

# **STATE OF NEW HAMPSHIRE**

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## **SINGLE AUDIT OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

**FOR THE YEAR ENDED JUNE 30, 2009**



**PREPARED BY:  
DEPARTMENT OF ADMINISTRATIVE SERVICES**

**STATE OF NEW HAMPSHIRE**  
**SINGLE AUDIT OF FEDERAL FINANCIAL**  
**ASSISTANCE PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**STATE OF NEW HAMPSHIRE  
SINGLE AUDIT OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2009**

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# State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES  
OFFICE OF THE COMMISSIONER  
25 Capitol Street - Room 120  
Concord, New Hampshire 03301

LINDA M. HODGDON  
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## LETTER OF TRANSMITTAL

*To The Fiscal Committee Of The General Court:*

We hereby submit the annual Single Audit Report of the State of New Hampshire for the year ended June 30, 2009. This audit has been performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The report that follows provides the results of the work conducted to satisfy the requirements of Title 31, Chapter 75, United States Code, otherwise known as the Single Audit Act and the related Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, issued by the U.S. Office of Management and Budget.

This report is presented in seven major sections:

- Introduction and Summary Table of Federal Program Expenditures by State Agency (section B)
- Basic Financial Statements with the Independent Auditors' Report (section C)
- Auditor's Reports on Compliance and on Internal Control (section D)
- Schedule of Expenditures of Federal Awards (section E)
- Schedule of Current Year Findings and Questioned Costs (section F)
- Status of Prior Years' Findings and Questioned Costs (section G)
- Appendices (section H)

While only the basic financial statements are reproduced in this report, the complete *New Hampshire Comprehensive Annual Financial Report* and the related *Management Letter* for the year ended June 30, 2009, are issued under separate covers and can be obtained by contacting the Department of Administrative Services.

Department Of Administrative Services

March 23, 2010

This report can be accessed online at <http://admin.state.nh.us/accounting>

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**STATE OF NEW HAMPSHIRE  
SINGLE AUDIT  
FOR THE YEAR ENDED JUNE 30, 2009**

**INTRODUCTION**

The Single Audit Act requires annual audits of the State's federal financial assistance programs. The specific audit and reporting requirements are set forth in U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (A-133)*.

This report is divided into sections: the State's fiscal year 2009 financial statements with related footnotes (section C), the auditors' reports on compliance and internal control (section D), the schedule of expenditures of federal awards (section E), the schedule of current year findings and questioned costs (section F), the status of prior years' findings (section G), and various appendices (section H).

The Schedule of Expenditures of Federal Awards (the Schedule) reports federal expenditures for each federal financial assistance program by federal agency, as identified by the Catalog of Federal Domestic Assistance (CFDA) number, and is used for identifying Type A and Type B programs. Type A federal programs for the State of New Hampshire are those programs with annual federal expenditures that equal or exceed \$5,852,316. All other programs are classified as Type B programs.

The identification of Type A and B programs is used to determine which federal programs will be tested in detail for compliance with federal laws and regulations. Under A-133, the auditor uses a risk-based approach to testing. Once programs are classified as Type A or B, they are then assessed as either high or low risk programs. High-risk programs are considered major programs and are tested in detail for compliance with federal regulations. In addition, all Type A programs must be tested at least once every three years. For fiscal year 2009, 25 programs/clusters were tested as major programs. The list of major programs/clusters tested begins on page F-2.

During fiscal year 2009, the State administered 299 federal programs, with total federal expenditures of approximately \$2.0 billion. Of those programs, Type A programs/clusters accounted for over 90% of total federal expenditures, with the Medicaid program cluster accounting for 38% of total expenditures. The remainder of this section groups Type A federal programs by the State agency responsible for program administration.

**STATE OF NEW HAMPSHIRE**

**SUMMARY TABLE OF FEDERAL PROGRAM EXPENDITURES  
BY STATE AGENCY  
FOR THE YEAR ENDED JUNE 30, 2009**

<i>STATE AGENCY</i>	<i>CFDA NUMBER</i>	<i>PROGRAM TITLE</i>	<i>TYPE A PROGRAMS</i>	<i>TOTAL EXPENDITURES</i>
Adjutant General	12.401	National Guard Operations and Maintenance	<u>\$ 14,305,706</u>	\$ 14,305,706
		Other Programs		<u>798,602</u>
		<i>Total Adjutant General</i>		\$ 15,104,308
Administrative Services	Various	Child Nutrition Cluster	<u>1,563</u>	1,563
		Other Programs		<u>5,463,409</u>
		<i>Total Administrative Services</i>		\$ 5,464,972
Agriculture		Other Programs		\$ 524,317
Commission On Disability		Other Programs		\$ 90,215
Community Technical Colleges	Various	Student Financial Aid Cluster	<u>42,927,290</u>	42,927,290
		Other Programs		<u>3,223,705</u>
		<i>Total Community Technical Colleges</i>		\$ 46,150,995
Corrections		Other Programs		\$ 929,925
Cultural Resources		Other Programs		\$ 2,548,343
Development Disabilities Council		Other Programs		\$ 474,013
Education	Various	Child Nutrition Cluster	23,186,591	
		Title I Grants	36,136,842	
	Various	Special Education Cluster	45,174,950	
		Rehabilitation Services	10,186,004	
	84.367	Improving Teacher Quality	14,937,004	
	96.001	Social Security – Disability Insurance	<u>5,945,984</u>	135,567,375
		Other Programs		<u>35,996,322</u>
<i>Total Education</i>			\$ 171,563,697	
Employment Security	17.225	Unemployment Insurance	274,264,266	
	Various	WIA Cluster	250,925	
		93.563	Child Support Enforcement	<u>3,858</u>
		Other Programs		<u>6,923,832</u>
	<i>Total Employment Security</i>			\$ 281,442,881

STATE OF NEW HAMPSHIRE

**SUMMARY TABLE OF FEDERAL PROGRAM EXPENDITURES  
BY STATE AGENCY  
FOR THE YEAR ENDED JUNE 30, 2009**

<i>STATE AGENCY</i>	<i>CFDA NUMBER</i>	<i>PROGRAM TITLE</i>	<i>TYPE A PROGRAMS</i>	<i>TOTAL EXPENDITURES</i>
Energy & Planning	93.568	Low-Income Energy Assistance	<u>42,620,089</u>	42,620,089
		Other Programs		<u>5,944,377</u>
		<i>Total Energy &amp; Planning</i>		\$ 48,564,466
Environmental Services	66.458	Clean Water Revolving Fund	11,147,259	
	66.468	Drinking Water Revolving Funds	<u>7,362,772</u>	18,510,031
		Other Programs		<u>15,170,956</u>
		<i>Total Environmental Services</i>		\$ 33,680,987
Fish & Game Department		Other Programs		7,861,185
Health & Human Services	Various	Food Stamps Cluster	107,577,719	
	10.557	Supplemental Food Program	13,488,768	
	93.268	Immunization Grants	9,636,795	
	93.283	CDC - Investigations	6,043,596	
	93.558	TANF	45,989,384	
	93.563	Child Support Enforcement	9,710,646	
	93.596	Child Care And Development	26,335,240	
	93.658	Foster Care	15,036,811	
	93.667	Social Services Block Grant	8,260,067	
	93.767	Children's Insurance Program	12,457,049	
	Various	Medicaid Cluster	746,784,260	
	93.959	Substance Abuse Block Grants	<u>6,046,391</u>	1,007,366,726
		Other Programs		<u>58,788,792</u>
		<i>Total Health &amp; Human Services</i>		\$ 1,066,155,518
Highway Safety		Other Programs		\$ 2,181,205
Human Rights Commission		Other Programs		\$ 102,090
Judicial Branch		Other Programs		\$ 413,263
Justice	Various	Medicaid Cluster	<u>589,036</u>	589,036
		Other Programs		<u>6,341,514</u>
		<i>Total Justice</i>		\$ 6,930,550
Labor	Various	WIA Cluster	<u>8,480,619</u>	8,480,619
		Other Programs		<u>763,091</u>
		<i>Total Labor</i>		\$ 9,243,710

STATE OF NEW HAMPSHIRE

**SUMMARY TABLE OF FEDERAL PROGRAM EXPENDITURES  
BY STATE AGENCY  
FOR THE YEAR ENDED JUNE 30, 2009**

<i>STATE AGENCY</i>	<i>CFDA NUMBER</i>	<i>PROGRAM TITLE</i>	<i>TYPE A PROGRAMS</i>	<i>TOTAL EXPENDITURES</i>
McAuliffe-Shepard Discovery Center		Other Programs		\$ 643,606
Office of Economic Stimulus	84.397	State Fiscal Stabilization Fund	<u>34,043,276</u>	\$ 34,043,276
Postsecondary Education Commission		Other Programs		\$ 486,901
Public Utilities Commission		Other Programs		\$ 480,265
Resources & Economic Development	Various	Highway Planning And Construction Cluster	<u>969,179</u>	969,179
		Other Programs		<u>1,592,474</u>
		<i>Total Resources &amp; Economic Development</i>		\$ 2,561,653
Safety	97.036	Public Assistance Grants	<u>22,221,005</u>	22,221,005
		Other Programs		<u>12,487,892</u>
		<i>Total Safety</i>		\$ 34,708,897
Secretary Of State		Other Programs		\$ 1,035,119
Transportation	Various	Highway Planning And Construction Cluster	<u>170,204,636</u>	170,204,636
		Other Programs		<u>5,004,773</u>
		<i>Total Transportation</i>		\$ 175,209,409
Veterans Home		Other Programs		<u>\$ 2,176,262</u>
		<b>TOTAL EXPENDITURES</b>	<b><u>\$ 1,772,325,580</u></b>	<b><u>\$ 1,950,772,028</u></b>



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### INDEPENDENT AUDITORS' REPORT

To the Fiscal Committee of the General Court  
State of New Hampshire  
Concord, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Hampshire as of and for the year ended June 30, 2009, which collectively comprise the State of New Hampshire's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of New Hampshire's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Investment Trust Fund and Judicial Retirement Plan, which represent 5.2% of the assets of the aggregate remaining fund information, or the University System of New Hampshire, the Business Finance Authority, the Pease Development Authority, and the Community Development Finance Authority, which represent 97.5% of the assets of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to those amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of New Hampshire's internal control over financial reporting. Accordingly, we express no such opinion. The financial statements of the Investment Trust Fund were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Hampshire, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.





To the Fiscal Committee of the General Court  
State of New Hampshire

As described in note 1(u), the State of New Hampshire, in 2009, implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2010, on our consideration of the State of New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 16 through 22, the budget to actual - budgetary basis - schedules on pages 76 through 81, and the schedules of funding progress and schedule of employer contributions on page 82 are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of New Hampshire's basic financial statements. The introductory section, the other supplementary information and the statistical section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

January 22, 2010

# MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The following is a discussion and analysis of the financial activities of the State of New Hampshire (the state) for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information included in our letter of transmittal, which can be found at the front of this report and with the state's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS –PRIMARY GOVERNMENT

### Government-Wide Highlights:

**Net Assets:** The total assets of the state exceeded total liabilities at fiscal year ending June 30, 2009 by \$2.5 billion. This amount is presented as "Total Net Assets" on the Statement of Net Assets for the Total Primary Government (condensed information can be seen later in the MD&A section of this report). Of this amount, \$44.5 million was reported as unrestricted net assets, \$441.9 million was restricted net assets, and \$2.0 billion was invested in capital assets. Unrestricted net assets represent the amount available to be used to meet the state's ongoing obligations to citizens and creditors.

**Changes in Net Assets:** The state's total net assets decreased by \$347.1 million, or 12.1%, in fiscal year 2009. Net assets of governmental activities decreased by \$263.9 million (11.7%), and net assets of the business-type activities showed a decrease of \$83.2 million (13.5%).

**Non-Current Liabilities:** The state's total non-current liabilities increased by \$191.2 million (17.1%) during the current fiscal year. Long-term bonded debt increased \$55.1 million or 6.1% as new issuances exceeded payments of outstanding debt. In addition, an additional \$133.6 million long-term liability was recorded for other postemployment health benefits in accordance with governmental accounting standards.

### Fund Highlights:

**Governmental Funds - Fund Balances:** As of the close of fiscal year 2009, the state's governmental funds reported a combined ending fund balance of \$274.4 million, a decrease of \$107.8 million from the prior year. This change is inclusive of a \$3.0 million inventory reserve increase. Included in the combined governmental fund balance is the activity of the state's General Fund. The General Fund ended the year with an unreserved, undesignated deficit of \$79.7 million, which was covered by a transfer from the Rainy Day Fund, bringing the Rainy Day balance down to \$9.3 million.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the state's basic financial statements. The state's basic financial statements include three components:

1. Government-Wide financial statements,
2. Fund financial statements, and
3. Notes to the basic financial statements.

This report also contains supplementary information in addition to the basic financial statements.

## Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad view of the state's finances. These statements (Statement of Net Assets and the Statement of Activities) provide both short-term and long-term information about the state's overall financial position. They are prepared using the accrual basis of accounting, which recognizes all revenues and expenses connected with the fiscal year even if cash has not been received or paid.

The **Statement of Net Assets**, beginning on page 24 presents all of the state's non-fiduciary assets and liabilities. The difference between assets and liabilities is reported as "net assets" instead of fund equity as shown on the Fund Statements. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the state is improving or deteriorating.

The **Statement of Activities**, beginning on page 26, presents information showing how the state's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and licenses and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the state.

Both of the Government-Wide Financial Statements have separate sections for three different types of state activities. These three types of activities are:

**Governmental Activities:** The activities in this section represent most of the state's basic services and are generally supported by taxes, grants and intergovernmental revenues. The governmental activities of the state include general government, administration of justice and public protection, resource protection and development, transportation, health and social services, and education.

**Business-Type Activities:** These activities are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the state include the operations of the:

- Liquor Commission,
- Lottery Commission,
- Turnpike System, and
- New Hampshire Unemployment Compensation Trust Fund.

**Discretely Presented Component Units:** Component Units are entities that are legally separate from the state, but for which the state is financially accountable. The state's discretely presented component units are presented in the aggregate in these Government-Wide Statements and include the:

- University System of New Hampshire (USNH),
- Business Finance Authority,
- Community Development Finance Authority,
- Pease Development Authority, and
- Community College System of New Hampshire.

Except for the Community College System of New Hampshire, complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the state's component units are presented in the notes to the financial statements.

### **Fund Financial Statements**

A fund is a grouping of related funds that is used to maintain control over resources that have been segregated for specific activities or objectives. The state, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements, focus on the individual parts of the state government, and report the state's operations in more detail than the government-wide statements. The state's funds are divided into 3 categories – governmental, proprietary and fiduciary. For governmental and proprietary funds, only those funds that are considered Major Funds are reported in individual columns in the Fund Financial Statements with combining schedules in the other supplementary information section to support the Non-Major Funds column. Fiduciary funds are reported by fiduciary type (pension, private-purpose, investment trust, and agency) with combining schedules in the Supplementary Section.

**Governmental Funds:** Most of the basic services provided by the state are financed through governmental funds. Unlike the Government-Wide Financial Statements, the Governmental Fund Financial Statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the state's programs. The basic Governmental Fund Financial Statements can be found on pages 30 and 32.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented here with similar information presented in the Government-Wide Financial Statements. Reconciliations are provided between the Governmental Fund Statements and the Government-Wide Statements, which can be found on pages 31 and 33.

The state's major governmental funds include the General Fund, Highway Fund, and Education Fund.

Individual fund data for each of the state's non-major governmental funds (Fish and Game Fund, Capital Fund and Permanent Funds) are provided in the combining statements found on pages 88 and 89.

**Proprietary Funds:** The state's proprietary funds charge a user fee for the goods and services they provide to both the general public and other agencies within the state. These activities are reported in 4 enterprise funds and 1 internal service fund. The enterprise funds, which are all considered major funds, report activities that provide goods and services to the general public and include the operations of the Liquor Commission, Lottery Commission, Turnpike System and the New Hampshire Unemployment Trust Fund. The Internal Service Fund reports health related fringe benefit services for the state's programs and activities.

Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the accrual basis of accounting. Therefore there is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements. The Internal Service Fund is reported within governmental activities on the Government-Wide Financial Statements. The basic proprietary funds financial statements can be found on pages 36-38.

**Fiduciary Funds and Similar Component Units:** These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of these funds are not available to support the state's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds in that they use the accrual basis of accounting.

The state's fiduciary funds on pages 40-41 include the:

- **Pension Trust Fund** which accounts for the activity of the state's New Hampshire Retirement System and the Judicial Retirement Plan - component units of the state,
- **Investment Trust Fund** which accounts for the activity of the external investment pool known as PDIP,
- **Private-Purpose Trust Funds** which account for the activity of trust arrangements under which principal and income benefit individuals, private organizations, or other governments, and
- **Agency Funds** which account for the resources held in a pure custodial capacity.

Individual fund detail can be found in the combining financial statements in the Other Supplementary Information Section.

### **Major Component Unit**

The state has only one major discretely presented component unit - the University System of New Hampshire and 4 non-major discretely presented component units. This separation is determined by the relative size of the individual entities' assets, liabilities, revenues and expenses in relation to the combined total of all component units. The combining financial statements for the component units can be found on pages 43 and 44.

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements begin on page 46.

### **Required Supplementary Information**

In addition to this Management's Discussion and Analysis the basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for each of the state's major governmental funds, and includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements. In addition, schedules on the funded status and employer contributions are presented for the state's Other Postemployment Benefit Plan and the Judicial Retirement Plan.

### **Other Supplementary Information**

Other supplementary information includes combining financial statements and schedules for governmental, internal service and fiduciary funds and non-major component units.

GOVERNMENT-WIDE FINANCIAL ANALYSIS**Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The state's combined net assets (government and business-type activities) totaled \$2.5 billion at the end of 2009, compared to \$2.9 billion at the end of the previous year.

**Investment in Capital Assets:** The largest portion of the state's net assets (81%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads and bridges), less any related outstanding debt used to acquire those assets. The state's investment in capital assets increased \$46.8 million from prior year. This increase was the result of a net increase in capital assets of \$110.7 million during the year combined with an increase in capital related debt of \$63.9 million. Although the state's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

**Restricted Net Assets:** An additional portion of the state's net assets (18%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets decreased \$189.5 million from prior year due largely to a decrease in unemployment compensation benefit reserves of \$114.5 million along with a reduction in revenue stabilization (Rainy Day) reserves during the year.

**Unrestricted Net Assets:** The state's unrestricted net assets, totaling \$44.5 million, decreased \$204.3 million from the previous year, due largely to weak performance from business taxes and real estate transfer taxes and the recognition of other postemployment benefit liabilities in accordance with governmental accounting standards. These assets may be used to meet the state's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net assets. At the end of both the current and prior fiscal years, the state was able to report positive balances in all three categories of net assets, both for the primary government as a whole, as well as for its separate governmental and business-type activities.

**Comparative Net Assets as of June 30, 2009 and 2008**

(In Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current assets	\$ 889,803	\$ 1,064,429	\$ 280,391	\$ 377,211	\$ 1,170,194	\$1,441,640
Capital assets	2,468,371	2,368,452	584,236	573,495	3,052,607	2,941,947
Other assets	283,467	285,104	6,849	6,871	290,316	291,975
<b>Total assets</b>	<u>3,641,641</u>	<u>\$3,717,985</u>	<u>871,476</u>	<u>957,577</u>	<u>4,513,117</u>	<u>\$4,675,562</u>
Noncurrent liabilities (1)	1,072,133	867,253	240,427	254,113	1,312,560	1,121,366
Current liabilities (1)	579,205	596,489	97,880	87,118	677,085	683,607
<b>Total liabilities</b>	<u>1,651,338</u>	<u>1,463,742</u>	<u>338,307</u>	<u>341,231</u>	<u>1,989,645</u>	<u>1,804,973</u>
Net assets:						
Invested in capital assets, net of related debt	1,695,688	1,674,011	341,422	316,330	2,037,110	1,990,341
Restricted	291,513	366,662	150,387	264,782	441,900	631,444
Unrestricted (1)	3,102	213,570	41,360	35,234	44,462	248,804
<b>Total net assets</b>	<u>\$ 1,990,303</u>	<u>\$ 2,254,243</u>	<u>\$ 533,169</u>	<u>\$ 616,346</u>	<u>\$ 2,523,472</u>	<u>\$ 2,870,589</u>

(1) Note - Prior year amounts have been restated due to provisions of GASB 49. See Footnote 1.U in the Notes to Basic Financial Statements.

**Changes in Net Assets**

The state's net assets decreased by \$347.1 million, or 12.1%, during the current fiscal year. Total revenues increased by \$199.1 million (3.7%) as compared to increases in expenses of \$445.2 million (8.2%).

More than half of the state's revenue (64.4%) is from program revenue, consisting of charges for goods and services, and federal and local grants. Revenues not specifically targeted for a specific program are known as general revenues, which are primarily from taxes. The largest revenue increases were from a combination of growth in tobacco taxes and increases in federal health and social service grants.

The state's expenses cover a range of services. The largest expenses were for Health and Social Services and Education, which accounted for 33.7% and 22.9% of total expenses, respectively. As compared to the prior year, Health and Social Services saw an increase of 5.4% due to additional federal Medicaid funding.

