

Joint Legislative Economic Briefing

STATE OF NEW HAMPSHIRE TREASURY

JANUARY 28, 2022

TABLE OF CONTENTS

1)	Role of the State Treasury	3
2)	State's Financial Condition	6
3)	Cash Flow and Reserves	8
4)	Debt, Bonding, and Ratings	14
5)	Q&A	

Role of the State Treasury

- ❖ Non-partisan constitutional office
- ❖ Responsible for managing the State's financial assets and liabilities
- ❖ Oversight of various State programs:
 - Unclaimed Property Program
 - 529 College Savings Plan
 - STABLE NH Plan
- ❖ State Treasurer is an ex-officio member of several statutory boards and commissions

Role of the State Treasury (cont.)

❖ Unclaimed Property Program

- Nearly \$6.3 million returned in FY2021, \$67 million over last 10 years
- In FY2021, average claim size was \$938, largest claim was \$312,000
- “New” property is published in the NH Union Leader twice annually
- Search and claim initiation – any time
<https://newhampshire.findyourunclaimedproperty.com>
- Property not claimed after 3 years is escheated to General Fund
- \$15 million was credited to General Fund in FY2021, average \$15 million each year
- Claimants can come forward and recover property in perpetuity
- Holders of unclaimed property must report/remit depending on asset type
- Over \$21 million remitted by 4,500 holders in FY2021, \$184 million over last 10 years

Role of the State Treasury (cont.)

❖ 529 College Savings Plan

- UNIQUE College Investing Plan and Fidelity Advisor 529 Plan, tax-advantaged savings accounts designed to help families save for college
- NH Plan is 4th largest in the country, \$21 billion in assets
- State Treasurer is trustee of the NH College Savings Trust
- Administrative assessment funds scholarships for low-income NH students: UNIQUE scholarships

❖ STABLE NH Plan

- Tax-advantaged (529A ABLE) savings accounts for qualified individuals with disabilities
- 5-year, no cost, partnership agreement with the State of Ohio Treasury
- NH residents have opened 577 accounts, \$5 million in assets

