACCOUNTS HELD BY THE STATE TREASURER

Fiscal Year 2012

<u>Fund Name</u>	<u>Beginning Market Value</u>	<u>Annual Earnings</u>	<u>Net Annual Transactions</u>	<u>Market Value Change (Net)</u>	<u>Ending Market Value</u>
<u>Racing & Gaming</u>					
-Pari-Mutuel Commission Licensee Escrow	312,431	530	(12,865)	0	300,096
-State of NH Racing - Torguson Group	25,397	43	0	0	25,440
-State of NH Racing - Casablanca	0	28	25,000	0	25,028
<u>NH Higher Education</u>					
-NH Higher Ed Atlantic Green Energy	2,001	3	(1)	(0)	2,003
-NH Higher Ed First Choice	23,062	39	0	(0)	23,102
-NH Higher Ed-Erasmus	14,029	10	(14,039)	0	0
-NH Higher Ed-National Seminars Group	25,057	43	(57)	0	25,043
-VTEC NH, Inc.	0	58	(58)	0	0
<u>Public Utilities Commission</u>					
-Electric Assistance Program	38,133	297	645,130	0	683,559
<u>Liquor Commission</u>					
- NH Liquor RFP Escrow	0	183	(183)	0	0
- NHSLC Warehouse Services RFP Escrow	0	4	200,000	0	200,004
<u>Treasury Department</u>					
- Unclaimed and Abandoned Property ⁽¹⁾	19,706,453	322,544	(3,599,605)	0	16,429,391
- Japanese Charitable Fund	85,170	2,332	654	731	88,887
- Foreign Escheated Estates	261,394	254	(261,649)	0	0
- College Savings Plan Trust	16,513,717	99,768	(12,850,871)	(719,892)	3,042,722
<u>Office of Energy and Planning</u>					
- Land Conservation Monitoring	2,979,599	59,617	41,251	(175,276)	2,905,191
<u>Other</u>					
- Community Conservation Endowment	1,945,140	36,816	102,601	159,138	2,243,695
- Conn Lakes Headwaters Tract Monitoring	1,325,581	19,967	(30,592)	30,969	1,345,924
- Conn Lakes Headwaters Natural Areas	1,211,189	18,705	24,630	28,362	1,282,886
- Conn Lakes Headwaters Tract Rd Maint	1,317,384	19,826	(26,522)	30,730	1,341,418
Total Trust & Escrow Accounts	\$61,698,753	\$852,993	(\$12,248,825)	(\$826,028)	\$49,476,893

"Net Change in Market Value" includes realized and unrealized gains and losses.

(1) This includes only the securities held by ACS Unclaimed Property Clearinghouse.

Columns may not add due to rounding.