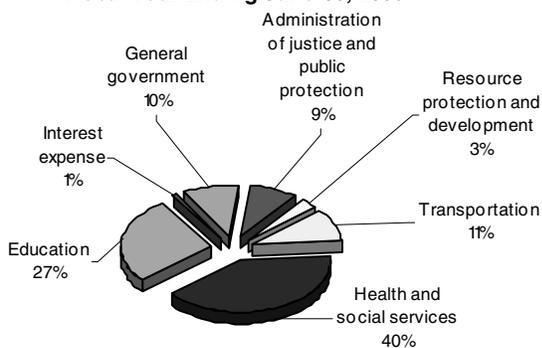
In addition, program funding from the American Recovery and Reinvestment Act of 2009 and expenses related to retiree health and postemployment benefits contributed to General Government, Justice and Public Protection and Transportation growing by 17.9%, 4.3% and 17.0%, respectively.

**Comparative Changes in Net Assets**  
**For Fiscal Years Ending June 30, 2009 and 2008**  
(In Thousands)

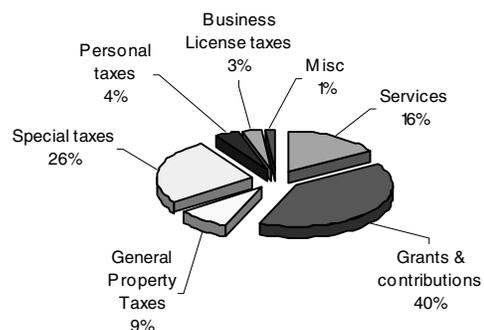
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 717,926	\$ 666,819	\$ 1,024,858	\$ 927,588	\$ 1,742,784	\$ 1,594,407
Operating grants & contributions	1,599,262	1,424,014			1,599,262	1,424,014
Capital grants & contributions	208,309	194,637	3,952	8,816	212,261	203,453
General revenues:						
General Property Taxes	395,151	387,952			395,151	387,952
Special taxes	1,167,226	1,329,137			1,167,226	1,329,137
Personal taxes	188,038	166,288			188,038	166,288
Business License taxes	145,973	151,321			145,973	151,321
Interest	15,291	18,169			15,291	18,169
Miscellaneous	56,174	48,314			56,174	48,314
<b>Total revenues</b>	<b>4,493,350</b>	<b>4,386,651</b>	<b>1,028,810</b>	<b>936,404</b>	<b>5,522,160</b>	<b>5,323,055</b>
<b>Expenses</b>						
General government	495,720	420,367			495,720	420,367
Administration of justice and public protection	438,273	420,120			438,273	420,120
Resource protection and development	139,574	138,215			139,574	138,215
Transportation	518,415	443,258			518,415	443,258
Health and social services	1,980,286	1,877,924			1,980,286	1,877,924
Education	1,346,221	1,343,253			1,346,221	1,343,253
Interest Expense	31,546	26,115			31,546	26,115
Turnpike System			80,433	80,411	80,433	80,411
Liquor Commission			385,794	367,847	385,794	367,847
Lottery Commission			172,630	186,906	172,630	186,906
Unemployment Compensation			280,385	119,645	280,385	119,645
<b>Total expenses</b>	<b>4,950,035</b>	<b>4,669,252</b>	<b>919,242</b>	<b>754,809</b>	<b>5,869,277</b>	<b>5,424,061</b>
Increase (decrease) in net assets before transfers	(456,685)	(282,601)	109,568	181,595	(347,117)	(101,006)
Transfers & Other Items	192,745	188,496	(192,745)	(188,602)		(106)
<b>Decrease in net assets</b>	<b>(263,940)</b>	<b>(94,105)</b>	<b>(83,177)</b>	<b>(7,007)</b>	<b>(347,117)</b>	<b>(101,112)</b>
Net assets, beginning of year, as restated	2,254,243	2,348,348	616,346	623,353	2,870,589	2,971,701
<b>Net assets, end of year (1)</b>	<b>\$ 1,990,303</b>	<b>\$ 2,254,243</b>	<b>\$ 533,169</b>	<b>\$ 616,346</b>	<b>\$ 2,523,472</b>	<b>\$ 2,870,589</b>

(1) Note - Prior year amounts have been restated due to provisions of GASB 49. See Footnote 1.U in the Notes to Basic Financial Statements.

**Governmental Activities - Expenses**  
**Fiscal Year Ending June 30, 2009**



**Governmental Activities - Revenues**  
**Fiscal Year Ending June 30, 2009**

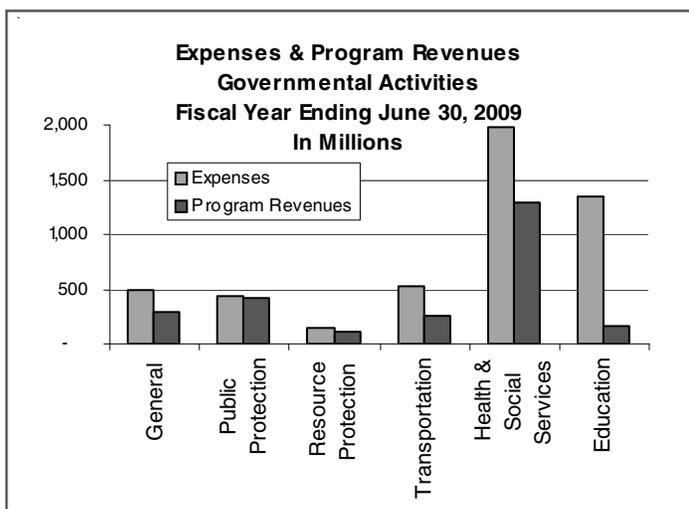


	Governmental Activities		Business-type Activities		Total Primary Government	
	\$Change	% Change	\$Change	% Change	\$Change	% Change
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	51.1	7.7%	97.3	10.5%	148.4	9.3%
Operating grants & contribution	175.2	12.3%			175.2	12.3%
Capital grants & contributions	13.7	7.0%	(4.9)	-55.2%	8.8	4.3%
<b>General revenues:</b>						
General Property Taxes	7.2	1.9%			7.2	1.9%
Special taxes	(161.9)	-12.2%			(161.9)	-12.2%
Personal taxes	21.8	13.1%			21.8	13.1%
Business License taxes	(5.3)	-3.5%			(5.3)	-3.5%
Interest	(2.9)	-15.8%			(2.9)	-15.8%
Miscellaneous	7.9	16.3%			7.9	16.3%
<b>Total revenues</b>	<b>106.7</b>	<b>2.4%</b>	<b>92.4</b>	<b>9.9%</b>	<b>199.1</b>	<b>3.7%</b>
<b>Expenses</b>						
General government	75.4	17.9%			75.4	17.9%
Administration of justice and public protection	18.2	4.3%			18.2	4.3%
Resource protection and development	1.4	1.0%			1.4	1.0%
Transportation	75.2	17.0%			75.2	17.0%
Health and social services	102.4	5.5%			102.4	5.5%
Education	3.0	0.2%			3.0	0.2%
Interest Expense	5.4	20.8%			5.4	20.8%
Turnpike System			0.0	0.0%	0.0	0.0%
Liquor Commission			17.9	4.9%	17.9	4.9%
Lottery Commission			(14.3)	-7.6%	(14.3)	-7.6%
Unemployment Compensation			160.7	134.3%	160.7	134.3%
<b>Total expenses</b>	<b>280.8</b>	<b>6.0%</b>	<b>164.4</b>	<b>21.8%</b>	<b>445.2</b>	<b>8.2%</b>

### Governmental Activities

Governmental activities decreased the state's net assets by \$456.7 million, before transfers and other items. Revenues increased by \$106.7 million or 2.4% from prior year to total \$4.5 billion. The growth was not sufficient to offset expenses which grew \$280.8 million or 6.0%.

A comparison of the cost of services by function for the state's governmental activities with the related program revenues is shown in the chart below. Note that the largest expenses for the state, Health and Social Services and Education, also represent those activities that have the largest gap between expense and program revenues. Since these expenses are least recovered from program revenues, the differences are made up from general revenues, which primarily represent state's taxes, such as the statewide property taxes, business profits tax, business enterprise tax, real estate transfer, tobacco, meals and rooms, interest and dividends, etc. Health and Social Services increased by 5.5% from the previous year, while Education expenses grew slightly by approximately 0.2%.



### Business-Type Activities

Charges for goods and services for the state's combined business type activities were more than adequate to cover the operating expenses and resulted in net assets increasing by \$109.6 million prior to transfers. Business-Type activities include the operations from the Liquor Commission, Lottery Commission, Unemployment Compensation Fund, Turnpike Fund and Joint Underwriting Association.

Sales growth from the operations of the Liquor Commission resulted in net income of \$121.7 million, a 9.0% increase from prior year, all of which was transferred to the General Fund to fund the general operations of the state. A decline in lottery ticket sales during the year contributed to a \$71.1 million or 7.7% decrease in net income from the Lottery Commission which was transferred to the Education Fund.

Turnpike System net assets increased by \$31.1 million or 8.2% as a result of growth in toll revenues primarily due to toll rate increases implemented during the year. The operations of Unemployment Compensation, resulted in a decrease in net assets of \$114.5 million as a result of the weakening economy leading to higher unemployment benefit payments this fiscal year.

### FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As noted earlier, the state uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the state's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the state's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

#### General Fund

The general fund is the chief operating fund of the state. The total fund equity was \$291.9 million. The general fund ended the year with a unreserved, undesignated deficit, before any transfers, of \$79.7 million which represents a \$96.9 million decrease from the prior year. This decrease can be attributed to the effects of the deteriorating economy and tax revenues falling short of estimates. A transfer from the state's Rainy Day Fund was made to cover the general fund unreserved undesignated deficit.

#### Education Fund

The education fund, before year end transfers, had a deficit of \$52.9 million. The general fund made a transfer of surplus to bring the education fund balance to zero at June 30. The deficit can be attributed to revenue shortfalls.

#### Highway Fund

The highway fund ended the year with an unreserved, undesignated deficit of \$54.9 million, which represents a \$27.4 million decrease from the prior year. This decrease can be attributed to growth in expenditures for highway maintenance and emergency related activity, combined with flat revenue growth. See "Footnote 14 Highway" in the Notes to the Basic Financial Statements.

**Proprietary Funds**

The state's proprietary fund statements provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the accrual basis of accounting. Therefore there is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements.

**BUDGETARY HIGHLIGHTS**

During the fiscal year, the original budget was amended by various supplemental appropriations and appropriation revisions. Budget to Actual Schedules for the major governmental funds are in the Required Supplementary Information section beginning on page 76.

**General Fund:**

The increase from the original budget of \$4,096 million to the final budget of \$4,402 million is \$306 million and represents additional appropriations issued after July 1, 2008 and are composed of the following (*in millions*):

• Dept. of Health and Human Services	
ARRA Stimulus Funds	\$73
Provider Payments	17
Vaccines & Emergency Preparedness	10
• Dept. of Environmental Services	
ARRA Stimulus Funds	60
Cleanup at CERCLA Sites	5
• Dept. of Safety	
Disaster Relief Assistance	44
Public Safety Grants	7
• Office of Energy & Planning	
LIHEAP - Fuel Assistance & Weatherization	40
ARRA Stimulus Funds	2
• Dept. of Labor	
ARRA Stimulus Funds for	5
Workforce Opportunity Council	
• Dept. of Justice	
Criminal Justice Grants	4
• Dept. of Employment Security	
ARRA Stimulus Funds for	4
Re-employment training and operations	
• Other	<u>35</u>
	<u>\$ 306</u>

The largest negative variances from the final budget to actual amounts were for grant revenues. Grants from Federal, Private and Local Sources had a combined unfavorable variance of \$406 million. The unfavorable variances in grant revenues are due to timing differences that extend beyond the state's fiscal year and therefore revenue is not drawn down until expenditures are incurred.

**CAPITAL ASSET AND DEBT ADMINISTRATION****Capital Assets**

The state's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounted to \$5.7 billion, with accumulated depreciation amounts of \$2.6 billion, leaving a net book value of \$3.1 billion, an increase of \$110.7 million from prior year. The investment in capital assets includes equipment, real property, infrastructure, computer software, and construction in progress. Infrastructure assets are items that are normally immovable, of value only to the state and include only roads and bridges. The net book value of the state's infrastructure for its roads and bridges approximates \$1.7 billion, which increased \$144.7 million from the previous year as current year additions of \$202.6 million exceeded depreciation of \$57.9 million.

Additional information on the state's capital assets can be found in Footnote 4 of the Notes to the Basic Financial Statements.

**Debt Administration**

The state may issue general obligation bonds, revenue bonds, and notes in anticipation of such bonds authorized by the Legislature and Governor and Council. The state may also directly guarantee certain authority or political subdivision obligations. At the end of the current fiscal year, the state had total bonded debt outstanding of \$1,055.6 million. Of this amount, \$811.5 million are general obligation bonds, which are backed by the full faith and credit of the state. The remainder of the state's bonded debt is Turnpike revenue bonds, which are secured by the specified revenue sources within the Turnpike System.

On November 4, 2008, the state issued \$149.6 million of general obligation capital improvement bonds. The interest rates on these serial bonds range from 4.0% to 5.0%, and the maturity dates range from 2010 through 2025.

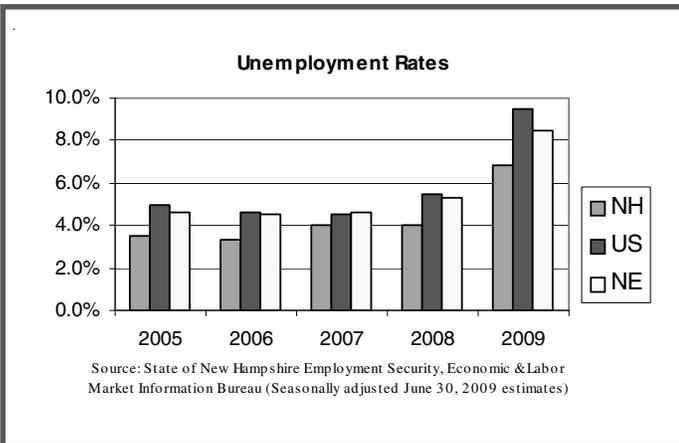
On March 11, 2009, the state issued \$29.8 million of general obligation refunding bonds. The maturity dates on these serial bonds range from 2009 through 2018. These bonds were used to refund \$29.2 million of outstanding bonds. The refunding resulted in \$1.65 million in savings on a cash basis, representing a 5.5% savings over the life of the issue as measured by a net present value basis.

The state does not have any debt limitations, except for contingent debt guarantees, which are detailed in the notes to the financial statements. Additional information on the state's long-term debt obligations can be found in Footnote 5 of the Notes to the Financial Statements.

Fitch Ratings and Standards & Poor's have assigned the state's bonds a rating of AA. Moody's Investors Service has assigned a rating for the state of Aa2.

**ECONOMIC CONDITIONS AND OUTLOOK**

Along with the nation and the region, the state's economy is in a recession with difficult challenges ahead. Due to a favorable tax climate for both business and the individual coupled with high quality of life and standard of living has made New Hampshire a competitive state. As a result, New Hampshire did not weaken as much as the region or the nation. The state's unemployment rate of 6.8% continues to be below the New England and national averages of 8.5% and 9.5%, respectively.



Current forecasts indicate that New Hampshire's recession is technically over, but any recovery will be slow through much, if not all of 2010. The state's fiscal 2010 revenue plan assumed some recovery in the second half of the year.

General and Education Fund revenues for the first five months of fiscal year 2010 were \$675.6 million, which were \$31.1 million (4.4%) below plan and \$17.4 million (2.6%) above prior year largely due to Tobacco Tax increases. Consistent with recessionary pressures, revenue sources from investment and consumer sectors are driving the underperformance in revenue from plan. The Interest and Dividends Tax was \$8.0 million (28.9%) below plan. Meals and Rooms Tax and real Estate Transfer Tax collections were \$10.9 million (8.9%) and \$4.2 million (9.5%) below plan, respectively. The Communications Tax is \$4.3 million (12.3%) below plan.

Going forward, the state will be monitoring revenue collections closely. The state will continue to manage spending and institute budget reductions and program savings initiatives where needed.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the state's finances for all of New Hampshire citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate the state's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State of New Hampshire, Department of Administrative Services, Division of Accounting Services, 25 Capitol Street, State House Annex Room 310, Concord, NH 03301.

# Basic Financial Statements

24 • NEW HAMPSHIRE  
 STATE OF NEW HAMPSHIRE  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2009  
 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents.....	\$ 267,061	\$ 151,586	\$ 418,647	\$ 238,951
Cash and Cash Equivalents-Restricted.....		40,489	40,489	990
Receivables (Net of Allowances for Uncollectibles)....	616,964	38,330	655,294	48,200
Other Receivables-Restricted.....				2,900
Internal Balances.....	(12,576)	12,576		
Due from Primary Government.....				10,265
Due from Component Units.....	2,606		2,606	
Inventories.....	15,748	32,052	47,800	
Investments.....		5,000	5,000	
Other Current Assets.....		358	358	6,595
Total Current Assets.....	889,803	280,391	1,170,194	307,901
<b>Noncurrent Assets:</b>				
Receivables (Net of Allowances for Uncollectibles)....	258,547		258,547	31,930
Due from Component Units.....	8,784		8,784	
Investments.....	16,136		16,136	305,190
Bond Issue Costs.....		2,884	2,884	
Other Assets.....		3,965	3,965	3,774
<b>Capital Assets:</b>				
Land & Land Improvements.....	590,159	110,760	700,919	14,779
Buildings & Building Improvements.....	713,618	25,156	738,774	1,356,409
Equipment & Computer Software.....	268,997	42,555	311,552	134,653
Construction in Progress.....	187,582	35,070	222,652	114,681
Infrastructure.....	3,048,728	630,309	3,679,037	
Less: Allowance for Depreciation.....	(2,340,713)	(259,614)	(2,600,327)	(605,876)
Net Capital Assets.....	2,468,371	584,236	3,052,607	1,014,646
Total Noncurrent Assets.....	2,751,838	591,085	3,342,923	1,355,540
Total Assets.....	3,641,641	871,476	4,513,117	1,663,441
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable.....	249,044	50,581	299,625	46,479
Accrued Payroll.....	40,583	2,536	43,119	4,339
Due to Primary Government.....				2,606
Due to Component Units.....	10,265		10,265	
Unearned Revenue.....	68,153	10,080	78,233	42,108
Unclaimed Property & Prizes.....	11,753	400	12,153	
General Obligation Bonds Payable.....	85,123	624	85,747	
Claims & Compensated Absences Payable.....	47,250	1,552	48,802	12,219
Other Postemployment Benefits Payable.....	59,955		59,955	5,170
Other Liabilities.....	7,079	14,971	22,050	5,231
Other Liabilities-Restricted.....		3,636	3,636	1,883
Revenue Bonds Payable-Restricted.....		13,500	13,500	
Revenue Bonds Payable.....				72,697
Total Current Liabilities.....	579,205	97,880	677,085	192,732

STATE OF NEW HAMPSHIRE  
STATEMENT OF NET ASSETS  
JUNE 30, 2009  
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES - CONTINUED</b>				
<b>Noncurrent Liabilities:</b>				
General Obligation Bonds Payable, Net .....	725,110	677	725,787	
Revenue Bonds Payable, Net .....		230,532	230,532	403,788
Claims & Compensated Absences Payable .....	81,859	5,981	87,840	30,900
Other Postemployment Benefits Payable.....	235,286		235,286	42,030
Due to Primary Government.....				8,784
Other Noncurrent Liabilities .....	29,878	3,237	33,115	60,493
Total Noncurrent Liabilities.....	1,072,133	240,427	1,312,560	545,995
Total Liabilities.....	\$ 1,651,338	\$ 338,307	\$ 1,989,645	\$ 738,727
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt.....	\$ 1,695,688	\$ 341,422	\$ 2,037,110	\$ 547,611
Restricted for Debt Repayments.....		40,489	40,489	
Restricted for Unemployment Benefits.....		105,933	105,933	
Restricted for Permanent Funds-Non-Expendable.....	13,648		13,648	
Restricted for Prize Awards - MUSL & Tri-State.....		3,965	3,965	
Restricted for Environmental Loans.....	268,553		268,553	
Restricted for Revenue Stabilization.....	9,312		9,312	
Restricted Component Unit Net Assets.....				243,754
Unrestricted Net Assets.....	3,102	41,360	44,462	133,349
Total Net Assets.....	\$ 1,990,303	\$ 533,169	\$ 2,523,472	\$ 924,714

The notes to the financial statements are an integral part of this statement

26 • NEW HAMPSHIRE  
 STATE OF NEW HAMPSHIRE  
 STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities:</b>				
General Government.....	\$ 495,720	\$ 208,219	\$ 81,863	
Administration of Justice & Public Protection.....	438,273	315,081	110,975	\$ 33
Resource Protection and Development.....	139,574	64,216	44,224	
Transportation.....	518,415	33,249	11,021	203,531
Health and Social Services.....	1,980,286	98,491	1,184,017	
Education.....	1,346,221	(1,330)	167,162	4,745
Interest Expense.....	31,546			
Total Governmental Activities.....	4,950,035	717,926	1,599,262	208,309
<b>Business-type Activities:</b>				
Turnpike System.....	80,433	107,593		3,952
Liquor Commission.....	385,794	507,479		
Lottery Commission.....	172,630	243,890		
Unemployment Compensation.....	280,385	165,896		
Total Business-type Activities.....	919,242	1,024,858		3,952
Total Primary Government.....	\$ 5,869,277	\$ 1,742,784	\$ 1,599,262	\$ 212,261
<b>COMPONENT UNITS</b>				
University System of New Hampshire.....	\$ 688,510	\$ 446,928	\$ 56,768	\$ 24,330
Non-Major Component Units.....	130,960	66,405	34,302	
Total Component Units.....	\$ 819,470	\$ 513,333	\$ 91,070	\$ 24,330