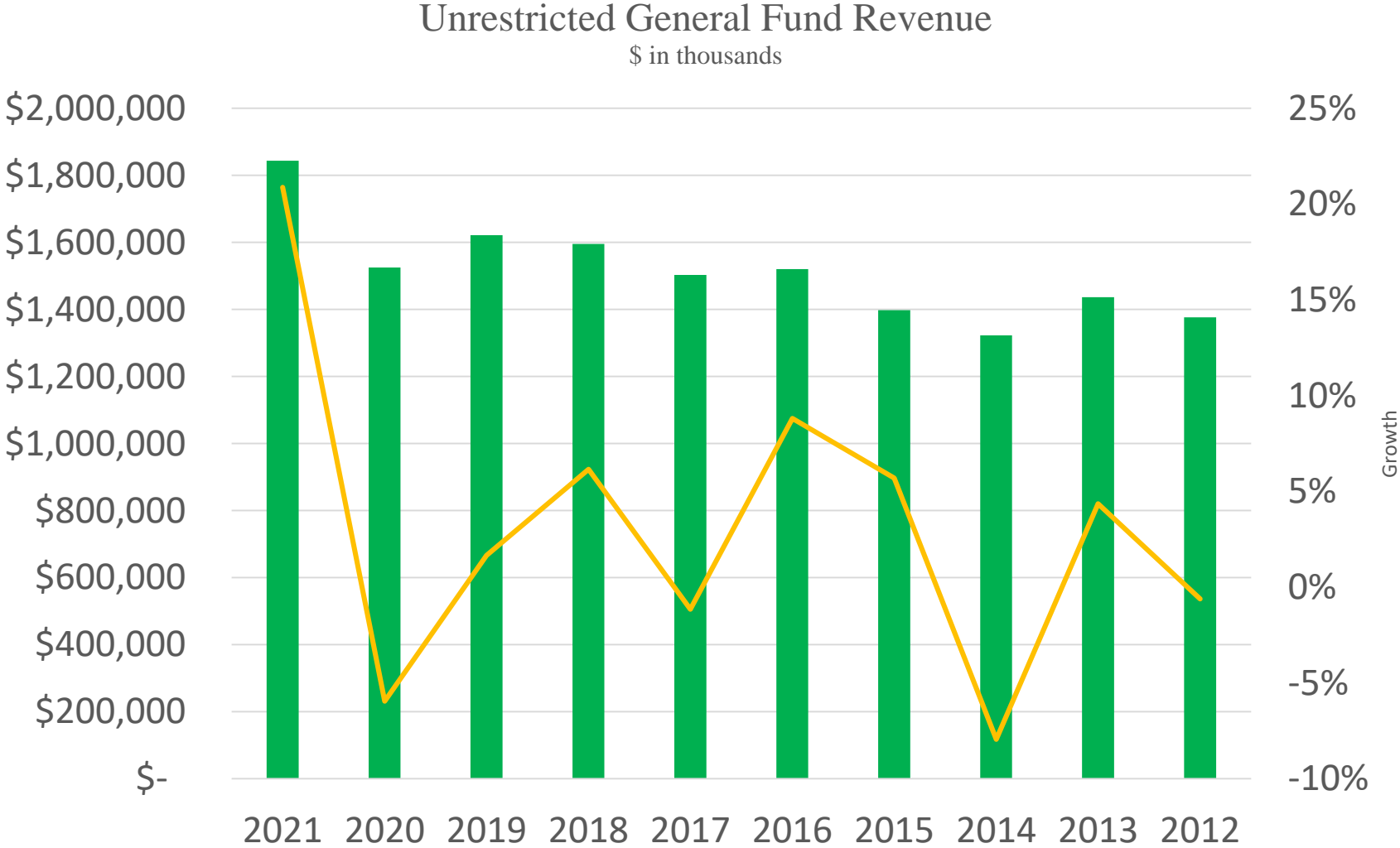
State's Financial Condition

General Fund & Education Trust Fund FY 2019, 2020 & 2021

(\$ in millions)

	FY 2019	FY 2020			FY 2021		
	Total	General	Education	Total	General	Education	Total
Undesignated Fund Balance, July 1	\$ 95.8	\$ 192.5	\$ 16.4	\$ 208.9	\$ (51.2)	\$ (3.2)	\$ (54.4)
Unrestricted Revenue	2,644.6	1,525.4	994.8	2,520.2	1,843.8	1,135.9	2,979.7
Other Additions						62.5	62.5
Total Additions	2,644.6	1,525.4	994.8	2,520.2	1,843.8	1,198.4	3,042.2
Deductions:							
Appropriations Net of Estimated Revenues	(2,523.6)	(1,777.0)	(1,084.7)	(2,861.7)	(1,798.6)	(1,208.0)	(3,006.6)
Additional Appropriations	(91.1)	(13.8)	(0.4)	(14.2)	(13.0)		(13.0)
Less Lapses	147.3	102.7		102.7	205.9	16.2	222.1
Total Net Appropriations	(2,467.4)	(1,688.1)	(1,085.1)	(2,773.2)	(1,605.7)	(1,191.8)	(2,797.5)
GAAP and Other Adjustments	7.2	(8.7)	2.6	(6.1)	(37.7)		(37.7)
Current Year Balance	184.4	(171.4)	(87.7)	(259.1)	200.4	6.6	207.0
Fund Balance Transfers (To)/From							
Rainy Day	(5.3)	(0.2)		(0.2)	(142.3)		(142.3)
Highway Fund		(4.0)		(4.0)	(8.1)		(8.1)
Fish and Game Fund							
Public School Infrastructure Fund	(3.5)						
Education Trust Fund		(68.1)	68.1		1.2	(1.2)	
Designated for Education Aid, June 30	62.5		62.5	62.5			
Undesignated Fund Balance, June 30	271.4	(51.2)	(3.2)	(54.4)		2.2	2.2
Reserved for Rainy Day Account	115.3	115.5		115.5	257.8		257.8
Total Fund Balance	\$ 449.2	\$ 64.3	\$ 59.3	\$ 123.6	\$ 257.8	\$ 2.2	\$ 260.0

State's Financial Condition (cont.)



Cash Flows and Reserves

❖ Cash flow forecasting and liquidity review

- Daily administration of \$200-\$900+ million in cash
- Collect and concentrate State agency bank deposits (\$8.7 billion in FY21)
- Monitor disbursements – electronic and paper check (\$8.2 billion in FY21)
 - Administer payments (vendors, payroll, State programs, aid to cities and towns)
 - Pay for banking services (direct charges or via compensating balances)
- Excess liquidity invested in short-term instruments (mutual funds and interest-bearing accounts)

❖ Treasury Investment Policy

- Preserve value and safety of principal
- Provide sufficient liquidity for State financial operations
- Optimize rate of return

❖ Trustee and fiduciary of 50+ trust, custodial, and escrow accounts, over \$64M in FY2021

Cash Flows and Reserves (cont.)