<b>General Revenues:</b>				
General Property Taxes.....				
Special Taxes.....				
Personal Taxes.....				
Business License Taxes.....				
Interest & Investment Income.....				
Miscellaneous.....				
Payments from State of New Hampshire.....				
Transfers - Internal Activities.....				
Total General Revenues and Transfers.....				
Changes in Net Assets.....				
<b>Net Assets - Beginning, As Restated .....</b>				
<b>Net Assets - Ending.....</b>				

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**Net (Expenses) Revenues and Changes in Net Assets**

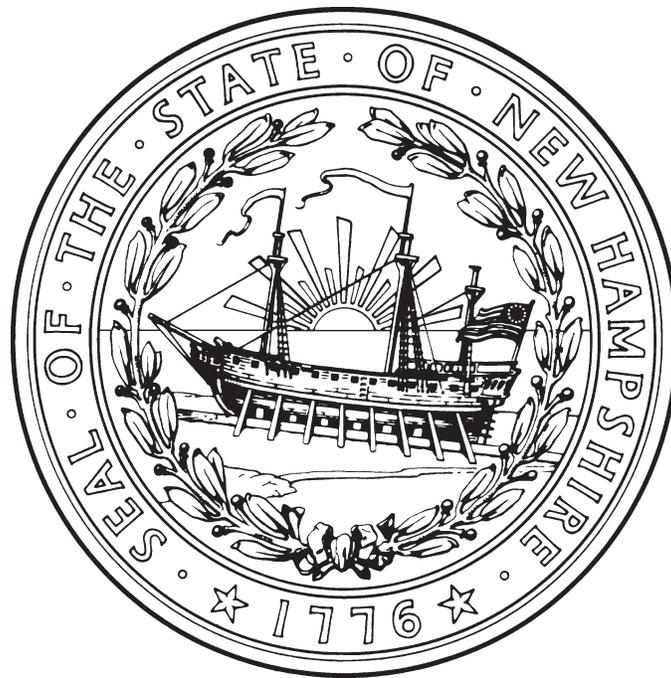

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**Primary Government**


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Governmental Activities	Business-Type Activities	Total	Component Units
\$ (205,638)		\$ (205,638)	
(12,184)		(12,184)	
(31,134)		(31,134)	
(270,614)		(270,614)	
(697,778)		(697,778)	
(1,175,644)		(1,175,644)	
(31,546)		(31,546)	
(2,424,538)		(2,424,538)	
	\$ 31,112	31,112	
	121,685	121,685	
	71,260	71,260	
	(114,489)	(114,489)	
	109,568	109,568	
\$ (2,424,538)	\$ 109,568	\$ (2,314,970)	
			\$ (160,484)
			(30,253)
			\$ (190,737)
395,151		395,151	
1,167,226		1,167,226	
188,038		188,038	
145,973		145,973	
15,291		15,291	13,406
56,174		56,174	
			182,725
192,745	(192,745)		
2,160,598	(192,745)	1,967,853	196,131
(263,940)	(83,177)	(347,117)	5,394
2,254,243	616,346	2,870,589	919,320
\$ 1,990,303	\$ 533,169	\$ 2,523,472	\$ 924,714

The notes to the financial statements are an integral part of this statement



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# Fund Financial Statements

## Governmental Funds

**General Fund:** *The General Fund is the state's primary operating fund and accounts for all financial transactions not accounted for in any other fund.*

**Highway Fund:** *Under the state Constitution, all revenues in excess of the necessary cost of collection and administration accruing to the state from motor vehicle registration fees, operators' licenses, gasoline road toll, or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction, and maintenance of public highways within this state, including the supervision of traffic thereon and for the payment of the interest and principal of bonds issued for highway purposes. All such revenues, together with federal grants-in-aid and American Recovery and Reinvestment Act funds received by the state for highway purposes, are credited to the Highway Fund. While the principal and interest on state highway bonds are charged to the Highway Fund, the assets of this fund are not pledged to such bonds.*

**Education Trust Fund:** *The Education Trust Fund was established to distribute adequate education grants to school districts. Funding for the grants comes from a variety of sources, including the statewide property and utility taxes, incremental portions of existing business and tobacco taxes, sweepstakes funds, and tobacco settlement funds.*

30 • NEW HAMPSHIRE  
**STATE OF NEW HAMPSHIRE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**  
(Expressed in Thousands)

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 216,507	\$ -	\$	\$ 14,810	\$ 231,317
Investments .....	7,314			8,822	16,136
Receivables (Net of Allow ances for Uncollectibles)....	463,251	53,593	78,126	2,995	597,965
Due from Other Funds .....	126,697	513			127,210
Due from Component Units.....	11,390				11,390
Inventories.....	6,103	8,928		717	15,748
Loans and Notes Receivables .....	277,476				277,476
Total Assets .....	<u>\$ 1,108,738</u>	<u>\$ 63,034</u>	<u>\$ 78,126</u>	<u>\$ 27,344</u>	<u>\$ 1,277,242</u>
<b>LIABILITIES</b>					
Accounts Payable.....	\$ 208,289	\$ 29,478	\$ 2,584	\$ 8,011	\$ 248,362
Accrued Payroll.....	35,193	4,669		721	40,583
Due to Other Funds .....	66,005	9,668	15,942	48,171	139,786
Due to Component Unit.....	10,265				10,265
Deferred Revenue .....	485,171	7,125	59,600		551,896
Unclaimed Property and Prizes.....	11,753				11,753
Other Liabilities.....	161				161
Total Liabilities.....	<u>816,837</u>	<u>50,940</u>	<u>78,126</u>	<u>56,903</u>	<u>1,002,806</u>
<b>FUND BALANCES</b>					
Reserved for Encumbrances.....	178,898	40,384		51,503	270,785
Reserved for Inventories.....	6,103	8,928		717	15,748
Reserved for Unexpended Appropriations.....	97,588	17,644		32,919	148,151
Reserved for Revenue Stabilization.....	9,312				9,312
Reserved for Permanent Trust .....				13,648	13,648
Unreserved, Undesignated (Deficit) (Note 14).....		(54,862)			(54,862)
Unreserved, Fish & Game Fund.....				4,581	4,581
Unreserved (Deficit), Capital Project Fund.....				(132,927)	(132,927)
Total Fund Balances.....	<u>291,901</u>	<u>12,094</u>		<u>(29,559)</u>	<u>274,436</u>
Total Liabilities and Fund Balances.....	<u>\$ 1,108,738</u>	<u>\$ 63,034</u>	<u>\$ 78,126</u>	<u>\$ 27,344</u>	<u>\$ 1,277,242</u>

The notes to the financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE  
 RECONCILIATION OF THE BALANCE SHEET-  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2009  
 (Expressed in Thousands)

Total fund balances for governmental funds	\$	274,436
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	2,468,371
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Certain tax revenues and loans are earned but not available and therefore are deferred in the funds:

Business Taxes, I&D, Meals & Rooms, and Utility Property	189,402	
Medicaid Hospital Reimbursements	4,435	
Highway Fund Federal and Municipal Billings	6,812	
Indigent Representation Advances	3,152	
SRF Loans	268,553	
Component Unit Loans	11,390	483,744

Internal service funds are used by management to charge the costs of certain activities, such as risk management and health related fringe benefits, to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Assets.

12,381
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Certain long term liabilities are not payable by current available resources and therefore are not reported in the funds:

Compensated Absences, Workers Compensation and Health Claims	(106,359)	
Other Postemployment Benefits	(295,241)	
Pollution Remediation Obligation	(29,183)	
Capital Lease Obligations	(4,038)	
Bond Payables	(810,233)	
Interest Payable	(3,575)	(1,248,629)

Net Assets of Governmental Activities	\$	<u>1,990,303</u>
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**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**  
(Expressed in Thousands)

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General Property Taxes.....	\$ 330		\$ 392,621		\$ 392,951
Special Taxes.....	957,287		211,125		1,168,412
Personal Taxes.....	59,242		128,796		188,038
Business License Taxes.....	20,957	\$ 145,973			166,930
Non-Business License Taxes.....	93,743	81,343		\$ 8,888	183,974
Fees.....	134,910	19,504		1,114	155,528
Fines, Penalties and Interest.....	27,678	650	5	165	28,498
Grants from Federal Government.....	1,480,812	178,117		21,962	1,680,891
Grants from Private and Local Sources.....	154,155	5,146		1,064	160,365
Rents and Leases.....	1,419	155			1,574
Interest, Premiums and Discounts.....	19,022	130		622	19,774
Sale of Commodities.....	10,482	230		209	10,921
Sale of Service.....	62,305	14,180		4	76,489
Assessments.....	64,901				64,901
Grants from Other Agencies.....	8,500	5,380		4,250	18,130
Miscellaneous.....	106,112	11,309	40,000	529	157,950
Total Revenues.....	3,201,855	462,117	772,547	38,807	4,475,326
<b>EXPENDITURES</b>					
General Government.....	380,499		300		380,799
Administration of Justice and Public Protection.....	373,590	942			374,532
Resource Protection and Development.....	129,926			23,278	153,204
Transportation.....	14,676	437,533			452,209
Health and Social Services.....	1,944,401			721	1,945,122
Education.....	375,761		898,500		1,274,261
Debt Service.....	94,088	11,832		1,715	107,635
Capital Outlay.....	14,539	40,438		187,781	242,758
Total Expenditures.....	3,327,480	490,745	898,800	213,495	4,930,520
Deficiency of Revenues					
Under Expenditures.....	(125,625)	(28,628)	(126,253)	(174,688)	(455,194)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In.....	1,565	1,750	52,938	2,205	58,458
Transfers in from Enterprise Funds.....	123,126		69,619		192,745
Transfers Out.....	(55,238)	(3,220)			(58,458)
Capital Lease Acquisition.....	296				296
Payments to Refunding Bond Escrow Agent.....				(30,255)	(30,255)
G.O. Bond Premiums.....				2,219	2,219
G.O. Bond Issuance.....				179,380	179,380
Total Other Financing Sources (Uses).....	69,749	(1,470)	122,557	153,549	344,385
Net Change in Fund Balances.....	(55,876)	(30,098)	(3,696)	(21,139)	(110,809)
Fund Balance (Deficit) - July 1.....	347,248	39,514	3,696	(8,224)	382,234
Change in Reserve for Inventory.....	529	2,678		(196)	3,011
Fund Balance (Deficit) - June 30.....	\$ 291,901	\$ 12,094	\$	\$ (29,559)	\$ 274,436

The notes to the financial statements are an integral part of this statement

**STATE OF NEW HAMPSHIRE  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Expressed in Thousands)**

Net change in fund balance - total governmental funds \$ (107,798)

Revenue recognized on the Statement of Activities that do not provide current financial resources on the fund statements resulted in a net decrease from prior year (55,804)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Land & Land Improvements	13,716	
Buildings & Building Improvements	28,194	
Equipment & Computer Software	20,159	
Construction in Progress	(74,773)	
Infrastructure	183,466	
Accumulated Depreciation, net of Disposals	<u>(70,843)</u>	99,919

Internal service funds are used by management to charge the costs of certain activities, such as risk management and health related fringe benefits, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities. (12,424)

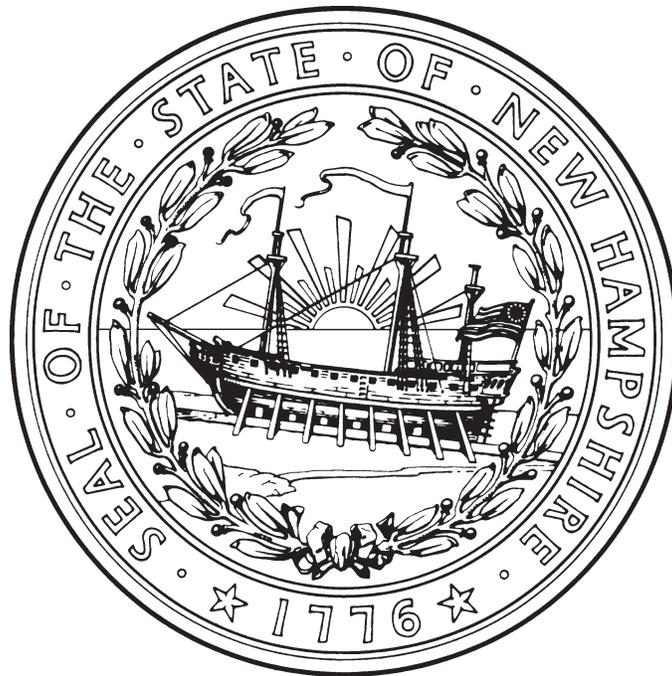
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.

Bond Proceeds & Premiums Received	(180,514)	
Repayment of Bond Principal & Interest	108,124	
Accretion of Bonds Payable	(3,814)	
Accrued Interest & Amortization	<u>949</u>	(75,255)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Elimination of the following expenses resulted in a net increase from prior year:

Changes in Compensated Absences, Workers Compensation and Health Claims	(5,541)	
Other Postemployment Benefits	(138,431)	
Pollution Remediation Obligation	4,009	
Change in Capital Lease Obligation	1,108	
SRF loan program	<u>26,277</u>	(112,578)

Change in net assets of governmental activities \$ (263,940)



## Proprietary Fund Financial Statements

### *Enterprise Funds:*

**Turnpike System:** *The state constructs, maintains, and operates transportation toll facilities. The Turnpike System, presently consists of 93 miles of limited access highway, 36 miles of which are part of the U.S. Interstate Highway System. The Turnpike System comprises a total of approximately 631 total lane miles. The Turnpike System primarily serves the major cities located in the central and eastern sections of southern New Hampshire. The Legislature has established a 10-year state highway construction and reconstruction plan and authorized major expansion and improvement projects as part of a Capital Improvement Program.*

**Liquor Commission:** *Receipts from operations of the Liquor Commission are transferred to the General Fund on a daily basis. The General Fund advances cash to the Liquor Commission for the purchase of liquor inventory. By statute, all liquor and beer sold in the state must be sold through a sales and distribution system operated by the state Liquor Commission, comprising three members appointed by the Governor with the consent of the Executive Council. The Commission makes all liquor purchases directly from the manufacturers and importers and operates state liquor stores in cities and towns that accept the provisions of the local option law. The Commission is authorized to lease and equip stores, warehouses, and other merchandising facilities for liquor sales, to supervise the construction of state-owned liquor stores at various locations in the state, and to sell liquor through retail outlets as well as direct sales to restaurants, hotels, and other organizations. The Commission also charges permit and license fees for the sale of beverages through private distributors and retailers and an additional fee of 30 cents per gallon on beverages sold by such retailers.*

**Lottery Commission:** *The state sells lottery games through some 1,350 agents, including state liquor stores, licensed racetracks, and private retail outlets. Through the sale of lottery tickets, revenue is generated for prize payments and commission expenses, with the net income used for aid to education. This net income is transferred to the Education Fund and then transferred to the local school districts.*

**New Hampshire Unemployment Trust Fund:** *Receives contributions from employers and provides benefits to eligible unemployed workers.*

### *Internal Service Fund:*

*The employee benefit risk management fund reports the health related fringe benefit services for the state. The fund was created to account for the state's self-insurance program and to pool all resources to pay for the cost associated with providing these benefits to active employees and retirees.*

STATE OF NEW HAMPSHIRE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009  
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds					Governmental
	Turnpike System	Liquor Commission	Lottery Commission	Unemployment Compensation	Total	Internal Service Fund
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and Cash Equivalents.....	\$ 55,403	\$ 911	\$ 1,144	\$ 94,128	\$ 151,586	\$ 35,744
Cash and Cash Equivalents-Restricted.....	40,489				40,489	
Receivables (Net of Allowances for Uncollectibles)...	3,915	6,916	854	26,645	38,330	69
Due from Other Funds.....		13,028	418		13,446	
Inventories.....	1,065	29,918	1,069		32,052	
Investments.....	5,000				5,000	
Other Current Assets.....	113		245		358	
Total Current Assets.....	105,985	50,773	3,730	120,773	281,261	35,813
<b>Noncurrent Assets:</b>						
Bond Issue Costs.....	2,884				2,884	
<b>Capital Assets:</b>						
Land & Land Improvements.....	107,357	3,403			110,760	
Buildings & Building Improvements.....	4,828	20,328			25,156	
Equipment & Computer Software.....	36,583	5,454	518		42,555	
Construction in Progress.....	35,070				35,070	
Infrastructure.....	630,309				630,309	
Less: Allowance for Depreciation & Amortization....	(242,839)	(16,421)	(354)		(259,614)	
Net Capital Assets.....	571,308	12,764	164		584,236	
Other Assets.....			3,965		3,965	
Total Noncurrent Assets.....	574,192	12,764	4,129		591,085	
Total Assets.....	680,177	63,537	7,859	120,773	872,346	35,813
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts Payable.....	5,961	43,015	1,605		50,581	682
Accrued Payroll.....	914	1,409	213		2,536	
Due to Other Funds.....	513	357			870	
Deferred Revenue.....	6,901	1,988	1,191		10,080	
Unclaimed Prizes.....			400		400	
General Obligation Bonds Payable.....	624				624	
Revenue Bonds Payable-Restricted.....	13,500				13,500	
Accrued Interest Payable-Restricted.....	3,636				3,636	
Claims & Compensated Absences Payable.....	466	966	120		1,552	22,750
Other Liabilities.....	4	127		14,840	14,971	
Total Current Liabilities.....	32,519	47,862	3,529	14,840	98,750	23,432
<b>Noncurrent Liabilities:</b>						
General Obligation Bonds Payable.....	677				677	
Revenue Bonds Payable.....	230,532				230,532	
Claims & Compensated Absences Payable.....	2,563	3,039	379		5,981	
Other Noncurrent Liabilities.....	3,000	237			3,237	
Total Noncurrent Liabilities.....	236,772	3,276	379		240,427	
Total Liabilities.....	269,291	51,138	3,908	14,840	339,177	23,432
<b>NET ASSETS</b>						
Invested in Capital Assets, net of related debt.....	328,859	12,399	164		341,422	
Restricted for Debt Repayments.....	40,489				40,489	
Restricted for Prize Awards - MUSL & Tri-State.....			3,965		3,965	
Restricted for Unemployment Benefits.....				105,933	105,933	
Unrestricted Net Assets (Deficit).....	41,538		(178)		41,360	12,381
Total Net Assets.....	\$ 410,886	\$ 12,399	\$ 3,951	\$ 105,933	\$ 533,169	\$ 12,381

STATE OF NEW HAMPSHIRE  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
 (Expressed in Thousands)

	Business-Type Activities - Enterprise Funds					Governmental
	Turnpike System	Liquor Commission	Lottery Commission	Unemployment Compensation	Total	Internal Service Fund
<b>OPERATING REVENUES</b>						
Charges for Sales and Services.....		\$ 488,068	\$ 243,559	\$ 158,968	\$ 890,595	\$ 242,541
Toll Revenue Pledged for						
Repaying Revenue Bonds.....	\$106,757				106,757	
Total Operating Revenue.....	106,757	488,068	243,559	158,968	997,352	242,541
<b>OPERATING EXPENSES</b>						
Cost of Sales and Services.....		347,843	21,500		369,343	
Lottery Prize Awards.....			142,050		142,050	
Unemployment Insurance Benefits.....				280,385	280,385	
Underwriting Losses and Expenses.....						
Insurance Claims.....						245,044
Administration.....	48,167	37,214	8,983		94,364	11,103
Depreciation.....	15,179	737	97		16,013	
Total Operating Expenses.....	63,346	385,794	172,630	280,385	902,155	256,147
Operating Income (Loss).....	43,411	102,274	70,929	(121,417)	95,197	(13,606)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Licenses.....		3,592			3,592	
Beer Taxes.....		12,467			12,467	
Investment Income.....	836		331	6,928	8,095	1,182
Miscellaneous.....	(3,855)	3,352			(503)	
Interest on Bonds.....	(12,953)				(12,953)	
Amortization of Bond Issuance Costs.....	(279)				(279)	
Total Nonoperating Revenues (Expenses).....	(16,251)	19,411	331	6,928	10,419	1,182
Income (Loss) Before Grant Contributions.....	27,160	121,685	71,260	(114,489)	105,616	(12,424)
Grant Contributions.....	3,952				3,952	
Income (Loss) Before Operating Transfers.....	31,112	121,685	71,260	(114,489)	109,568	(12,424)
Transfers Out to Governmental Funds.....		(121,687)	(71,058)		(192,745)	
Change in Net Assets.....	31,112	(2)	202	(114,489)	(83,177)	(12,424)
Net Assets - July 1, As Restated.....	379,774	12,401	3,749	220,422	616,346	24,805
Net Assets - June 30.....	\$410,886	\$ 12,399	\$ 3,951	\$ 105,933	\$ 533,169	\$ 12,381

The notes to the financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds					Governmental
	Turnpike System	Liquor Commission	Lottery Commission	Unemployment Compensation	Total	Activities Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from federal and local agencies.....				\$ 58,257	\$ 58,257	
Receipts from customers.....	\$ 106,986	\$ 489,774	\$ 128,555	76,348	801,663	\$ 23,696
Receipts from interfund charges.....						220,114
Payments to employees.....	(12,997)	(21,645)	(2,469)		(37,111)	
Payments to suppliers.....	(32,532)	(360,297)	(7,186)		(400,015)	(10,562)
Payments to prize winners.....			(46,129)		(46,129)	
Payments for Insurance Claims.....				(264,689)	(264,689)	(243,286)
Payments for Interfund Services.....	(3,505)	(3,714)	(1,042)		(8,261)	
Net Cash Provided by (Used In) Operating Activities.....	57,952	104,118	71,729	(130,084)	103,715	(10,038)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers to Other Funds.....		(123,358)	(71,147)		(194,505)	
Proceeds from Collection of Licenses and Beer Tax.....		16,059			16,059	
Net Cash Used for Noncapital and Related Financing Activities.....		(107,299)	(71,147)		(178,446)	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition, Disposal and Construction of Capital Assets.....	(28,981)	(754)	(18)		(29,753)	
Grant Contributions.....	3,952				3,952	
Interest Paid on Revenue & General Obligation Bonds.....	(12,834)				(12,834)	
Principal Paid on Bonds.....	(14,744)				(14,744)	
Contributions from Other Funds.....		754			754	
Net Cash Used for Capital and Related Financing Activities.....	(52,607)		(18)		(52,625)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Sale of Investments.....	178,644				178,644	
Purchase of Investments.....	(183,644)				(183,644)	
Interest and Other Income.....	893	3,352	331	6,928	11,504	1,182
Net Cash Provided by (Used in) Investing Activities.....	(4,107)	3,352	331	6,928	6,504	1,182
Net Increase (Decrease) in Cash & Cash Equivalents.....	1,238	171	895	(123,156)	(120,852)	(8,856)
Cash and Cash Equivalents - July 1.....	94,654	740	249	217,284	312,927	44,600
Cash and Cash Equivalents - June 30.....	\$ 95,892	\$ 911	\$ 1,144	\$ 94,128	\$ 192,075	\$ 35,744
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:</b>						
Operating Income (Loss).....	\$ 43,411	\$ 102,274	\$ 70,929	\$ (121,417)	\$ 95,197	\$ (13,606)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation.....	15,179	737	97		16,013	
Change in Operating Assets and Liabilities:						
Change in Receivables.....	162	1,590	1,700	(17,021)	(13,569)	1,269
Change in Inventories.....	198	(4,078)	(237)		(4,117)	
Change in Other Current Assets.....	(113)		(102)		(215)	
Change in Restricted Deposits-MUSL.....			(202)		(202)	
Change in Accounts Payable and other Accruals.....	(952)	3,480	153	8,354	11,035	541
Change in Claims Payable.....			(683)		(683)	1,758
Change in Deferred Revenue.....	67	115	74		256	
Net Cash Provided by (Used In) Operating Activities.....	\$ 57,952	\$ 104,118	\$ 71,729	\$ (130,084)	\$ 103,715	\$ (10,038)

## Fiduciary Funds Financial Statements

### ***Pension Trust Funds:***

***New Hampshire Retirement System*** - The New Hampshire Retirement System (NHRS) is the administrator of a cost-sharing multiple employer contributory pension plan and trust established on July 1, 1967, and is intended to meet the requirements of a qualified tax-exempt organization within the meaning of section 401(a) and section 501(a) of the United States Internal Revenue Code. Participating employers include the employees of the state government of New Hampshire, certain cities and towns, all counties, and various school districts. The NHRS is a component unit of the state.

***New Hampshire Judicial Retirement Plan*** The New Hampshire Judicial Retirement Plan (the Plan) was established on January 1, 2005 and is a contributory pension plan and trust intended to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. The Plan is a component unit of the state.

***Private-Purpose Trust Funds:*** Private-Purpose Trust Funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

***Investment Trust Fund:*** The investment trust fund represents the external portion of the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP has been established, in accordance with RSA 383:22-24, for the purpose of investing funds of the state of New Hampshire, funds under the custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions, and all other public units within, or instrumentalities of the state of New Hampshire. In accordance with GAAP, the external portion of the NHPDIP is reported as an investment trust fund in the Fiduciary Funds using the economic resources measurement focus and accrual basis of accounting. The internal portion of the pool is reported in the general fund. NHPDIP financial statements can be obtained by contacting NHPDIP at 5 Country View Drive, Raymond, NH 03077.

***Agency Funds:*** Assets received by the state as an agent for other governmental units, other organizations, or individuals are accounted for as agency funds. The Unified Court System Litigation accounts which are held pending judicial judgements and Child Support Funds are two of the larger agency funds of the state.

STATE OF NEW HAMPSHIRE  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2009  
(Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Funds	Investment Trust Funds	Agency Funds
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 12,140	\$ 3,383		\$ 13,104
Cash Collateral on Security Lending.....	301,064			
Total Cash.....	313,204	3,383		13,104
Receivables:				
Due from Employers.....	22,258			
Due from State.....	7,565			
Due from Plan Members.....	16,189			
Due from Group I State Employee OPEB Plan.....	17,710			
Due from Brokers for Securities Sold.....	77,214			
Interest and Dividends.....	11,980			
Other.....	3,456		\$ 95	
Total Receivables.....	156,372		95	
Investments.....	4,434,990	14,114	236,644	1,408
Other Assets.....	1,957			
Total Assets.....	4,906,523	17,497	236,739	14,512
<b>LIABILITIES</b>				
Securities Lending Collateral.....	301,064			
Management Fees and Other Payables.....	6,681		69	
Security Lending Payable.....	5,540			
Due to Group I Political Subdivision OPEB Plan.....	17,710			
Due to Brokers for Securities Purchased.....	79,459			
Custodial Funds Payable.....				14,512
Other Liabilities.....			254	
Total Liabilities.....	410,454	-	323	14,512
Net Assets Held in Trust for Benefits & Other Purposes.....	\$ 4,496,069	\$ 17,497	\$ 236,416	

**RECONCILIATION OF NET ASSETS HELD IN TRUST:**

Employees' Pension Benefits.....	\$ 4,350,114			
Employees' Postemployment Healthcare Benefits.....	145,955			
Net Assets for Pool Participants in External Investment Pool.....			\$ 236,416	
Other Purposes.....		\$ 17,497		
Net Assets Held in Trust for Benefits & Other Purposes.....	\$ 4,496,069	\$ 17,497	\$ 236,416	

STATE OF NEW HAMPSHIRE  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Funds	Investment Trust Funds
<b>ADDITIONS</b>			
<b>Contributions:</b>			
Employer .....	\$ 211,904		
State Contributions on Behalf of Local Employers .....	50,962		
Total Employer Contributions .....	262,866		
Plan Members .....	143,153		
From Participants .....		\$ 3,981	\$ 336,600
Total Contributions .....	406,019	3,981	336,600
<b>Investment Income:</b>			
From Investing Activities:			
Net Appreciation (Depreciation) in Fair Value of Investments .....	(1,104,199)	8,715	
Interest Income .....	57,203	314	
Dividends .....	36,111		
Alternative Investment Income .....	(8,722)		
Commercial Real Estate Operating Income .....	23,036		
Net Increase in Joint Value from Investment Income .....			3,482
Total Income (Loss) from Investing Activities .....	(996,571)	9,029	3,482
<b>Less: Investment Activity Expenses:</b>			
Investment Management Fees .....	14,913		
Custodial Fees .....	724		
Investment Advisor Fees .....	1,181		
Total Investment Activity Expenses .....	16,818		
Total Net Income (Loss) from Investing Activities .....	(1,013,389)	9,029	3,482
<b>From Securities Lending Activities:</b>			
Security Lending Income .....	6,857		
Less: Security Lending Borrower Rebates .....	3,120		
Less: Security Lending Management Fees .....	652		
Net Income from Securities Lending Activities .....	3,085		
Total Net Investment Income (Loss) .....	(1,010,304)	9,029	3,482
Interest Income .....	1,017		
Other .....	644		
<b>Total Additions</b> .....	(602,624)	13,010	340,082
<b>DEDUCTIONS</b>			
Benefits/Distributions to Participants .....	513,739	4,985	3,482
Refunds of Contributions .....	24,204		
Administrative Expense .....	7,420		
Professional Fees .....	1,419		
Interest Expense .....	1,017		
Other .....	2,412	19,410	423,391
<b>Total Deductions</b> .....	550,211	24,395	426,873
<b>Change in Net Assets</b> .....	(1,152,835)	(11,385)	(86,791)
<b>NET ASSETS HELD IN TRUST FOR BENEFITS &amp; OTHER PURPOSES</b>			
Beginning of the Year .....	5,648,904	28,882	323,207
<b>End of the Year</b> .....	\$ 4,496,069	\$ 17,497	\$ 236,416

## **Component Units Financial Statements**

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**  
**(Expressed in Thousands)**

	University System of New Hampshire	Non-Major Component Unit	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents.....	\$ 213,326	\$ 25,625	\$ 238,951
Cash and Cash Equivalents-Restricted.....		990	990
Accounts Receivable.....	35,245	5,280	40,525
Other Receivables-Restricted.....		2,900	2,900
Due From Primary Government - Current Portion.....		10,265	10,265
Notes Receivable - Current Portion.....	3,797	3,878	7,675
Prepaid Expenses & Other.....	6,033	562	6,595
Total Current Assets.....	258,401	49,500	307,901
Noncurrent Assets:			
Investments.....	289,735	15,455	305,190
Notes & Other Receivables.....	19,119	12,811	31,930
Other Assets.....	2,545	1,229	3,774
Capital Assets:			
Land & Land Improvements.....	11,936	2,843	14,779
Building & Building Improvements.....	1,210,979	145,430	1,356,409
Equipment.....	126,573	8,080	134,653
Construction in Progress.....	113,129	1,552	114,681
Less: Accumulated Depreciation.....	(548,093)	(57,783)	(605,876)
Net Capital Assets.....	914,524	100,122	1,014,646
Total Noncurrent Assets.....	311,399	29,495	340,894
Total Assets.....	1,484,324	179,117	1,663,441
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable.....	44,946	1,533	46,479
Accrued Salaries and Wages.....		4,339	4,339
Accrued Employee Benefits - Current.....	7,612	4,607	12,219
Other Postemployment Medical Benefits - Current.....	5,170		5,170
Other Payables & Accrued Expenses.....		5,231	5,231
Other Liabilities-Restricted.....		1,883	1,883
Deposits and Deferred Revenues.....	35,508	6,600	42,108
Due to Primary Government - Current Portion.....		2,606	2,606
Long Term Debt-Current Portion.....	71,090	1,607	72,697
Total Current Liabilities.....	164,326	28,406	192,732
<b>Noncurrent Liabilities:</b>			
Revenue Bonds Payable.....	403,788		403,788
Accrued Employee Benefits.....	30,900		30,900
Other Postemployment Medical Benefits.....	42,030		42,030
Due to Primary Government.....		8,784	8,784
Other Long Term Debt.....	19,038	41,455	60,493
Total Noncurrent Liabilities.....	495,756	50,239	545,995
Total Liabilities.....	660,082	78,645	738,727
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt.....	476,041	71,570	547,611
Restricted for Endowments.....	233,879		233,879
Restricted for Specific Purposes.....		6,975	6,975
Restricted for Long Term Receivable.....		2,900	2,900
Total Restricted Net Assets.....	709,920	81,445	791,365
Unrestricted Net Assets.....	114,322	19,027	133,349
Total Net Assets.....	\$ 824,242	\$ 100,472	\$ 924,714

The notes to the financial statements are an integral part of this statement C30

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**  
(Expressed in Thousands)

	<b>University System of</b>		
	<b>New Hampshire</b>	<b>Total Non-Major</b>	<b>Total</b>
<b>Expenses</b> .....	\$ 688,510	\$ 130,960	\$ 819,470
<b>Program Revenues:</b>			
Charges for Services:			
Tuition & Fees.....	338,390	41,134	379,524
Scholarship Allowances.....	(89,257)		(89,257)
Sales, Services, & Other Revenue.....	197,795	25,271	223,066
Operating Grants & Contributions.....	56,768	34,302	91,070
Capital Grants & Contributions.....	24,330		24,330
Total Program Revenues.....	<u>528,026</u>	<u>100,707</u>	<u>628,733</u>
Net Expenses.....	<u>(160,484)</u>	<u>(30,253)</u>	<u>(190,737)</u>
Interest & Investment Income.....	9,021	4,385	13,406
Payments from State of New Hampshire.....	142,230	40,495	182,725
Change in Net Assets.....	<u>(9,233)</u>	<u>14,627</u>	<u>5,394</u>
<b>Net Assets - Beginning</b> .....	833,475	85,845	919,320
(Restated University System of New Hampshire).....			
<b>Net Assets - Ending</b> .....	<u>\$ 824,242</u>	<u>\$ 100,472</u>	<u>\$ 924,714</u>

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# NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of New Hampshire (the state) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

### A. REPORTING ENTITY

For financial reporting purposes, the state's reporting entity includes all funds, organizations, agencies, boards, commissions, authorities and the state has considered all potential component units for which the state is financially accountable and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. The criteria to be considered in determining financial accountability include whether the state, as the primary government, has appointed a voting majority of an organization's governing body and (1) has the ability to impose its will on that organization or (2) there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the state. Financial accountability also exists if an organization is determined to be fiscally dependent on the primary government, although the primary government does not appoint a voting majority of the organization's governing board.

Once financial accountability has been determined for a potential component unit, that component unit is either blended into the primary government or discretely presented from the primary government. Potential component units that do not meet the financial accountability criteria, but where a voting majority of the governing board is appointed by the state, are deemed to be related organizations. The nature and relationship of the state's component units and related organizations are disclosed in the following section.

#### Discrete Component Units:

Discrete component units are entities, which are legally separate from the state, but for which the state is financially accountable for financial reporting purposes, or whose relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. Complete audited financial statements of the individual component units can be obtained from the respective entities.

The component unit columns of the government-wide financial statements include the financial data of the following entities:

#### Major Component Unit

**University System of New Hampshire** - The University System of New Hampshire (University System) is a body corporate and politic with a governing board of twenty-five members. A voting majority is held by the state through the eleven members appointed by the Governor and

Executive Council and three state officials serving as required by law. These state officials are the Governor, the Commissioner of the Department of Education, and the Commissioner of the Department of Agriculture. The remaining board members represent the university and colleges of the system, the alumni, and the student body. The University System funds its operations through tuition and fees, government grants and contracts, auxiliary operations, and state appropriations. USNH financials can be obtained by contacting, USNH at 18 Garrison Avenue, Durham NH 03824.

#### Non-major Component Units

**Business Finance Authority of the State of New Hampshire** - The Business Finance Authority (BFA) is a body corporate and politic with a governing board of fourteen members. The board consists of nine members appointed by the Governor with the consent of the Executive Council. The remaining members include two state Representatives, two Senators, and the Treasurer. The state currently guarantees outstanding loans and principal on bonds of the BFA as of June 30, 2009, which creates the potential for the BFA to impose a financial burden on the state. BFA's financials can be obtained by contacting, BFA at 2 Pillsbury Street, Suite 201, Concord NH 03301.

**Community Development Finance Authority** - The Community Development Finance Authority (CDFA) is a body corporate and politic organized as a nonprofit corporation under Revised Statutes Annotated (RSA) 292. The governing board of eleven members is made up of the Commissioner of the Department of Resources and Economic Development or designee and ten public members appointed by the Governor and Executive Council as follows: four representatives of community development corporations or other nonprofit organizations engaged in community development activities, one representative of organized labor, two representatives of small business and the financial community, one representative of employment training programs, and two representatives of private financial institutions. An investment tax credit equal to 75 percent of the contribution made to the CDFA during the contributor's tax year is allowed against certain taxes imposed by the state. In accordance with RSA 162-L:10, the total credits allowed shall not exceed \$5.0 million in any state fiscal year. CDFA's financials can be obtained by contacting CDFA at, CDFA 14 Dixon Avenue, Suite 102, Concord NH 03301.

**Pease Development Authority** - The Pease Development Authority (PDA) is a body corporate and politic with a governing body of seven members. Four members are appointed by the Governor and state legislative leadership, and three members are appointed by the city of Portsmouth and the town of Newington. The state currently guarantees outstanding loans and principal on bonds of the PDA and has issued bonds on behalf of the PDA as of June 30, 2009, which creates the potential for the PDA to impose a financial burden on the state. In addition, the state has made several loans to the PDA. PDA's financials can be obtained by contacting PDA at, 360 Corporate Drive, Portsmouth NH 03801.

Pursuant to Chapter 290 Laws of 2001, the New Hampshire State Port Authority, a former department of the primary state government, was transferred to the PDA effective July 1, 2001.

**The Community College System of New Hampshire (CCSNH)** Formally the Department of Regional Community-Technical Colleges, was established under Chapter 361, Laws of 2007 (effective date July 17, 2007) as a body politic and corporate, whose main purpose is to provide a well-coordinated system of public community college education. The CCSNH currently includes colleges in Berlin, Claremont, Concord, Laconia, Manchester, Nashua and Stratham/Portsmouth. It is governed by a single board of trustees with its 19 voting members appointed by Governor and Executive Council. The CCSNH funds its operations through tuition, room and board, fees, grants, legacies and gifts, and state appropriations. Each college within the CCSNH and the chancellor's office are considered separate budgetary units. The CCSNH prepares a biennial operating budget for presentation to the Governor and the General Court. The CCSNH continues to use the financial and administrative services of the State Treasurer and State Department of Administrative Services, but the expenses related to these services have not been allocated to the CCSNH but rather remain as an expense to the Primary Government.

With the establishment of the CCSNH, certain net assets of the primary government attributable to the CCSNH, were transferred. Included in the transfer were only those capital assets and related bonds payable which were deemed self-funded by the CCSNH.

#### **Fiduciary Component Units:**

The state's fiduciary component units consists of the Pension Trust Fund, which represents the assets and liabilities of the following:

**New Hampshire Retirement System** - The New Hampshire Retirement System (System) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection to its members, which include full-time employees of the state and substantially all school teachers, firefighters, and police officers within the state. Full-time employees of political subdivisions may participate if their governing body elects to participate.

The System is administered by a 14 member board of Trustees on which the state does not represent a voting majority. The Board is fiduciarily responsible for the trust fund's assets and directs the investment of the pension assets through an independent investment committee, reviews actuarial assumptions and valuations from which the employer contribution rates are certified by the board, and generally supervises the operations of the System.

The System is deemed to be fiscally dependent on the state because the employee member contribution rates are set through state statute, and the state has budget approval authority over the administrative costs of the System.

**New Hampshire Judicial Retirement Plan** - The New Hampshire Judicial Retirement Plan (the Plan) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 414(d) of the Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court or probate court judges employed within the state.

The Plan is administered by a seven member Board of Trustees that is appointed by the state. The Board is fiduciarily responsible for the trust fund's assets and oversees the investment of the Plan's assets, approving the actuarial valuation of the Plan including assumptions, interpreting statutory provisions and generally supervises the operations of the Plan.

The Plan is deemed to be fiscally dependent on the state because of the state's contributions toward the Plan's unfunded accrued liabilities and employee member contribution rates are set through state statute.

These component units are presented in the fiduciary funds, along with other fiduciary funds of the state, and they have been omitted from the states government-wide financial statements.

#### **Related Organizations:**

The state is responsible for appointing voting members to the governing boards of the following legally separate organizations, but the state's financial accountability for these organizations does not extend beyond making the appointments. Therefore, the financial data of these entities are excluded from the state's financial statements.

Those organizations are:

- New Hampshire Medical Malpractice Joint Underwriting Association
- Maine - New Hampshire Interstate Bridge Authority
- New Hampshire Health and Education Facilities Authority
- New Hampshire Housing Finance Authority
- New Hampshire Municipal Bond Bank

## **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **Government-Wide Financial Statements**

The Statement of Net Assets and Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Primary government activities are distinguished between governmental and business-type activities. Governmental activities are normally supported through taxes and intergovernmental revenues. Business-type activities rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The *Statement of Net Assets* presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue. Certain indirect costs are included in program expenses reported for individual functions.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION****Measurement Focus and Basis of Accounting**

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, except for federal grants, the state generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Taxes, grants, licenses and fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences and claims and judgments are recorded only when payment is due.

*Proprietary Fund, Fiduciary Funds and Similar Component Units, and Discrete Component Unit* financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

In reporting proprietary activities, including component units, the state only applies applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, for its business-type activities and enterprise funds, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

**Financial Statement Presentation**

A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The state reports the following major governmental funds:

*General Fund:* The General Fund is the state's primary operating fund and accounts for all financial transactions not accounted for in any other fund.

*Highway Fund:* The Highway Fund is used to account for

the revenues and expenditures used in the construction and maintenance of the state's public highways and the supervision of traffic thereon.

*Education Fund:* In fiscal year 2000, the Education Trust Fund was created in accordance with Chapter 17:41, Laws of 1999. The fund is non-lapsing and is used to distribute adequate education grants to school districts.