❖ Federal Financial Assistance – COVID-19 Relief Funds

➤ FY2020

- 04/20/2020, \$1.25 billion, CARES

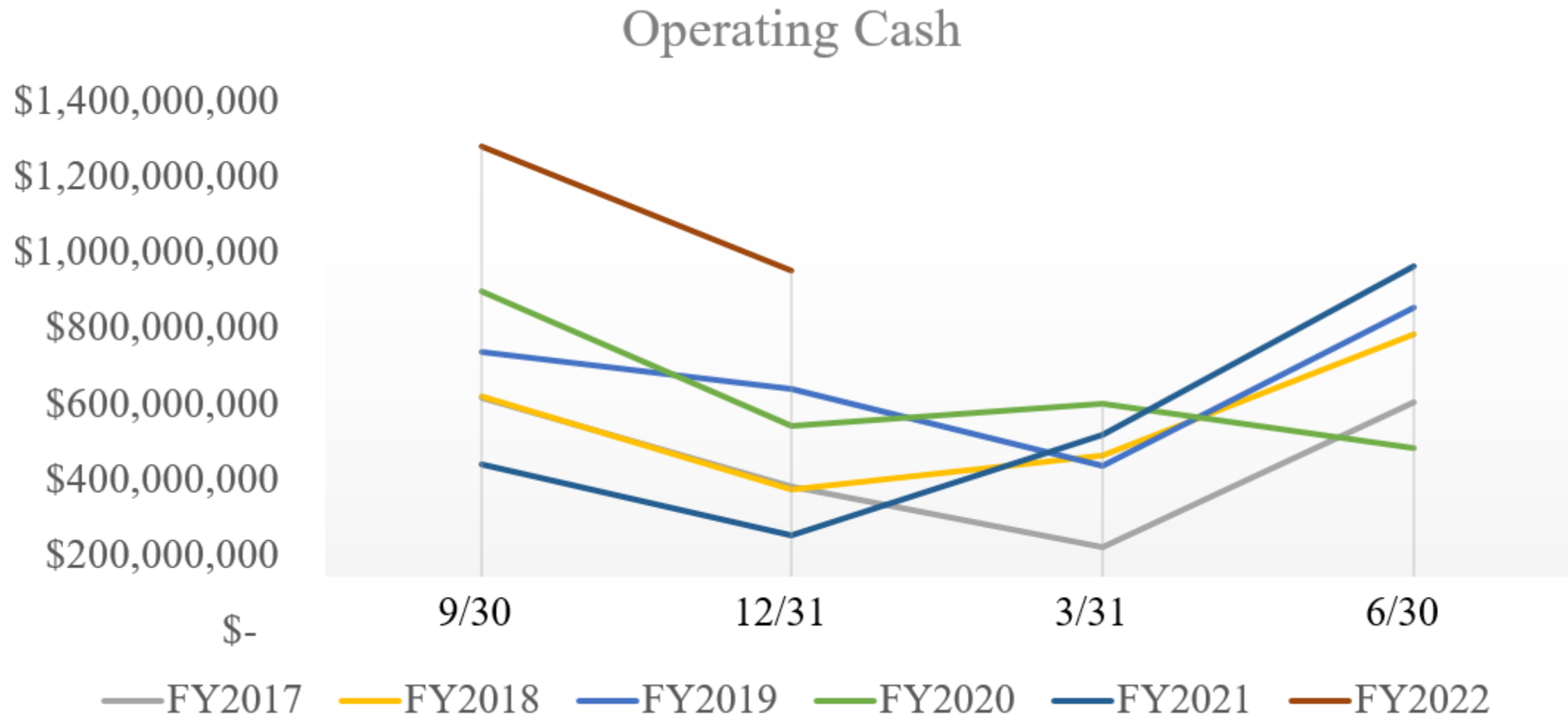
➤ FY2021

- 01/26//2021, \$179.4 million, CRRSA Emergency Rental Assistance (ERA1)
American Rescue Plan
- 05/12/2021, \$46.1 million, Emergency Rental Assistance (ERA2)
- 05/04/2021, \$5 million, Homeowners Assistance Fund (HAF)
- 05/19/2021, \$497.2 million, State and Local Fiscal Recovery Funds (SLFR)
- 06/01/2021, \$56.1 million, SLFRF for NEUs (municipalities)

➤ FY2022 (Expecting)

- Capital Projects Fund, \$122 million
- ERA2 Funds (remaining allocation), \$69 million
- HAF (remaining allocation), \$45 million
- State and Local Fiscal Recovery Funds (remaining allocation), ~\$500 million

Cash Flows and Reserves (cont.)