The state reports the following major enterprise funds:

The *Liquor Commission* accounts for the operations of state-owned liquor stores and the sales of all beer and liquor sold in the state.

The *Lottery Commission* accounts for the operations of the state's lottery games.

The *Turnpike System* accounts for the revenues and expenditures used in the construction, maintenance and operations of transportation toll facilities.

The *New Hampshire Unemployment Trust Fund* receives contributions from employers and provides benefits to eligible unemployed workers.

Additionally, the state reports the following non-major funds:

**Governmental Fund Types**

*Capital Projects Fund* - used to account for certain capital improvement appropriations which are or will be primarily funded by the issuance of state bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.

*Permanent Funds* - report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the state or its citizenry.

**Proprietary Fund Types**

*Internal Service Fund* - provides services primarily to other agencies or funds of the state, rather than to the general public. These services include health related fringe benefits. In the government-wide financial statements, internal service funds are included with governmental activities.

**Fiduciary Fund Types**

*Pension (and Other Employee Benefits) Trust Fund* - report resources that are required to be held in trust for the members and beneficiaries of the state's contributory defined benefit plans, and post employment benefit plan. The New Hampshire Retirement System and The New Hampshire Judicial Retirement plan are component units of the State.

*Investment Trust Fund* - accounts for the transactions, assets, liabilities and fund equity of the external investment pool.

*Private Purpose Trust Funds* - report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

*Agency Funds* - report assets and liabilities for deposits and investments entrusted to the State as an agent for others.

**Reporting Periods**

The accompanying financial statements of the state are presented as of June 30, 2009, and for the year then ended, except for the New Hampshire Judicial Retirement Plan which is as of December 31, 2008.

**D. CASH EQUIVALENTS**

For the purposes of the Statement of Cash Flows, cash equivalents represent short-term investments with original maturities less than three months from the date acquired by the state.

**E. INVESTMENTS**

Investments are reported at fair value except for investments of the investment trust fund, which are reported at net amortized cost because it qualifies as a 2a7-like pool.

**F. RECEIVABLES**

Receivables in the government-wide financial statements represent amounts due to the state at June 30, recorded as revenue, which will be collected sometime in the future and consist primarily of accrued taxes and federal grants receivable. In the governmental fund financial statements, taxes receivable are primarily taxpayer-assessed revenues representing amounts owed by the taxpayers, which are received by the state within 60 days after year-end, except for federal grants, which reimburse the state for expenditures incurred pursuant to federally funded programs. Tax revenues are susceptible to accrual in accordance with measurable and available criteria under the modified accrual basis of accounting.

**G. INVENTORIES**

Inventories for materials and supplies are determined by physical count. Both the Lottery and Liquor use the lower of cost or market to value their inventories. Lottery uses the first-in, first-out method and Liquor uses the average cost method. All other inventories in the governmental and proprietary funds are stated at average cost.

Governmental fund inventories are recorded under the purchase method. Reported inventory balances in the governmental funds are offset by a fund balance reserve that indicates they do not constitute "available expendable resources".

**H. RESTRICTED ASSETS**

The proceeds of Turnpike System revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets.

**I. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Equipment is capitalized when the cost of individual items exceed \$10,000, and all other capital assets are capitalized when the cost of individual items or projects exceed \$100,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government and the component units are depreciated using the straight-line method over the

following useful lives:

Equipment	5 years
Buildings	40 years
Building improvements	20 years
Infrastructure	50 years
Computer software	5 years

**J. DEFERRED REVENUE**

In the government-wide financial statements and the proprietary fund financial statements, deferred revenue is recognized when cash, receivables or other assets are recorded prior to their being earned. In the governmental fund financial statements deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. The deferred revenue in the governmental fund types has primarily resulted as an offset to long-term loans receivable and federal funds received in advance of eligible expenditures.

**K. COMPENSATED ABSENCES**

All full-time state employees in classified service earn annual and sick leave. At the end of each fiscal year, additional leave (bonus days) may be awarded based on the amount of sick leave taken during the year. Accrued compensatory time, earned for overtime worked, must be taken within one year.

The state's compensated absences liability represents the total liability for the cumulative balance of employees' annual, bonus, compensatory, and sick leave based on years of service rendered along with the state's share of social security and retirement contributions. The current portion of the leave liability is calculated based on the characteristics of the type of leave and on a LIFO (last in first out) basis, which assumes employees use their most recent earned leave first. The accrued liability for annual leave does not exceed the maximum cumulative balance allowed which ranges from 32 to 50 days based on years of service. The accrual for sick leave is made to the extent it's probable that the benefits will result in termination payments rather than be taken as absences due to illness. The liability for compensated absences is recorded on the accrual basis in the government-wide and proprietary fund financial statements.

In the governmental fund financial statements, liabilities for compensated absences are accrued when they are "due and payable" and recorded in the fund only for employee resignations and retirements that occur before year-end and were paid out after year-end.

**L. ENCUMBRANCES**

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services, the encumbrance is liquidated and the expenditure and liability are recorded. Unliquidated encumbrances are reported in the Reserved for Encumbrances account as a component of fund equity for the governmental fund types.

**M. FUND BALANCES**

Fund balances for all governmental funds are either reserved or unreserved. Reserved fund balances reflect either 1) assets, which, by their nature, are not available for appropriations (Reserve for Inventories); 2) funds legally segregated for a specific future use (Reserve for Encumbrances); 3) segregated

by legal restrictions (Reserve for Permanent Funds). Certain reserve accounts are further described below:

**Reserved for Unexpended Appropriations:** This account represents amounts of unexpended appropriations legally carried forward and available for encumbrances and expenditures in the succeeding year.

**Reserved for Revenue Stabilization:** RSA 9:13-e established the Revenue Stabilization account for the purpose of deficit reduction. As amended by Chapter 158:41, Laws of 2001, at the close of each fiscal biennium, any General Fund undesignated fund balance, remaining after Education Trust Fund transfer, is distributed to the Revenue Stabilization account. The maximum balance that may accumulate in the account is limited to 10% of the General Fund unrestricted revenue. The account may not be used for any other purpose without specific approval by two-thirds of each house of the Legislature and the Governor.

In the event of a General Fund undesignated fund balance deficit at the close of a fiscal biennium, a transfer from the Reserve for Revenue Stabilization account may be made only if the General Fund's unrestricted revenues are less than budgeted. The amount of the transfer is limited to the smaller of the General Fund undesignated fund balance deficit or the unrestricted revenue shortfall.

At the close of the fiscal biennium ending June 30, 2009, the General Fund undesignated fund balance deficit was \$79.7 million. Therefore, \$79.7 million was transferred from the revenue stabilization reserve account resulting in a balance of \$9.3 million at June 30, 2009.

## N. CAPITAL OUTLAYS

Capital outlays represent equipment purchases for all funds. In addition to equipment purchases, the Highway Fund's capital outlays represent expenditures for the 10-year state capital highway construction program.

## O. BOND DISCOUNTS, PREMIUMS AND ISSUANCE COSTS

In the government-wide and proprietary fund financial statements, bond discounts/premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond discounts, premiums, and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

## P. REVENUES AND EXPENDITURES/EXPENSES

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function (e.g. general government, education, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as

program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the governmental fund financial statements, revenues are reported by source. For budgetary control purposes, revenues are further classified as either "general purpose" or "restricted". General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by state law or by outside restriction (e.g. federal grants), available only for specified purposes. Unused restricted revenues at year end are recorded as reservations of fund balance. When both general purpose and restricted funds are available for use, it is the state's policy to use restricted resources first.

In the governmental fund financial statements, expenditures are reported by character: "Current", "Debt Service" or "Capital Outlay." Current expenditures are subclassified by function and are for items such as salaries, grants, supplies and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for real property or infrastructure (e.g. highways).

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g. administration and depreciation). Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are reported as nonoperating.

**Other Financing Sources (Uses)** – these additions to and reductions from governmental resources in fund financial statements normally result from transfers from/to other funds and include financing provided by bond proceeds. Legally required transfers are reported when incurred as "Transfers In" by the receiving fund and as "Transfers Out" by the disbursing fund.

**Reimbursements** - Various departments charge fees on a user basis for such services as centralized data processing, accounting and auditing, purchasing, personnel, and maintenance and telecommunications. These transactions, when material, have been eliminated in the government-wide and governmental fund financial statements.

## Q. INTERFUND ACTIVITY AND BALANCES

**Interfund Activity** – As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities (e.g. transfers of profits from the Liquor Commission to General Fund and the Sweepstakes Commission to the Education Fund) and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources.

**Interfund Balances** – Interfund receivables and payables have been eliminated from the Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

## R. CAPITAL PROJECTS

The state records the resources obtained and used for the acquisition, construction, or improvement of certain capital facilities in the Highway Fund and the Capital Projects Fund. Encumbrances are recorded when contracts are executed. Expenditures are recorded when incurred and encumbrances are liquidated at that time.

Resources obtained to finance capital projects include federal grants and general obligation bonds. General obligation bonds are recorded as liabilities and as other financing sources in the funds that receive the proceeds.

## S. BUDGET CONTROL AND REPORTING

The Statutes of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature for adoption. This budget, which includes a separate budget for each year of the biennium, consists of three parts: Part I is the Governor's program for meeting all expenditure needs and estimating revenues. There is no constitutional or statutory requirement that the Governor propose, or the Legislature adopt, a budget that does not resort to borrowing. Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government. Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

The operating budget is prepared principally on a modified cash basis and adopted for the governmental funds, with the exception of the Capital Projects Fund and certain proprietary funds. The Capital Projects Fund budget represents individual projects that extend over several fiscal years. Since the Capital Projects Fund comprises appropriations for multi-year projects, it is not included in the budget and actual comparisons statement. Fiduciary funds are not budgeted.

In addition to the enacted biennial operating budget, the Governor may submit to the Legislature supplemental budget requests necessary to meet expenditures during the current biennium. Appropriation transfers can be made within a department without the approval of the Legislature; therefore, the legal level of budgetary control is at the departmental level.

Both the Executive and Legislative Branches of government maintain additional fiscal control procedures. The Executive Branch, represented by the Commissioner of the Department of Administrative Services, is directed to continually monitor the State's financial operations, needs, and resources, and to maintain an integrated financial accounting system. The Legislative Branch, represented by the Fiscal Committee, the Joint Legislative Capital Budget Overview Committee, and the Office of the Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

Unexpended balances of appropriations at year end will lapse to undesignated fund balance and be available for future appropriations unless they have been encumbered or legally defined as non-lapsing, which means the balances are reported as reservation of fund balance. The balance of unexpended encumbrances are brought forward into the next fiscal year. Capital Projects Fund unencumbered appropriations lapse in two years unless extended or designated as non-lapsing by law.

Budget to Actual Comparisons and additional budgetary information are included as Required Supplementary Information.

## T. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## U. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS AND RESTATEMENTS

During the fiscal year ended June 30, 2009, the State adopted GASB Statement 49 (GASB 49), *Accounting and Financial Reporting for Pollution Remediation Obligations*, establishing accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning.

The provisions of GASB 49 require the measurement of pollution remediation liabilities at July 1, 2008; therefore, the State's beginning net assets have been restated. The following is a reconciliation of the total governmental activities net assets as previously reported as of June 30, 2008 to the beginning net assets balance (expressed in thousands):

Net assets at June 30, 2008	\$ 2,287,435
Adoption of GASB 49	(33,192)
<b>Total net assets at July 1, 2008</b>	<b>\$ 2,254,243</b>

The net assets of the Turnpike System, as previously reported as of June 30, 2008 and reported in the business-type activities, were also restated due to the implementation of GASB 49 as follows (expressed in thousands):

Net assets at June 30, 2008	\$ 383,374
Adoption of GASB 49	(3,600)
<b>Total net assets at July 1, 2008</b>	<b>\$ 379,774</b>

The State's major component unit, University System of New Hampshire, also has implemented GASB 49 and restated beginning net assets as follows (expressed in thousands):

Net assets at June 30, 2008	\$ 835,874
Adoption of GASB 49	<u>(2,399)</u>
<b>Total net assets at July 1, 2008</b>	<b><u>\$ 833,475</u></b>

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

### PRIMARY GOVERNMENT

The state pools cash and investments except for separate cash and investment accounts maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments and restricted assets is included on the combined balance sheet under the captions "Cash and Cash Equivalents" and "Investments".

### DEPOSITS:

The following statutory requirements and State Treasury policies have been adopted to minimize risk associated with deposits:

RSA 6:7 establishes the policy the state Treasurer must adhere to when depositing public monies. Operating funds are invested per investment policies that further define appropriate investment choices and constraints as they apply to those investment types.

**Custodial Credit Risk:** The custodial risk for deposits is the risk that in the event of a bank failure, the state's deposits may not be recovered.

Custodial credit risk is managed in a variety of ways. Although state law does not require deposits to be collateralized, the Treasurer does utilize such arrangements where prudent and/or cost effective. All banks, where the state has deposits and/or active accounts, are monitored as to their financial health through the services of Veribanc, Inc., a bank rating firm. In addition, ongoing reviews with officials of depository institutions are used to allow for frequent monitoring of custodial credit risk.

All commercial paper must be from issuers having an A1/P1 rating or better and an AA- or better long-term debt rating from one or more of the nationally recognized rating agencies. Certificates of deposits must be with state or federally chartered banking institutions with a branch in New Hampshire. The institution must have the highest rating as measured by Veribanc, Inc.

Whereas all payments made to the state are to be in U.S dollars, foreign currency risk is essentially nonexistent on state deposits.

As of June 30, 2009, the state's carrying value for deposits was \$389.5 million. The table below details the state's bank balances at June 30, 2009 exposed to custodial credit risk (expressed in thousands):

Type	Governmental & Business Type			Fiduciary		
	Insured	Collateral & held in State's name	Uncollateralized	Insured	Collateral & held in State's name	Uncollateralized
Demand Deposits	\$ 22,743	\$ 194,757			\$ 10,323	\$ 125
Money Market		48,076	\$ 150,970			5,746
Savings Accounts	250		434		4,305	34
CDs		24,972				69
<b>Total</b>	<b>\$ 22,993</b>	<b>\$ 267,805</b>	<b>\$ 151,404</b>		<b>\$ 14,628</b>	<b>\$ 5,974</b>



**Stocks:**

The state does not have a formal policy relative to operating funds and mitigation of concentration of credit risk. Although not issuer specific, individual investment guidelines for trust and custodial funds include overall asset allocation limits that are consistent with sound investment principles and practices.

**Concentration Risk:** The risk of loss attributed to the magnitude of the state's investment in a single issuer. The top 10 issuers as of June 30, 2009 are noted below (expressed in thousands):

Name / Issuer	Governmental & Business Type			
	General Fund		Total	% of Total
	Aband. Property	Permanent Funds		
Metlife Inc Com	\$ 1,689	\$	1,689	19.8%
Exxon Mobil Corp	342	\$ 80	423	5.0%
Prudential Finl Inc Com	333		333	3.9%
Vodafone Grp Plc Sponsored Adr	270		270	3.2%
Delhaize Group	242		242	2.8%
A T & T Inc Com	186	34	220	2.6%
Bank of America Corp	193	15	208	2.4%
Microsoft Corp	142	61	203	2.4%
Verizon Communications Com	197		197	2.3%
Toronto Dominion Bk Ont Com	177		177	2.1%

**Custodial Risk:** The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of investments that are in the possession of an outside party. All the state's stocks are uninsured, registered in the state's name and held by the custodian. Custodial credit quality with respect to investments is mitigated primarily through selection criteria aimed at investing only with high quality institutions where default is extremely unlikely.

**New Hampshire Public Deposit Investment Pool (NHPDIP):**

The NHPDIP has been established, in accordance with RSA 383:22-24, for the purpose of investing funds of the state of New Hampshire, funds under the custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions, and all other public units within, or instrumentalities of the state of New Hampshire. In accordance with GAAP, the external portion of the NHPDIP is reported as an investment trust fund in the Fiduciary Funds using the economic resources measurement focus and accrual basis of accounting. NHPDIP's audited financial statements can be obtained by contacting NHPDIP at 497 Belknap Mountain Rd, Gilford NH 03249.

**Credit Risk:** The risk that the issuer or other counterparty will not fulfill its obligations. Neither the equity mutual fund or PDIP are rated.

**Debt Securities:** The state invests in several types of debt securities including corporate and municipal bonds, securities issued by the US Treasury and Government Agencies, mutual funds and investment pools.

**Credit Risk:** The risk that the issuer will not fulfill its obligations. The state invests in grade securities which are defined as those with a grade B or higher. Obligations of the US Government or obligations backed by the US Government are not considered to have credit risk.

**Interest Rate Risk:** The risk that changes in interest rates will adversely affect the fair value of the state's investments. Interest rate risk is primarily measured and monitored by defining or limiting the maturity of any investment or weighted average maturity of a group of investments. Fixed income mutual funds which consist of shares of funds which hold diversified portfolios of fixed income securities are limited to those with average maturity not to exceed 5 years. Trust and custodial funds manage and monitor interest rate risk primarily through a weighted average maturity approach (WAM). The state's WAM is dollar-weighted in terms of years. The specific target or limits of such maturity and percentage allocations are tailored to meet the investment objective(s) and defined in the investment guidelines associated with those funds.

**Custodial Credit Risk:** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investments that are in the possession of an outside party. Open ended mutual funds and external pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The state's selection criteria is aimed at investing only with high quality institutions where default is extremely unlikely.

**Debt Securities (continued):**

The state's exposed risks at June 30, 2009 are noted below (expressed in thousands):

Type	Governmental & Business Type			Fiduciary		
	Credit Risk		Interest Rate Risk	Credit Risk		Interest Rate Risk
	Grade	Unrated	WAM in years	Grade	Unrated	WAM in years
Corporate Bonds	\$ 972	\$ 5	2.9			
US Treasury	403		5.3			
US Government Agencies	7,848		0.6			
Fixed Income Open Ended Mutual Funds		2,117	5.0	\$ 5,920		5.1
Unemployment Compensation Fund Pool (special issue bonds guaranteed by US govt)		80,557	1.94			

**Concentration Risk:**

The risk of loss attributed to the magnitude of the state's investment in a single issuer. This risk is applicable to the state's investments in corporate bonds. The state does not have a formal policy relative to operating funds and mitigation of concentration of credit risk. Although not issuer specific, individual investment guidelines for trust and custodial funds include overall asset allocation limits that are consistent with sound investment principles and practices.

The state's top ten issuers at June 30, 2009 are listed below (expressed in thousands):

Issuer	Governmental & Business Type	
	Fair Value	% of Total
Goldman Sachs Group Inc	\$ 153	15.6%
AT&T Inc	110	11.2%
IBM INTL Group	107	11.0%
Boeing Cap Corp	107	10.9%
SBC Communications Inc	106	10.8%
Conocophillips	103	10.5%
Suntrust Banks Inc	76	7.8%
Pepsico Inc	54	5.5%
Illinois Tool Works	53	5.4%
Bellsouth Cap Funding	52	5.32%

**MAJOR COMPONENT UNIT (University System of New Hampshire - USNH)****Cash and Cash Equivalents (expressed in thousands):**

Highly liquid investments with a maturity of 90 days or less when purchased are recorded as cash and cash equivalents. Cash and cash equivalents at June 30 consisted of the following:

	2009
Cash & Repurchase agreements.....	\$ 9,366
Money Market Funds.....	159,074
Total Cash & Cash Equivalents.....	<u>\$ 168,440</u>

Included in the cash and repurchase agreements balances at June 30, 2009 were \$10,339 in repurchase agreements, \$4,600 in cash and a net cash overdraft of \$5,573. Repurchase agreements were limited to overnight investments only.

**Investments (expressed in thousands):**

Investments include debt proceeds held by others for construction purposes, long-term operating investments, and endowment and similar investments of the campuses and affiliated entities. Investments are monitored by management and the respective governing boards of USNH and its affiliated entities. The carrying amount of these financial instruments approximates fair value.

## MAJOR COMPONENT UNIT (University System of New Hampshire) - Continued

Operating Investments

Unlike the long-term operating investments discussed below, operating investments included in current assets, are amounts invested to meet regular operations of USNH and include obligations of the U.S. Government, commercial paper, money market and other mutual funds, and the current portion of debt proceeds held by others for construction purposes. Operating investments have an original maturity of more than 90 days, are highly liquid and are invested for purposes of satisfying current liabilities and generating investment income to support operating expenses. The components of operating investments at June 30 are summarized below (expressed in thousands):

	<u>2009</u>	
	<u>Balance</u>	<u>Weighted Average Maturity</u>
Obligations of the U.S. Government.....	\$ 15,944	4 years
Corporate Bonds & Notes.....	7,400	4 Years
Money Market Funds.....	19,892	Not Applicable
Current portion of Debt proceeds held by others.....	1,522	Not Applicable
Commercial Paper (at estimated fair value).....		Not Applicable
Other Accounts.....	128	Not Applicable
Total.....	<u>\$ 44,886</u>	

Operating investments in mutual funds are uninsured and uncollateralized against custodial credit risk.

Debt Proceeds Held By Others for Construction Purposes:

At June 30, 2009 total debt proceeds held by others included \$22,034 of construction proceeds held by the bond trustee.