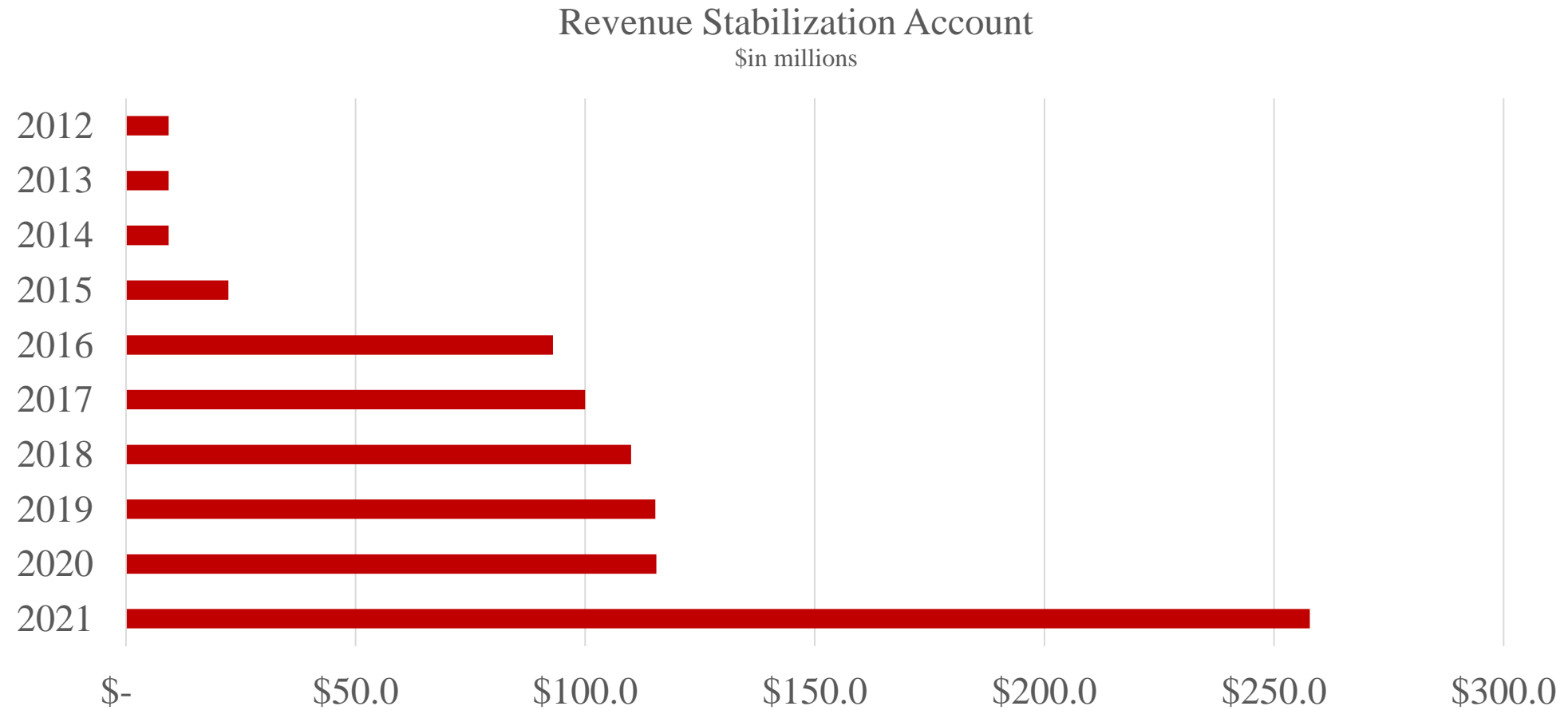
Cash Flows and Reserves (cont.)

- ❖ \$257.8M Revenue Stabilization Reserve (Rainy Day Fund)
- ❖ RSA 9:13-e provides statutory framework for transfers to/from the reserve account
 - Subject to limitations, any surplus at end of fiscal biennium is transferred in
 - Maximum allowable balance is 10% of unrestricted GF revenues for the most recently completed fiscal biennium
 - Laws of 2021, Ch. 91:87 (HB2) increased the cap from 10% of unrestricted GF revenue for the most recently completed “fiscal year” to the most recently completed “biennium”
 - \$3.369 billion in 2020-2021 biennium, therefore \$336.9 million maximum permitted balance
 - FY21 reserve balance is \$257.8M (7.7% of FY20 + FY21 GF revenue)
- ❖ Rating agencies support holding maximum allowable balance in the reserve

Cash Flows and Reserves (cont.)

- ❖ RSA 9:13-e provides statutory framework for transfers to/from the reserve account (cont.)
 - Transfer out of fund is permitted if two conditions are met
 - A budget deficit occurred for most recently-completed biennium
 - Unrestricted GF operating revenues fell short of budgeted amount
 - Amount transferred is lesser of budget deficit or revenue shortfall
 - Comptroller must request approval of Fiscal Committee and Governor
 - Accounting transfer is made to GF surplus account
 - Transfers from fund for other purposes require approval of Governor & 2/3 of each chamber

Cash Flows and Reserves (cont.)



Debt Management

- ❖ As of June 30, 2021, the State had \$1 billion in bonds outstanding
 - \$695 million in General Obligation (“GO”) bonds (compared to \$741 million in FY20)
 - Borrowing backed by the “full faith and credit” of the State
 - 70% of debt service payments made from unrestricted GF revenues
 - Used to fund State’s capital improvement/infrastructure projects
 - Typically paid off in 20 years – 60% in first 10 years, 40% in final 10 years
 - In FY2021, the Treasury issued \$49.5 million of GO bonds and \$37.5 million of GO refunding bonds achieving present value savings of approximately \$11 million.

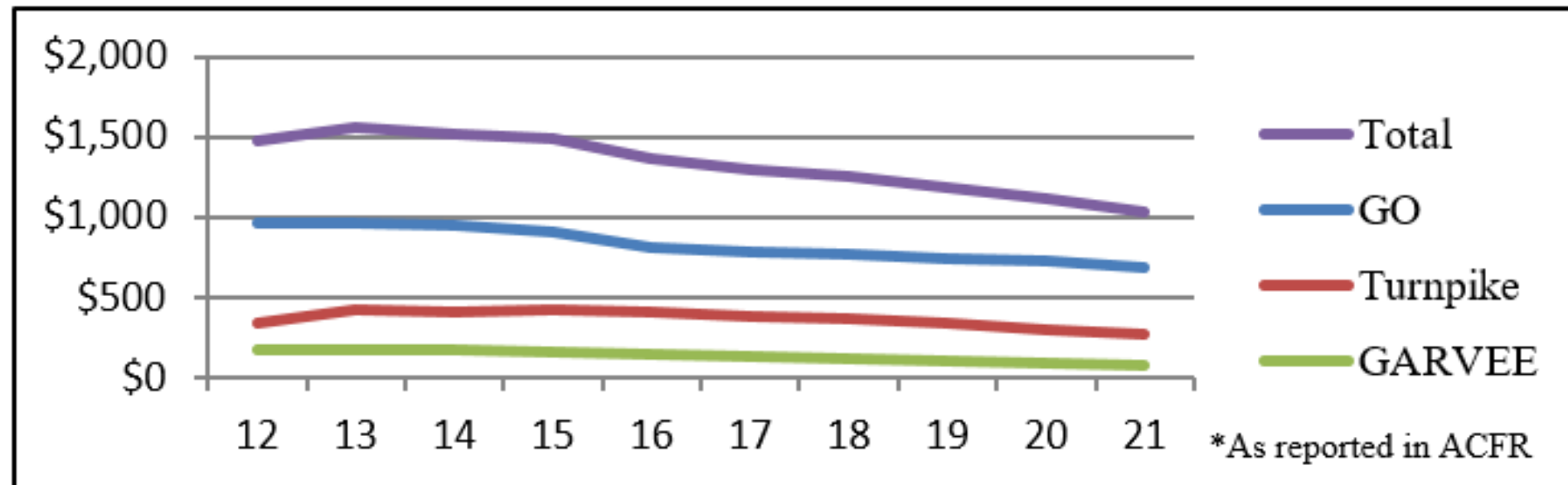
Debt Management (cont.)

- ❖ As of June 30, 2021, the State had \$1 billion in bonds outstanding (cont.)
 - \$271.7 million of Turnpike revenue bonds
 - Debt service payments made from Turnpike toll revenues
 - \$75.8 million of Grant Anticipation Revenue Vehicle (“GARVEE”) bonds
 - Supported by revenues received from Federal Highway Administration
- ❖ Bonds authorized/unissued total \$573 million (\$224 million of GO bonds)

Debt Management (cont.)