Debt proceeds held by others for construction purposes consisted of the following investments at June 30, 2009 (expressed in thousands):

	<u>2009</u>	
	<u>Balance</u>	<u>Weighted Average Maturity</u>
Money market funds.....	\$ 23,557	Not Applicable
Total Debt proceeds held by others.....	23,557	
Less: current portion .....	(1,523)	
Long-term portion.....	<u>22,034</u>	
Operating amounts invested alongside endow ment pool.....	5,042	
Total.....	<u>\$ 27,076</u>	

## MAJOR COMPONENT UNIT (University System of New Hampshire) - Continued

Long-term operating investments represent unrestricted amounts invested alongside the campuses' endowment pool which are not expected to be liquidated in the next year, but which are available for operations if needed. The balance of long-term operating investments at June 30, 2009 was \$5,042. These amounts consisted of ownership shares of the campuses' endowment pool and, therefore, the components, credit risk, and all other investment characteristics are identical to those described below.

Endowment and Similar Investments:

Endowment and similar investments are amounts invested primarily for long-term appreciation and consisted of the following as of June 30 (expressed in thousands):

	2009
Money Market Funds.....	\$ 23,263
Mutual Funds-Bonds.....	35,635
Mutual Funds-Stocks.....	36,001
Mutual Funds-Real Estate.....	1,757
U.S. Government Obligations.....	521
Corporate Bonds and Notes.....	664
Common/Preferred Stocks.....	66,652
Alternative Investments.....	87,916
Investments Held by Others.....	15,292
Operating amounts invested alongside endowment pool.....	(5,042)
Total endowment and similar investments.....	<u>\$ 262,659</u>

Alternative investments as shown above include private equity, venture capital, absolute return, hedge, natural resource and real estate funds. The estimated fair value of investments is based on quoted market prices except for certain alternative investments, for which quoted market prices are not available. The estimated fair value of certain alternative investments is based on valuations provided by external investment managers and reviewed by management. Because these alternative investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investments existed, and such differences could be material.

Mutual funds, common stocks, and alternative investments are uninsured and uncollateralized against custodial credit risk. The USNH investment policy and guidelines, and the University of New Hampshire Foundation, Inc. investment policy, mitigate the risk associated with uninsured and uncollateralized investments collectively through diversification, target asset allocations, and ongoing investment advisor and investment committee review.

**3. RECEIVABLES**

The following is a breakdown of receivables at June 30, 2009 (expressed in thousands):

	Governmental	Business- Type	Total	Major Component Unit
<b>Short Term Receivables</b>				
Taxes:				
Meals and Rooms.....	\$ 24,985		\$ 24,985	
Business Taxes.....	221,481		221,481	
Tobacco.....	11,154		11,154	
Real Estate Transfer.....	9,001		9,001	
Interest & Dividends.....	38,795		38,795	
Communications.....	6,257		6,257	
Utility Property Tax.....	14,000		14,000	
Gasoline Road Toll.....	11,272		11,272	
Beer.....		\$ 1,216	1,216	
Subtotal.....	336,945	1,216	338,161	
Other Receivables:				
Turnpike System.....		3,915	3,915	
Liquor Commission.....		5,700	5,700	
Lottery Commission.....		854	854	
Unemployment Trust Fund.....		34,805	34,805	
Internal Service Fund.....	69		69	
Board and Care.....	2,300		2,300	
Federal Grants.....	257,658		257,658	\$ 14,519
Local Grants.....	37,494		37,494	
Miscellaneous.....	49,737		49,737	24,196
Short Term Portion Of State Revolving Loan Fund.....	18,929		18,929	
Short Term Portion Of Note/Pledge Receivable.....				3,797
Subtotal.....	366,187	45,274	411,461	42,512
Total Current Receivables (Gross).....	703,132	46,490	749,622	42,512
<b>Long Term Receivables</b>				
State Revolving Loan Fund.....	249,624		249,624	
Miscellaneous.....	8,923		8,923	
Note/Pledge Receivable.....				19,119
Total Long Term Receivables (Gross).....	258,547		258,547	19,119
<b>Allowance for Doubtful Accounts</b>				
	(86,168)	(8,160)	(94,328)	(3,470)
Total Receivables (Net).....	\$ 875,511	\$ 38,330	\$ 913,841	\$ 58,161

**State Revolving Loan Fund:**

**Primary Government:** As of June 30, 2009, total water pollution control loans outstanding of \$268.6 million were recorded in the state's general fund. This amount was offset by a corresponding amount of deferred revenue. The state Water Pollution Control Revolving Loan Fund ("State Revolving Fund"), established by RSA 486:14, provides loans and other assistance to local communities for financing waste water treatment facilities. The State Revolving Fund was authorized through the Federal Clean Water Act of 1988 and was initially funded through a federal capitalization grant program to states which requires state matching funds equal to 20% of the capitalization grant funding. Principal and interest payments on the loans will occur over a period not to exceed 20 years and will be credited directly to the State Revolving Fund, enabling the fund balance to be available in perpetuity.

**Major Component Unit:** The component unit balance is University System of New Hampshire Perkins Loans, pledges and other college and university loans of \$58.2 million.

**Deferred Revenue:**

**Primary Government:** Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2009, the various components of deferred revenue (\$551.9 million) reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Taxes & Fees receivable.....	\$ 192,553		\$ 192,553
Loans receivable.....	279,943		279,943
Federal/Local receivables.....	11,247		11,247
Receipts in advance of eligibility requirements.....		\$ 68,153	68,153
Total.....	\$ 483,743	\$ 68,153	\$ 551,896

## 4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2009, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land & Land Improvements.....	\$ 478,794	\$ 14,700	\$ (1,561)	\$ 491,933
Construction in Progress .....	262,355	134,209	(208,982)	187,582
Work in Progress Computer Software.....	34,196	14,354		48,550
Total Capital Assets not being depreciated.....	775,345	163,263	(210,543)	728,065
Other Capital Assets:				
Equipment & Computer Software.....	214,642	17,081	(11,276)	220,447
Buildings & Building Improvements .....	685,424	35,597	(7,403)	713,618
Land Improvements.....	97,649	2,032	(1,455)	98,226
Infrastructure.....	2,865,262	183,466		3,048,728
Total Other Assets .....	3,862,977	238,176	(20,134)	4,081,019
Less accumulated depreciation for:				
Equipment & Computer Software.....	(175,126)	(20,613)	13,153	(182,586)
Buildings & Building Improvements .....	(303,817)	(23,654)	7,168	(320,303)
Land Improvements.....	(83,635)	(2,079)	1,164	(84,550)
Infrastructure.....	(1,707,292)	(45,982)		(1,753,274)
Total Accumulated Depreciation.....	(2,269,870)	(92,328)	21,485	(2,340,713)
Other Capital Assets, Net.....	1,593,107	145,848	1,351	1,740,306
Governmental Activities Capital Assets, Net.....	\$ 2,368,452	\$ 309,111	\$ (209,192)	\$ 2,468,371
<b>Business-Type Activities:</b>				
<b>Turnpike:</b>				
Capital Assets not being depreciated:				
Land & Land Improvements.....	\$ 110,663	\$ 876	\$ (4,182)	\$ 107,357
Construction in Progress.....	26,082	28,141	(19,153)	35,070
Capital Assets not being depreciated .....	136,745	29,017	(23,335)	142,427
Other Capital Assets:				
Equipment.....	35,656	1,288	(361)	36,583
Buildings & Building Improvements.....	4,828			4,828
Infrastructure.....	611,156	19,153		630,309
Total Capital Assets .....	788,385	49,458	(23,696)	814,147
Less accumulated depreciation for:				
Equipment.....	(20,909)	(3,196)	361	(23,744)
Buildings & Building Improvements.....	(2,820)	(72)		(2,892)
Infrastructure.....	(204,292)	(11,911)		(216,203)
Total Accumulated Depreciation.....	(228,021)	(15,179)	361	(242,839)
Turnpike Capital Assets, Net.....	\$ 560,364	\$ 34,279	\$ (23,335)	\$ 571,308
<b>Liquor:</b>				
Capital Assets not being depreciated:				
Land & Land Improvements.....	\$ 2,355			\$ 2,355
Other Capital Assets:				
Equipment.....	5,971	\$ 447	\$ (964)	5,454
Buildings & Building Improvements.....	20,333	202	(207)	20,328
Land Improvements.....	877	171		1,048
Total Capital Assets .....	29,536	820	(1,171)	29,185
Less accumulated depreciation for:				
Equipment.....	(5,575)	(240)	964	(4,851)
Buildings & Building Improvements.....	(10,374)	(476)		(10,850)
Land Improvements.....	(699)	(21)		(720)
Total Accumulated Depreciation.....	(16,648)	(737)	964	(16,421)
Liquor Capital Assets, Net.....	\$ 12,888	\$ 83	\$ (207)	\$ 12,764
<b>Lottery Commission:</b>				
Equipment.....	\$ 500	\$ 18		\$ 518
Less Accumulated Depreciation for Equipment.....	(257)	(97)		(354)
Lottery's Capital Assets, Net.....	\$ 243	\$ (79)	\$ -	\$ 164

Current period depreciation expense was charged to functions of the primary government as follows (Expressed in Thousands):

<b>Governmental Activities:</b>	
General Government	\$ 6,003
Administration of Justice and Public Protection	14,521
Resource Protection and Development	8,893
Transportation	55,236
Health and Social Services	4,071
Education	3,604
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 92,328</b>

The state possesses certain capital assets that have not been capitalized and depreciated, these assets include works of art and historical treasures such as statues, monuments, paintings and miscellaneous capitol-related artifacts and furnishings. These collections meet all of the following criteria.

- A. Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- B. Protected, kept unencumbered, cared for, and preserved.
- C. Subject to an organizational policy that required the proceeds from the sales of collection items to be used to acquire other items for the collection.

**Major Component Unit:** The following is a rollforward of Capital Assets for the University of New Hampshire, (Expressed in Thousands):

	<b>Beginning</b>		<b>Deletions</b>	<b>Ending</b>	
	<b>Balance</b>	<b>Additions</b>		<b>Balance</b>	<b>Balance</b>
Land and Land Improvements.....	\$ 11,767	\$ 169		\$ 11,936	
Building and Building Improvements.....	1,092,337	118,642		1,210,979	
Equipment.....	121,451	9,403	\$ (4,281)	126,573	
Construction in Progress.....	135,107	(21,978)		113,129	
Subtotal.....	<b>\$1,360,662</b>	<b>\$ 106,236</b>	<b>\$ (4,281)</b>	<b>\$1,462,617</b>	
Less: Accumulated Depreciation.....	(508,313)	(43,873)	4,093	(548,093)	
<b>Total.....</b>	<b>\$ 852,349</b>	<b>\$ 62,363</b>	<b>\$ (188)</b>	<b>\$ 914,524</b>	

**5. LONG TERM-DEBT**

**PRIMARY GOVERNMENT**

**Bonds Authorized and Unissued:** Bonds authorized and unissued amounted to \$324.7 million at June 30, 2009. The proceeds of the bonds will be applied to the following funds when issued (expressed in thousands):

Capital Projects Fund.....	\$ 133,686
Turnpike System.....	191,050
<b>Total.....</b>	<b>\$ 324,736</b>

**Advance Refunding:** The following is a summary of general obligation bonds and revenue bonds defeased by the primary government. The proceeds from each advance refunding issue were placed in an irrevocable trust to provide for all future debt service payments on the old bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the state's financial statements (expressed in thousands):

**Turnpike System:** The Legislature has established a 10-year highway construction and reconstruction plan for the Turnpike System to be funded from Turnpike revenues. This legislation also authorized the Treasurer with the approval of the Governor and Executive Council to issue up to \$586 million of bonds to support this project. The state has issued \$395 million of revenue bonds for this project.

Date of Advance Refunding	Amount Outstanding at June 30, 2009
<b>Governmental Fund Types (General Obligation Bonds):</b>	
December, 2006.....	\$ 82,760
<b>Subtotal.....</b>	<b>\$ 82,760</b>

**Bond Issues:**

On November 4, 2008, the state issued \$149.6 million of general obligation capital improvement bonds. The interest rates on these serial bonds range from 4.0% to 5.0%, and the maturity dates range from 2010 through 2025.

On March 11, 2009 the state issued \$29.8 million of general obligation refunding bonds. The maturity dates on these serial bonds range from 2009 through 2018. These bonds were used to refund \$29.2 million of outstanding bonds. The refunding resulted in \$1.65 million in savings on a cash basis, representing a 5.5% savings over the life of the issue as measured by a net present value basis.

**Changes in Long-Term Liabilities:** The following is a summary of the changes in the long-term liabilities for bonds, compensated absences, and uninsured claims as reported by the primary government during the fiscal year (expressed in thousands):

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Accretion</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Current</b>	<b>Long-Term</b>
General Obligation Bonds Payable.....	\$ 735,176	\$ 3,814	\$ 179,380	\$ 108,137	\$ 810,233	\$ 85,123	\$ 725,110
Compensated Absences.....	71,889		64,750	57,684	78,955	19,410	59,545
Claims Payable.....	49,921		251,442	251,209	50,154	27,840	22,314
Other Postemployment Benefits.....	156,810		200,785	62,354	295,241	59,955	235,286
Pollution Remediation Obligation.....	33,192		28	4,037	29,183	2,508	26,675
Capital Lease.....	5,146		296	1,404	4,038	835	3,203
Total Governmental.....	\$ 1,052,134	\$ 3,814	\$ 696,681	\$ 376,688	\$ 954,241	\$ 195,671	\$ 758,570
<b>Business-Type Activities</b>							
<b>Turnpike System</b>							
General Obligation Bonds.....	\$ 2,821			\$ 1,520	\$ 1,301	\$ 624	\$ 677
Revenue Bonds.....	256,965			12,933	244,032	13,500	230,532
Pollution Remediation Obligation.....	3,600			600	3,000	-	3,000
Claims & Compensated Absences Payable.....	3,226		\$ 762	959	3,029	466	2,563
Total.....	\$ 266,612		\$ 762	\$ 16,012	\$ 251,362	\$ 14,590	\$ 236,772
<b>Liquor Commission</b>							
Capital Lease.....	\$ 487			\$ 123	\$ 364	\$ 127	\$ 237
Claims & Compensated Absences Payable.....	3,600		2,408	2,003	4,005	966	3,039
Total.....	\$ 4,087		\$ 2,408	\$ 2,126	\$ 4,369	\$ 1,093	\$ 3,276
<b>Lottery Commission</b>							
Claims & Compensated Absences Payable.....	\$ 421		\$ 386	\$ 308	\$ 499	\$ 120	\$ 379
Total.....	\$ 421		\$ 386	\$ 308	\$ 499	\$ 120	\$ 379
Total Business-Type.....	\$ 271,120		\$ 3,556	\$ 18,446	\$ 256,230	\$ 15,803	\$ 240,427

**Bond Anticipation Notes:** The state issues bond anticipation notes in advance of issuing general obligation bonds. The proceeds are deposited into the capital fund to fund various capital outlay projects. During the year ending June 30, 2009, the state had no bond anticipation notes outstanding.

**Capital Appreciation Bonds:** Six of the state's general obligation capital improvement bonds issued since November 1990 represent capital appreciation bonds (College Savings Bond Program) with interest being accrued and compounded semiannually. At June 30, 2009, the cumulative interest accretion since issuance for all six capital appreciation bonds is approximately \$148.1 million. The interest is not paid until the bonds mature, at which time the expenditure will be recorded.

**Pollution Remediation Obligations:** Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends superfund trust monies for cleanup. Currently there are six sites in various stages of cleanup, from initial assessment to cleanup activities. In addition, the State has other sites for which it is responsible for cleanup and monitoring, including underground fuel storage facilities. As a result of implementing GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, pollution liabilities of \$29.2 million were reported for June 30, 2009. These liabilities were measured using the actual contract cost, where no changes in cost are expected, or a method that is materially close to the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

**Debt Maturity:** All bonds issued by the state, except for Turnpike revenue bonds, are general obligation bonds, which are backed by the full faith and credit of the state. Interest rates on these issues range from 2.0% to 7.2%. Debt service payments on “self-liquidating” debt are funded by reimbursements from component units for debt issued by the state on their behalf and through user fees and other revenues statutorily earmarked to fund debt service payments on specific projects. The anticipated source of repayment and annual maturities are as follows (expressed in thousands):

Payable June 30,	SOURCE OF PRINCIPAL PAYMENTS						DEBT SERVICE		
	Governmental Activities				Business-Type Activities		TOTAL ALL FUNDS		
	General Fund	Highway Fund	Self Liquidating	Total	Turnpike System		Principal	Interest	Total
					General Obligation	Revenue			
2010.....	\$ 68,452	\$ 8,886	\$ 7,785	\$ 85,123	\$ 624	\$ 13,500	\$ 99,247	\$ 43,357	\$ 142,604
2011.....	65,578	8,781	7,613	81,972	584	14,710	97,266	40,049	137,315
2012.....	56,096	7,160	7,419	70,675		14,550	85,225	36,606	121,831
2013.....	48,713	6,899	7,231	62,843		16,950	79,793	33,241	113,034
2014.....	44,878	6,597	4,127	55,602		13,895	69,497	30,022	99,519
2015-2019.....	193,477	31,108	17,544	242,129		87,215	329,344	106,917	436,261
2020-2024.....	121,921	21,824	10,371	154,116		60,060	214,176	44,901	259,077
2025-2029.....	36,210	12,560	3,103	51,873		25,885	77,758	8,954	86,712
2030-2034.....									
Subtotal.....	\$ 635,325	\$ 103,815	\$ 65,193	\$ 804,333	\$ 1,208	\$ 246,765	\$ 1,052,306	\$ 344,047	\$ 1,396,353
Unamortized (Discount) / Premium	13,645	(584)	(660)	12,401	93	6,273	18,767		18,767
Unamortized Loss on Refunding	(6,501)			(6,501)		(9,006)	(15,507)		(15,507)
Total.....	\$ 642,469	\$ 103,231	\$ 64,533	\$ 810,233	\$ 1,301	\$ 244,032	\$ 1,055,566	\$ 344,047	\$ 1,399,613

## MAJOR COMPONENT UNIT

**Changes in Long-Term Liabilities:** The University System of New Hampshire's long term liabilities include: Revenue Bonds Payable of \$455.8 million; capital lease obligations of \$19.0 million; accrued employee benefits and compensated absences of \$38.5 million; other postemployment benefits of \$47.2 million; and other liabilities of \$19.0 million.

The following is a summary of the changes in the long-term liabilities as reported by the University of New Hampshire during the fiscal year : (Expressed in Thousands)

	Beginning Balance	Increases	Decreases	Ending Balance	Current	Long-Term
University System of NH.....	\$ 565,621	\$ 127,626	\$ 113,619	\$ 579,628	\$ 83,872	\$ 495,756

Payable June 30,	UNIVERSITY SYSTEM OF N.H.		
	Principal	Interest	Total
2010.....	\$ 71,090	\$ 17,485	\$ 88,575
2011.....	9,463	20,656	30,119
2012.....	9,938	20,386	30,324
2013.....	10,503	19,657	30,160
2014.....	10,113	19,326	29,439
2015-2019.....	150,877	81,417	232,294
2020-2024.....	118,407	45,607	164,014
2025-2029.....	40,874	22,345	63,219
2030-2034.....	43,635	11,438	55,073
2035-2039.....	10,150	1,470	11,620
Subtotal.....	475,050	259,787	734,837
Unamortized Discount.....	(172)		(172)
Total.....	\$ 474,878	\$ 259,787	\$ 734,665

**Debt Maturity:** The table on the left is a summary of the annual principal payments and total debt service relating to the debt of the University of New Hampshire and includes revenue bonds and capital leases (expressed in thousands):

<b>6. RISK MANAGEMENT AND INSURANCE</b>
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The state is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and natural disasters. The state primarily retains the risk of loss except where the provisions of law allow for the purchase of commercial insurance or where risk assessment has indicated that commercial insurance is economical and beneficial for the general public. There are approximately 20 such commercial insurance programs in effect, which include fleet automobile liability, ski area liability for Cannon Mountain, and a fidelity and faithful performance bond. Settled claims under these insurance programs have not exceeded commercial insurance coverage in any of the last three years.

During fiscal year 2004, the state established an Employee Benefit Risk Management Fund, an internal service fund, to account for its uninsured risks of loss related to employee and retiree health benefits. Under this program, the Fund provides coverage for up to a maximum of \$0.5 million for each employee per year. The state has purchased commercial insurance for claims in excess of coverage provided, as well as, aggregate stop loss liability coverage set at 125% of the state's total expected claims per contract year.

Reserves are maintained for claim liabilities not covered by commercial insurance when a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include estimations for claims that have been incurred but not reported. The balance of claim liabilities is determined by an analysis of past, current, and future estimated loss experience. The process used in computing claim liabilities may not result in an exact payout amount due to variables such as inflation, changes in legal doctrine (or statutory and case law) and damage awards. Claim liabilities are evaluated periodically to take into consideration recently settled claims, claim frequency and severity as well as current economic and social factors.