Bonds Outstanding - Fiscal Years 2012-2021*

\$ Millions



Debt Management (cont.)

- ❖ GO borrowing costs largely influenced by State's credit rating
 - Rating agencies evaluate State's financial condition and operating results focusing on
 - Rainy Day Fund balance
 - Structural budget balance or imbalance
 - Medicaid, pension, and post-employment benefit obligations and funding levels
 - Stability and diversity of revenue sources
 - Legislative flexibility to manage revenues, expenditures, and reserves
 - Cybersecurity Risk Management
 - Increased interest in ESG (Environmental, Social, and Governance) factors

Debt Management (cont.)

Rating Agency	Rating
Moody's Investor Service	Aa1, stable outlook
Fitch Ratings	AA+, stable outlook
S&P Global Ratings	AA, stable outlook



State Treasury Dashboard

December 30, 2021

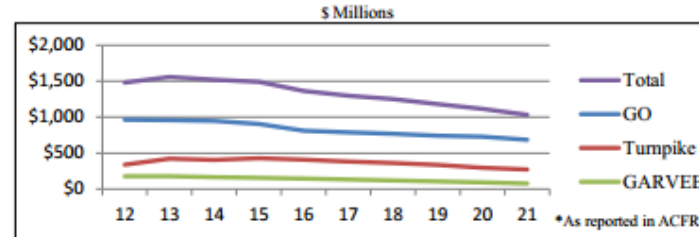
Liquidity Update

Operating cash balances total	\$936.5	million
Rainy Day Fund	\$257.8	million
COVID-19 Relief Funds	\$259.3	million

Abandoned Property Claims Update

Oldest claims being processed were received 12/20/21

Bonds Outstanding - Fiscal Years 2012-2021*



Changes to Tables Below Presented in Bold *Italics*

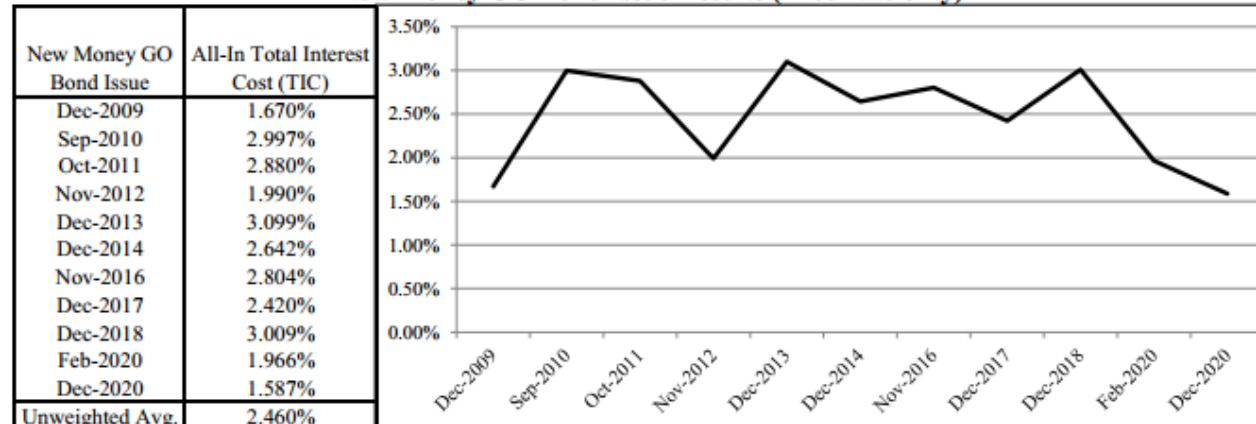
State GO Credit Rating

Rating Agency	NH GO Bond Credit Rating	Outlook	Number of States Outstanding Rating	Number of States with Higher Rating	Number of States with Same Rating	Number of States with Lower Rating
Fitch	AA+	Stable	37	12	11	14
Moody's	Aa1	Stable	39	12	12	15
Standard & Poor's	AA	Stable	39	20	11	8

Key Debt Metrics

Fiscal Year	Debt Service to Revenue	Debt Per Capita
2016	7.3%	\$520
2017	6.8%	\$424
2018	6.4%	\$460
2019	6.4%	\$430
2020	6.7%	\$417
Moody's median	3.9%	\$1,039

New Money GO Bond Issue Results (fixed rate only)



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