The following table presents the changes in claim liabilities during the fiscal years ending June 30, 2008 and 2009 (In Thousands):

<b>Governmental Activities</b>	<b>6/30/2007 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>6/30/2008 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>6/30/2009 Balance</b>	<b>Current</b>	<b>Long-Term</b>
Workers Compensation Claims Payable.....	\$ 31,023	\$ 2,656	\$ 4,750	\$ 28,929	\$ 4,640	\$ 6,165	\$ 27,404	\$ 5,090	\$ 22,314
Health Claims Payable*.....	19,589	226,613	225,210	20,992	246,802	245,044	22,750	22,750	
<b>Total.....</b>	<b>\$ 50,612</b>	<b>\$ 229,269</b>	<b>\$ 229,960</b>	<b>\$ 49,921</b>	<b>\$ 251,442</b>	<b>\$ 251,209</b>	<b>\$ 50,154</b>	<b>\$ 27,840</b>	<b>\$ 22,314</b>
<b>Business-Type Activities</b>									
<b><i>Tumpike System</i></b>									
Workers Compensation Claims Payable.....	\$ 2,594		\$ 276	\$ 2,318		\$ 273	\$ 2,045	\$ 224	\$ 1,821
<b>Total.....</b>	<b>\$ 2,594</b>		<b>\$ 276</b>	<b>\$ 2,318</b>		<b>\$ 273</b>	<b>\$ 2,045</b>	<b>\$ 224</b>	<b>\$ 1,821</b>
<b><i>Liquor Commission</i></b>									
Workers Compensation Claims Payable.....	\$ 1,588	\$ 460	\$ 397	\$ 1,651	\$ 767	\$ 530	\$ 1,888	\$ 446	\$ 1,442
<b>Total.....</b>	<b>\$ 1,588</b>	<b>\$ 460</b>	<b>\$ 397</b>	<b>\$ 1,651</b>	<b>\$ 767</b>	<b>\$ 530</b>	<b>\$ 1,888</b>	<b>\$ 446</b>	<b>\$ 1,442</b>
<b><i>Lottery Commission</i></b>									
Workers Compensation Claims Payable.....	\$ 12	\$ 3	\$ 2	\$ 13			\$ 13		\$ 13
<b>Total.....</b>	<b>\$ 12</b>	<b>\$ 3</b>	<b>\$ 2</b>	<b>\$ 13</b>			<b>\$ 13</b>		<b>\$ 13</b>
<b>Total Business-Type.....</b>	<b>\$ 4,194</b>	<b>\$ 463</b>	<b>\$ 675</b>	<b>\$ 3,982</b>	<b>\$ 767</b>	<b>\$ 803</b>	<b>\$ 3,946</b>	<b>\$ 670</b>	<b>\$ 3,276</b>

\* Health Claims Payable is recorded in the Internal Service Fund

### 7. INTERFUND RECEIVABLES AND PAYABLES

Due From or To Other Funds for the primary government on the fund financial statements represent amounts related to year end transfers of surplus or profits between intragovernmental entities or funds and consist of the following as of June 30, 2009 (expressed in thousands):

RECEIVABLES / DUE FROM	AMOUNT	PAYABLES / DUE TO	AMOUNT
General Fund.....	\$ 48,171	Non Major Fund.....	\$ 48,171
General Fund.....	9,668	Highway Fund.....	9,668
General Fund.....	15,920	Education Fund.....	15,920
Highway Fund.....	513	Turnpike Fund.....	513
Liquor Commission.....	13,028	General Fund.....	13,028
Lottery Commission.....	22	Education Fund.....	22
Lottery Commission.....	39	General Fund.....	39
Lottery Commission.....	357	Liquor Commission.....	357
<b>Total.....</b>	<b>\$ 87,718</b>	<b>Total.....</b>	<b>\$ 87,718</b>

The net due from or to other funds for the primary government has been reported as "internal balances" in the government-wide financial statements. The governmental payable of \$12.6 million to business-type activities represents the "internal balances" amount on the statement of net assets. The \$73.8 million between governmental funds has been eliminated on the government-wide financial statements.

**Due from Component Units:** As of June 30, 2009, the cumulative balance of outstanding loans plus accrued interest to the Pease Development Authority (PDA) amounted to \$11.4 million. The balance has been offset by a corresponding amount of deferred revenue in the General Fund Financial Statements.

### 8. INTERFUND TRANSFERS

Interfund transfers during the current fiscal year were as follows (expressed in thousands):

Transferred From	Transferred To				Total Governmental Fund
	General Fund	Highway Fund	Education Fund	Non-Major Funds	
<b>Governmental Funds</b>					
General Fund.....		\$ 1,750	\$ 52,938	\$ 550	\$ 55,238
Highway Fund.....	\$ 1,565			1,655	3,220
Total Governmental Funds.....	* 1,565	1,750	52,938	* 2,205	* 58,458
<b>Proprietary - Enterprise Funds</b>					
Liquor Commission.....	121,687				121,687
Lottery Commission.....	1,439		69,619		71,058
Total Proprietary - Enterprise Funds.....	\$ 123,126		\$ 69,619		\$ 192,745

\*These Amounts have been eliminated within governmental activities on the government-wide financial statements.

The following transfers represent sources of funding identified through the state's operating budget:

- \$1.7 million transfer from general fund to highway fund in accordance with the laws of 2007 Chapter 262:26.
- Transfer of Lottery Commission profits of \$69.6 million to fund education
- Transfer of Liquor Commission profits of \$121.7 million to general fund for government operations
- \$52.9 million transfer from general fund to eliminate education fund deficit

Pursuant to RSA 260:61, \$0.8 million transfer from highway fund to fish and game fund for the Bureau Off Highway Recreational Vehicle (BOHRV) Grant.

Pursuant to RSA 260:60, \$1.7 million of unrefunded gas tax in the highway fund was transferred on a 50/50 basis to the general and fish & game funds.

## 9. UNDESIGNATED FUND BALANCE (DEFICIT) and CONTRACTUAL COMMITMENTS

**Capital Projects Fund:** The June 30, 2009, unreserved, undesignated deficit of the Capital Projects Fund was \$132.9 million. The Capital Projects Fund accounts for multi-year capital projects which will be primarily financed by bond proceeds. The project costs are appropriated when the project is approved. Bonds are issued as the expenditures are expected to be incurred. As of June 30, 2009, bonds authorized and unissued for the Capital Projects Fund amounted to \$133.7 million.

**Contractual Commitments:** The state has estimated its share of contractual obligations for construction contracts to be \$121.3 million at June 30, 2009. This represents total obligations of \$336.3 million less \$215.0 million in estimated federal and local aid.

## 10. EMPLOYEE BENEFIT PLANS

### NEW HAMPSHIRE RETIREMENT SYSTEM

**Plan Description:** The New Hampshire Retirement System is the administrator of a cost-sharing multiple-employer Public Employee Retirement System (The Plan) established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. The Plan is a contributory defined-benefit plan providing service, disability, death, and vested retirement benefits to members and beneficiaries. The Plan covers substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and police officers within the state of New Hampshire. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. The Plan is divided into two membership groups. Group I consists of state and local employees and teachers. Group II consists of firefighters and police officers. All assets are in a single trust and are available to pay retirement benefits to its members and beneficiaries.

Group I members at age 60 qualify for a normal service retirement allowance based on years of creditable service and average final compensation (AFC). The yearly pension amount is 1/60 (1.67%) of average final compensation multiplied by years of creditable service. AFC is defined as the average of the three highest salary years. At age 65, the yearly pension amount is recalculated at 1/66 (1.5%) of AFC multiplied by years of creditable service. Members in service with 10 or more years creditable service who are between age 50 and 60 or members in service with at least 20 or more years of service, whose combination of age and service is 70 or more, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

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

Members of both groups may qualify for vested deferred allowances, disability allowances, and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation, service, or both.

Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, the New Hampshire Retirement System also provides a postretirement medical premium subsidy for Group I employees and teachers and Group II police officers and firefighters.

A special account has been established by RSA 100-A:16, II(h) for additional benefits. Prior to fiscal year 2007 the account was credited with all of the earnings of the account assets in the account plus the earnings of the remaining assets of the plan in excess of the assumed rate of return plus 1/2 of 1 percent.

During fiscal year 2007, legislation was passed that permits the transfer of assets into the special account for earnings in excess of 10 1/2 percent as long as the actuary determines the funded ratio of the consolidated retirement system to be at least 85 percent. If the the funded ratio of the system is less than 85 percent, no assets will be transferred to the special account.

The New Hampshire Retirement System issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their web site at <http://www.nhrs.org>.

**Funding Policy:** The Plan is financed by contributions from the members, the state and local employers, and investment earnings. In fiscal year 2009, by statute, Group I members contributed 5.0% of gross earnings. Group II members contributed 9.3% of gross earnings. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the system's actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The state's share represents 100% of the employer cost for all state employees, and 35% of the employer cost for teachers, firefighters, and police officers employed by political subdivisions. The state does not participate in funding the employer cost of other political subdivision employees.

The state's contributions to the plan for the years ending June 30, 2009, 2008, and 2007 were \$111.5 million, \$106.8 million, and \$78.1 million, respectively. The state's contributions for the fiscal year ended June 30, 2009 increased over the amounts contributed for the fiscal year ended June 30, 2008 due to an increase in member compensation.

As of June 30, 2009, the date of the most recent actuarial valuation, the net assets available to pay pension benefits, at fair value, were reported by the New Hampshire Retirement System to be \$4,937 million. The total pension liability at June 30, 2009 using the entry age normal actuarial cost method was \$8,475 million, resulting in a funded ratio of 58.3% and projected pension liability in excess of assets of \$3,538 million.

## OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, RSA 21-I:30 specifies that the state provide certain health care insurance benefits for retired employees. These benefits include group hospitalization, hospital medical care, and surgical care. Substantially all of the state's employees who were hired on or before June 30, 2003 and have 10 years of service, may become eligible for these benefits if they reach normal retirement age while working for the state and receive their pensions on a periodic basis rather than a lump sum. During fiscal year 2004, legislation was passed that requires state Group I employees hired on or after July 1, 2003 to have 20 years of state service in order to qualify for health insurance benefits. These and similar benefits for active employees and retirees are authorized by RSA 21-I:30 and provided through the Employee and Retiree Benefit Risk Management Fund, which is the state's self-insurance fund implemented in October 2003 for active state employees and retirees. The state recognizes the cost of providing benefits by paying actuarially determined insurance contributions into the fund. An additional major source of funding for retiree benefits is from the New Hampshire Retirement System's medical premium subsidy program for Group I and Group II employees, which totaled approximately \$15.0 million for the fiscal year ended June 30, 2009.

The Governmental Accounting Standards Board (GASB) issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement 45, was implemented by the state during fiscal year 2008, and requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans. GASB Statement 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements.

The State Legislature currently plans to only partially fund (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2009 (dollar amounts in thousands):

Annual Required Contribution/OPEB Cost	\$ 193,729
Interest on net OPEB obligation	7,056
Adjustment to annual required contribution	(5,343)
Annual OPEB cost	195,442
Contributions made (pay-as-you-go)	(57,011)
Increase in Net OPEB Obligation	138,431
Net OPEB Obligation - Beginning of Year	156,810
<b>Net OPEB Obligation - End of Year</b>	<b>\$ 295,241</b>

The State's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 was as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions		Percentage Contributed	Net OPEB Obligation
		(pay-as-you-go)			
06/30/09	\$ 195,442	\$ 57,011		29.17%	\$ 138,431

As of June 30, 2008, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$2,470.5 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,470.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$586.9 million during fiscal year 2009, and the ratio of the UAAL to the covered payroll was 421 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return per annum. The projected annual healthcare cost trend is 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2008, was thirty years.

## JUDICIAL RETIREMENT PLAN

**Plan Description:** The New Hampshire Judicial Retirement Plan (the Plan) was established on January 1, 2005 pursuant to RSA 100-C:2 and is intended for all time to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. The Plan is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court or probate court judges employed within the state.

The Plan is administered by an appointed Board of Trustees (Board), separate from the New Hampshire Retirement System, but certain daily administrative functions of the plan have been delegated by the Board to the New Hampshire Retirement System such as retirement request processing, member record maintenance and serving as the Plan's information center. The Plan has one employee. All employer and member contributions are deposited into separate trust funds that are managed and controlled by the Board of Trustees of the Plan. Any member of the Plan who has at least 15 years of creditable service and who is at least 60 years old is entitled to retirement benefits equal to 70% of the member's final year's salary.

Any member of the Plan who has at least 10 years of creditable service and who is at least 65 years old is entitled to retirement benefits equal to 75% of the member's final year's salary. Any member who has at least 7 years of creditable service and who is at least 70 years old is entitled to retirement benefits equal to 45% of the member's final year's salary. A member who is at least 70 years old shall be granted an additional 10% over the 45% level for each year of creditable service that a member has over 7 years. A member who is at least 60 years old with at least 15 years of service is entitled to 70% of the member's final year's salary, plus an additional 1% for each year of additional service in excess of 15 years.

However, under no circumstances shall any retirement benefit exceed 75% of the member's final year's salary. For purposes of determining the above benefit, the member's final salary is equal to compensation earned in the prior 12-month period in which the employee was a member of the plan.

**Funding Policy:** The Plan is financed by contributions from the members and the state. Pursuant to Chapter 311, Laws of 2003, on January 19, 2005, the state issued \$42.8 million of general obligation bonds in order to fund the Plan's initial unfunded accrued liability. All eligible judges are required to contribute 10% of their salaries to the Plan until they become eligible for a service retirement equal to 75% of their final year's salary. For the bienniums beginning July 1, 2007 and July 1, 2005, the state was required to contribute 19.68% and 17.18%, respectively, of the members' salary.

As of January 1, 2008, the date of the most recent actuarial valuation, the net assets available to pay retirement benefits, at fair value, were reported by the Plan to be \$50.6 million. The total retirement benefit liability using the entry age normal actuarial cost method was \$54.9 million, resulting in a funded ratio of 92% and projected liability in excess of assets of \$4.3 million. Actuarial assumptions used in the valuation include the 1994 Group Annuity Mortality Table, an investment return of 8.0% and salary growth of 3.0%.

## COMPONENT UNITS

Eligible employees of the New Hampshire Retirement System, Pease Development Authority, and Community College System of New Hampshire participate in the PERS and additional disclosure about their participation is available in the NHRS audited financial statements. Employees of the New Hampshire Community Development Finance Authority, the Business Finance Authority, and the University System of New Hampshire are not members of the New Hampshire Retirement System, but participate in their own defined contribution plans.

## 11. CONTINGENT AND LIMITED LIABILITIES

### PRIMARY GOVERNMENT

**Contingent Liabilities:** The state of New Hampshire is contingently liable, within statutory legal limits, for bonds sold by municipalities, school districts, and for first mortgages on industrial and recreational property that contain the guarantee of the state of New Hampshire. The following table shows the composition of the state's \$88.5 million of contingent liabilities and the statutory limits as of June 30, 2009 (expressed in thousands):

	RSA	Guarantee Limit	Remaining Capacity	June 30, 2009		
				PRINCIPAL	INTEREST	TOTAL
Water Pollution Bonds.....	485-A:7	\$ 50,000	\$ 36,998	\$ 11,425	\$ 1,577	\$ 13,002
Business Finance Authority (BFA) - General Obligation.....	162-A:17	25,000	**	20,000	7,993	27,993
Business Finance Authority (BFA) - Additional State Guarantee.....	162-I:9-b	50,000	**	35,437	296	35,733
Business Finance Authority (BFA) - Unified Contingent Credit Limit.....	162-A:22	95,000	* 39,563	55,437	8,289	63,726
School Construction Bonds.....	195-C:2	30,000	18,450	6,988	4,562	11,550
Solid Waste Bonds.....	149-M:31	10,000	9,730	235	35	270
Super Fund Site Cleanup Bonds.....	33:3-f	20,000	* 20,000			
Water Resources Council Bonds.....	481:19	5,000	5,000			
Housing Finance Authority Child Care Loans.....	204-C:79	300	300			
<b>TOTALS.....</b>		<b>\$ 210,300</b>	<b>\$ 130,041</b>	<b>\$ 74,085</b>	<b>\$ 14,463</b>	<b>\$ 88,548</b>

\*Plus Interest

\*\*Plus interest (guarantee limit under this section is included in and also limited by RSA 162-A:22)

### Limited Liabilities with the Pease Development Authority (PDA):

The state has statutory authority to guarantee bonds issued by the PDA, within certain limits, and advance money to the PDA, through both interest and non-interest bearing loans. In addition, RSA 12-G:17 authorizes the issuance of up to \$250.0 million in bonds backed solely by the credit of the PDA. The table below highlights the legal limits of state guarantees and loans relative to the PDA as of June 30, 2009 (expressed in thousands):

	(1)	(2)	(3)	(4)
	RSA 12-G:31	RSA 12-G:33	RSA 12-G:34	RSA 12-G:35
<b>Legal Limit</b>	\$ 70,000	\$ 35,000	\$ 5,000	\$ 10,000
<b>Debt Guaranteed Now Assumed by State</b>				
Business Express Airlines.....	10,000			
Atlantic Coast Airlines.....	1,000			
<b>Amount Bonded By State and Loaned to PDA</b>				
Operating Budget FY92 (V161).....	2,800			
Operating Budget FY93 (V161).....	3,800			
Operating Budget FY93 (V165).....	1,000			
Matching Grants Econ. Dev. (V165).....			5,000	
Lonza (Celltech).....	29,990			
<b>Amount Borrowed By PDA and Guaranteed By State</b>				
Bond Anticipation Notes.....	5,000			
Line of Credit.....	2,500			
<b>Remaining Capacity</b>	\$ 13,910	\$ 35,000	\$ -	\$ 10,000

(1) RSA 12-G:31 - \$70 million in bonds may be guaranteed by the state for airport projects or the state can make loans by issuing bonds.

(2) RSA 12-G:33 - \$35 million in bonds may be guaranteed by the state to develop a research district.

(3) RSA 12-G:34 - \$5 million in bonds may be issued and loaned to provide matching grants for FAA and EDA grants.

(4) RSA 12-G:35 - \$10 million in bonds may be issued and loaned to provide matching to private grants for development of research district.

**PDA:** Semiannually, PDA makes payments to the state for the Lonza (Celltech) loans and the state pays the debt service payments. The amount outstanding as of June 30, 2009 relative to the Lonza (Celltech) loans is \$12.8 million (representing principal \$11.0 million and interest \$1.8 million).

**Federal Grants:** The state receives federal grants, which are subject to review and audit by the grantor agencies. Access to

these resources is generally conditional upon compliance with terms and conditions of grant agreements and applicable regulations, including expenditure of resources for allowable purposes. Any disallowances resulting from the audit may become the liability of the state. The state estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.

**12. LEASE COMMITMENTS****OPERATING LEASES**

The state has lease commitments for space requirements which are accounted for as operating leases. These leases, subject to continuing appropriation, extend forward a number of years and may contain rent escalation clauses and renewal options. Rent expenditures for fiscal year 2009 for governmental activities and business-type activities were approximately \$10.3 million and \$3.5 million, respectively. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2009 (expressed in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2010.....	\$ 9,041	\$ 2,915
2011.....	5,436	2,688
2012.....	4,083	2,352
2013.....	3,272	2,034
2014.....	2,112	1,271
2015-2019.....	2,999	2,843
2020-2024.....	242	27
Total.....	\$ 27,185	\$ 14,130

**CAPITAL LEASES**

The state has entered into lease agreements as lessee for financing the acquisition of buildings and equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. The future minimum lease payments and the net present value of those payments at June 30, 2009, are as follows (in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2010.....	\$ 1,016	\$ 141
2011.....	799	141
2012.....	624	109
2013.....	466	
2014.....	346	
2015-2019.....	1,230	
2020-2024.....	418	
Total.....	4,899	391
Amount Representing Interest.....	(861)	(27)
Present Value of Minimum Lease Payments.....	\$ 4,038	\$ 364

The assets acquired through capital leases and included in capital assets at June 30, 2009 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Equipment.....	\$ 5,657	\$ 563
Buildings & Building Improvements..	9,996	1,129
Total.....	15,653	1,692
Less: Accumulated Depreciation....	(12,777)	(986)
Net.....	\$ 2,876	\$ 706

**13. LITIGATION**

*Georgia Tuttle, M.D., et al v. NH Medical Malpractice Joint Underwriting Association, et al, and Georgia Tuttle, M.D., et al v. State*

The consolidated cases of Georgia Tuttle, M.D., et al v. NH Medical Malpractice Joint Underwriting Association, et al, and Georgia Tuttle, M.D., et al v. State, raise constitutional challenges to Chapter 144, Laws of 2009 ("HB 2"), approved on June 30, 2009, as part of the state's budget for the 2010-2011 biennium. Under Section 1 of HB 2 ("Chapter 144:1"), the Legislature appropriated \$110 million from the New Hampshire Medical Malpractice Joint Underwriting Association (The "JUA") to be deposited in the General Fund and used for "the purpose of supporting programs that promote access to needed health care for underserved persons." Of the \$110 million, \$65 million was scheduled to be transferred to the General Fund by July 31, 2009. The JUA is a medical malpractice insurer, created in accordance with RSA 404-C, to provide medical malpractice insurance to the state's health care providers. The JUA fund has accumulated more than \$150 million, much of which has been determined to be surplus. The Legislature found that \$110 million, distributed over three years, would not impact the stability of the JUA fund or its responsibilities to its policyholders.

The petitioners in these cases are JUA policyholders who claim that they have rights to dividends from any surplus held in the JUA fund. The petitioners filed a petition for declaratory judgment alleging that Chapter 144:1 is unconstitutional; a petition for mandamus and restraining order to prevent the transfer of the JUA funds to the General Fund and a request that a dividend be ordered to the policyholders; and a petition to attach the JUA fund. On July 29, 2009, the Superior Court found the law requiring the transfer of \$110 million from the JUA to the General Fund under HB 2 was unconstitutional. The Court found that the JUA is not a State entity and that the JUA policyholders have a vested property right in the funds held by the JUA. On August 4, 2009, the state filed a notice of appeal with the New Hampshire Supreme Court. Oral argument was held on October 15, 2009. The state cannot predict the outcome of this matter.

*State of New Hampshire v. Philip Morris USA, RJ Reynolds, Inc. and Lorillard Tobacco Company*

This case was originally filed as a Petition for a Declaratory Order in Superior Court. The defendants are signatories to the Tobacco Master Settlement Agreement ("MSA") under which the defendants are required to make annual payments to all of the states, including the State of New Hampshire. The annual payments received since 2006 have been approximately \$5 million below the required payment amount. The defendants have been withholding portions of their payment under protest claiming that the state failed to diligently enforce the non-participating tobacco manufacturers' obligation to make an escrow payment of an amount meant to mitigate a market advantage to non-participation. The Supreme Court affirmed the ruling of the trial court on June 22, 2007 that all issues would proceed to arbitration. The arbitrations for all states are expected to begin in the Spring, 2010, and are expected to last at least six months. The tobacco companies are seeking recovery of up to the entire payment made to the state under the MSA, or approximately \$45 million. The state is unable to predict the outcome at this time.

*State of New Hampshire v. Amerada Hess, et al.*

The state filed this claim for damages, injunctive relief and civil penalties against major oil companies as a result of statewide contamination of drinking water with the gasoline additive Methyl tertiary-butyl ether ("MTBE"). The defendants attempted to remove the case to federal court. The state was successful in its argument that the case should be heard in the state court and the case was remanded to the Merrimack County Superior Court. The case is still at its early stages and extensive discovery will likely occur before the case is tried. Although the state has not identified a specific dollar amount in its damage claims, successful adjudication or settlement of the state's claims would likely exceed \$2 million. On September 17, 2008, the trial court granted the defendants' Motion to Dismiss as it related to the state's claim based on nuisance. The Court denied the defendants' Motion to Dismiss the other counts of the state's Petition. On September 30, 2008, the trial court granted the state's Motion to Dismiss the defendants' counterclaims. At this time, it is not possible to predict the outcome of this matter or the amount, if any, that the state would recover through court judgment or settlement.

*New Hampshire Association of Counties, et al. v. Commissioner of Department of Health and Human Services ("NHAC I")*

Some of the state's ten Counties (the "Plaintiff Counties") challenged the Department of Health and Human Services' (DHHS) decision holding them responsible for paying a share of the cost of Medicaid payments for clients receiving Old Age Assistance (OAA) or Aid to the Permanently and Totally Disabled (APTD). Under RSA 167:18-b, the counties are liable for one-half of the state's expenditures for OAA and APTD recipients who are "in nursing homes." DHHS believed that RSA 167:18-b also allowed it to bill the Plaintiff Counties for nursing services that are provided to recipients who are in institutions, such as rehabilitation hospitals, that are not licensed as "nursing homes" but are certified under Medicaid as nursing facilities authorized to provide nursing level care. DHHS has been billing the Plaintiff Counties for these services since at least 2002.

The second issue raised by the Plaintiff Counties was whether DHHS exceeded the statutory cap on the total amount that the Plaintiff Counties can be billed under RSA 167:18-b in fiscal year 2004. RSA 167:18-b establishes a \$60 million cap on the total liability for the Plaintiff Counties under this section of the statute. The legal dispute is whether that figure should be interpreted as a gross amount or a net amount. In 2004, the total amount of the bills sent to the Plaintiff Counties for their share of payments under RSA 167:18-b was approximately \$62 million. However, DHHS gave the Plaintiff Counties approximately \$2 million in statutory credits, thereby bringing the total owed to \$60 million. The Plaintiff Counties refused to pay the total amount, claiming that the statute limits the total amount that can be "billed" to the Plaintiff Counties at \$60 million, and therefore the credits should have been subtracted from the \$60 million, thereby limiting their liability to \$58 million.

The parties filed cross-motions for summary judgment and on October 27, 2006, the Merrimack County Superior Court granted summary judgment in favor of the Plaintiff Counties on both issues. DHHS filed a notice of appeal in November 2006.

On August 17, 2007 the Supreme Court issued an order in which it vacated the majority of the lower courts decision, affirmed it in part, and remanded it back to the lower court for additional factual findings.

Most significantly, the Supreme Court held that the term "nursing home" in RSA 167-18-b means any institution certified by the federal Medicaid program to provide nursing facility services.

The Supreme Court also ruled that the cap provisions should be understood as limiting the Counties overall liability at \$58 million. The Supreme Court held that since there was insufficient evidence in the record as to how much the Plaintiff Counties have reimbursed the state during the relevant period, the matter would need to be sent back to the trial court for further proceedings. The matter was remanded to the Merrimack County Superior Court, and cross motions for summary judgment were filed on January 31, 2009. On May 4, 2009, the Merrimack County Superior Court granted the state's motion for summary judgment finding the counties incorrectly withheld \$2 million, which the Plaintiff Counties had agreed not to appeal. However, on June 17, 2009, the court issued a final judgment awarding the state \$2 million in damages plus \$0.5 million in statutory interest. The counties filed a motion for reconsideration asking the court to reconsider awarding statutory interest in the matter. On August 14, 2009, the Superior Court issued an order withdrawing its award of \$0.5 million based on the fact that it was a declaratory judgment matter, under which interest is not typically awarded.

*Rates paid by the Division of Children, Youth and Families ("DCYF")*

Two cases in the New Hampshire Supreme Court involved rates paid by the Division of Children, Youth and Families ("DCYF"). The first *Appeals of: Chase Home for the Children, Child and Family Services; Hannah House, NFI North, Odyssey Home, Orion Home, and Pine Haven Boys Center*, involved the fiscal year 2004-2005 rates paid to residential child care facilities. The Hearings Panel, established pursuant to RSA 170-G:4-a, ruled that DCYF should have set the rates in accord with certain administrative rules. The hearings officer ordered DCYF to pay the higher rates but determined that he had no authority to order DCYF to pay them retroactively. The facilities appealed the ruling regarding denial of the retroactive payments.

The second case is *Petition of the Division of Children, Youth and Families*, in which DCYF is challenging a decision by the Hearing Panel ruling that DCYF is required to pay a 5% rate increase using the administrative rules rate as the base rate, retroactive to July 1, 2005. DCYF appealed so that the issues on appeal include whether the 5% rate increase should be calculated from the administrative rules rate as the base rate and whether the state may be required to pay retroactively. Both sides filed briefs and oral arguments occurred in April, 2007.

In the first case, *Appeals of: Chase Home, et al.*, the Supreme Court held, on June 8, 2007, that the hearings officer had the authority to establish residential rates and determine when the rates become effective, but did not have the authority to order DHHS to make retroactive payments at the recalculated rate levels. No payment by the state was ordered.

In the second case, *Petition of the Division of Children, Youth and Families*, the Supreme Court held, on June 15, 2007, that the Hearing Panel's decisions to establish the rate at the 2005 calculated rate plus 5%, and to set the effective date of the rate at July 1, 2005, were proper, but that the Hearing Panel's order requiring DCYF to render payment was beyond the scope of its authority and vacated that part of the decision.

These cases are now concluded and no payment was ordered. However, on November 7, 2007, the seven residential childcare providers initiated a new suit at Merrimack County Superior Court against DCYF, *Chase Home et al v. DCYF*. The claims include for 1) breach of contract, 2) breach of implied covenant of good faith and fair dealing, 3) unconstitutional taking, and 4) deprivation of rights under 42 U.S.C. §1983. The petitioners sought retroactive payment of more than \$3 million as well as costs and attorneys' fees. The state filed a motion for summary judgment on the grounds that DCYF does not have a contractual relationship with the providers, and that it did not engage in any unconstitutional taking of property. On December 5, 2008 the petitioners filed a motion to amend their complaint to state a separate claim based on DCYF's statutory obligation to pay for residential childcare services provided under certain provisions of state law. Following the petitioners motion to amend its complaint, DCYF withdrew its motion for summary judgment. DCYF re-filed its motion for summary judgment on March 2, 2009. The petitioners sought to amend their complaint again to include allegations that the Medicaid provider services agreements are express contracts.

The court allowed them to amend and the state re-filed its motion for summary judgment on July 20, 2009. The court denied the motion for summary judgment and granted in part the petitioner's motion giving collateral estoppel effect to the 2006 hearing officer finding that there was sufficient money in the budget to pay the three petitioners that had appealed in that year. The trial scheduled for November 2009 has been continued until the court rules on the State's motion for interlocutory transfer related to the summary judgment ruling. At this time, it is not possible to predict the outcome of these matters or the amount, if any, DCYF will be required to pay.

#### ***Review of New Hampshire's Medicaid Disproportionate Share Hospital Payments***

By letter dated July 9, 2007, the New Hampshire Department of Health and Human Services ("DHHS") received a final report from the Office of Inspector General ("OIG") regarding an audit of DHHS's disproportionate share hospital ("DSH") payments during federal fiscal year 2004. The report found that the \$35 million federal share for federal fiscal year 2004 was unallowable on grounds that the state's cost to charge ratio was inflated. The report recommended that the federal share be refunded and that the state work with the Centers for Medicare and Medicaid Services ("CMS") to review DHS payments claimed after the audit period and refund any overpayments.

Based on the state's response to a previously transmitted draft report, the OIG reduced the amount it recommended for repayment in the July 9, 2007 final report by approximately \$9 million. The draft report had recommended repayment of \$44 million.

In October 2009, the DHHS received a notice of Disallowance from CMS indicating that it concurred with the OIG findings. The notice indicated that CMS is disallowing \$35 million in federal funds for federal fiscal year 2004. The letter also confirms that the State may appeal the disallowance to the Federal Departmental Appeals Board and elect to retain the funds pending appeal. The state has filed an appeal of the disallowance. At this time, it is not possible to predict the outcome of this matter. A similar situation does exist for federal fiscal years 2005 through 2009, although amounts, if any, have not been determined and no formal disallowance has been received.

#### ***New Hampshire Health Care Association et al v. Governor et al***

In February 2009, a group of private nursing homes and an industry association petitioned the New Hampshire Supreme Court for a writ of mandamus and declaratory relief alleging that Chapter 129 of the Laws of 2007 provided that any funds remaining in the nursing home appropriation of the state at the end of fiscal year 2007 were to be paid to the nursing homes as supplemental Medicaid reimbursements.

The Governor received the Legislative Fiscal Committee's approval to eliminate these payments as part of a budget reduction process. Approximately \$2 million in state general fund money remained in the account at the end of fiscal year 2007. In 2007 the source of funds for nursing home Medicaid payments was 50% Federal, 25% State and 25% County. Under certain conditions, the State is required to pay the counties' share of nursing home expenses if the counties reached the established cap for their payments. The plaintiffs claimed they were owed approximately \$4 million. The nursing homes also challenged another \$2 million reduction of state funds in their fiscal year 2009 appropriation. The nursing homes alleged that these actions by the Governor, with the Legislative Fiscal Committee's approval, violated the New Hampshire Constitution by infringing upon the legislative power of the Legislature. Upon motion by the state, the New Hampshire Supreme Court dismissed the case.

On or about May 19, 2009, the plaintiffs refiled their action in Superior Court, again seeking mandamus and declaratory relief. The plaintiffs also requested a preliminary injunction temporarily enjoining the lapse of the disputed funds. On June 30, 2009, the Superior Court issued a preliminary order enjoining the lapse of the Chapter 129 funds pending the outcome of the litigation. The Court found that the plaintiffs had shown a likelihood of success on the merits of their claim to the Chapter 129 funds, but not as to remainder of their lawsuit, including their challenge to the authority of the Governor, with the approval of Fiscal Committee, to implement budget reductions. The Court also ruled in response to a Motion to Clarify that the state is required to carry the Chapter 129 funds, which is identified as \$9 million, on its books as nonlapsing. In October 2009, the plaintiffs filed a motion for partial summary judgment on their claim to the Chapter 129 funds. The State objected, and filed a cross motion for partial summary judgment on the same claim. The plaintiffs have also moved to amend their petition to add a contract claim and to seek class certification. At this time, the State cannot predict the outcome of this matter or the State's potential exposure. No trial date is scheduled.

#### ***Review of NH's Medicaid Payments for Skilled Professional Medical Personnel***

By letter dated July 22, 2008, the New Hampshire Department of Health and Human Services ("DHHS") received a confidential draft report from the Office of Inspector General ("OIG") regarding an audit of DHHS' Medicaid payments for skilled professional medical personnel at the enhanced rate for the period from October 1, 2004 through September 30, 2006. The draft report found that \$1 million was unallowable on grounds that the state should have claimed these costs at the standard 50-percent rate rather than at the enhanced 75-percent rate.

The draft report recommended that this amount be refunded to the Federal Government and that DHHS develop an approved methodology to allocate costs for personnel whose time and effort are split between different functions. DHHS responded to the confidential draft report on September 24, 2008 stating its disagreement with the draft findings and recommendation. OIG issued a final report reiterating its findings and recommendations from the draft report. OIG recommended that the state refund personnel costs claimed at the enhanced rate in the amount of \$1 million. At this time it is not possible to predict whether or to what extent CMS will take action with regard to disallowance of any federal participation.

### OTHER LITIGATION

The state, its agencies and employees are defendants in numerous other lawsuits. Although the Attorney General is unable to predict the ultimate outcomes of these suits, in the opinion of the Attorney General and the Commissioner of Administrative Services, the likelihood of such litigation resulting, either individually or in the aggregate, in final judgments against the state, which would materially affect its financial position, is remote. Accordingly no provision for such ultimate liability, if any, has been made in the financial statements.

#### 14. HIGHWAY

The highway fund is comprised of two accounts, an operating account and capital account. The capital account is primarily comprised of four main construction accounts (federal construction aid, state aid, municipal bridge and betterment). The operating account represents the total highway fund less the capital account activities. Except for the betterment account, cash raised from current year revenue transactions, such as gasoline road toll, licenses, fees etc, are maintained in the operating account and transferred to the capital accounts on demand as cash is needed to fund current year costs. By law, the betterment account receives a cash transfer each month, representing 88% of 3 cents of the gasoline road toll tax. For the Biennium ending June 30, 2009, 1 cent of betterment was credited to the operating account to pay principal and interest for bond proceeds over the same time period. The unaudited, unreserved deficit for the capital and operating accounts and the total highway fund, at June 30, 2009 were as follows (expressed in millions):

	Capital Account	Operating Account	Total Highway Fund
Unreserved Deficit	\$ (40.4)	\$ (14.5)	\$ (54.9)

The unaudited deficit in the capital account at June 30, 2009 exists primarily because funds are appropriated from the current year fund balance for multi-year highway construction projects. Although the state will receive reimbursements from federal and local sources in future years, after the actual cash disbursements have occurred, the total project cost is a charge against the fund balance at the time the project is approved.

The unaudited deficit in the operating account at June 30, 2009 was \$14.5 million. Future projects, where no contract has been approved and appropriated, are not yet a charge against fund balance. The state has begun to take steps to eliminate this deficit position, including the sale of a portion of Interstate 95 to the Turnpike System. See Footnote 16 Subsequent Events.

#### 15. JOINT VENTURES-LOTTERY COMMISSION

The New Hampshire Lottery Commission is an active participant in two separate joint venture arrangements: the Tri-State Lotto Commission (Tri-State) and the Multi-State Lottery Association (MUSL).

In September 1985, Tri-State was established whereby the New Hampshire Lottery Commission (Lottery) entered into a joint venture with the lotteries of the states of Maine and Vermont to promulgate rules and regulations regarding the conduct of lottery games and the licensing of agents. In addition, each state contributes services towards the management and advisory functions. Each states share of revenues, expenses and interest income is based on their respective share of sales except for direct charges such as advertising, vendor fees and per-diem payments. Prizes awarded under Tri-State games are fully funded by deposit fund contracts and investments held by Tri-State. Accordingly, the Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by Tri-State. For the year ended June 30, 2009, the Lottery recognized \$9.2 million of net income from Tri-State. In addition, Tri-State has established a Designated Prize Reserve, which acts as a contingency to protect Tri-State against unforeseen liabilities. The Lottery's share of deposits held as Tri-State prize reserves was \$1.6 million at June 30, 2009. The Tri-State issues a publicly available annual financial report, which may be obtained by writing to the Tri-State Lotto Commission, P.O. Box 420 South Barre, Vermont 05670.

In November 1995, the Lottery became a member of MUSL, which is currently comprised of 31 member state lotteries and administers the Multi-State Lottery Powerball and Hot Lotto games. Each state lottery sells tickets, collects revenues and remits prize funds to MUSL net of lower tier prize awards. Each member also pays for a share of MUSL's operating expenses based upon the members proportionate share of game sales. Jackpot prizes that are payable in installments are satisfied through investments purchased by MUSL. Accordingly, the Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by MUSL. For the year ended June 30, 2009, the Lottery recognized \$19.5 million of net income from MUSL. In addition, MUSL has established a contingency reserve to protect MUSL and its members against unforeseen liabilities. The Lottery's share of deposits held as MUSL prize reserves was \$2.3 million at June 30, 2009. MUSL issues a publicly available annual financial report, which may be obtained by writing to the Multi-State Lottery Association, 1701-48<sup>th</sup> Street, Suite 210, West Des Moines, Iowa 50266-6723.

#### 16. SUBSEQUENT EVENTS

On August 19, 2009, the state received a revised Grant Award Notification (GAN) from the U.S. Department of Education under the State Fiscal Stabilization Fund Program. This GAN allows the state to recover pre-award costs between February 17, 2009 and June 10, 2009, as long as the pre-award costs were allowable expenditures under the stabilization program which was authorized under Title XIV of the American Reinvestment and Recovery Act of 2009 (AARA). Under this revision, at June 30, 2009, the state has accrued \$18.4 million of revenue for the recovery of allowable costs incurred during the pre-award period.

Effective July 1, 2009, Chapter 144, Laws of 2009, authorized the Department of Transportation to convey to the Bureau of Turnpikes, a portion of Interstate 95 in Portsmouth for the sum of \$120 million. The law also specifies that the Turnpike System will pay for the Acquisition from its general reserve account over a period not to exceed twenty years with \$30 million including interest being paid in fiscal year 2010 and \$20 million including interest being paid in fiscal year 2011. The balance of the acquisition will be paid under terms and conditions as determined by the Commissioner of the Department of Transportation and the State Treasurer. On August 25, 2009, the Highway Fund conveyed the section of Interstate 95 to the Turnpike System at the authorized terms.

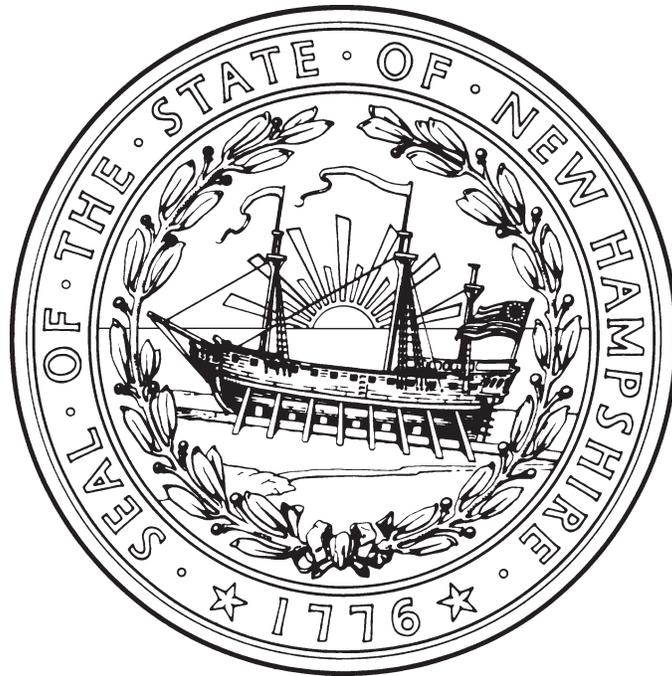
On September 23, 2009 the state issued \$50.0 million in bond anticipation notes through its Commercial Paper Program. These short term notes sold with interest rates from .30% to .40% will be used to fund ongoing capital improvement projects in advance of the December 15, 2009 long-term bond issue.

**16. SUBSEQUENT EVENTS - CONTINUED**

On November 18, 2009, the Turnpike System issued \$67.2 million in tax-exempt refunding bonds that refunded bonds issued in 1999. In addition, on November 18, 2009, the Turnpike System also issued \$150 million in federally taxable Build America Bonds ("BABs") with federal subsidy payments of 35% of the interest due paid to the Turnpike System through the State in the form of a direct payment to be received as interest payments are made by the state.

On December 15, 2009, the state issued \$50 million of tax exempt general obligation capital improvement bonds. Interest rates on the bonds range from 3% to 5% with maturities ranging from 2011 to 2017. In addition, on December 15, 2009, the state issued \$75 million in federally taxable Build America Bonds ("BABs") with federal subsidy payments of 35% of the interest due paid to the state in the form of a direct payment to be received as interest payments are made by the state. Interest rates on the bonds range from 4.125% to 5.5% with maturities ranging from 2017 to 2029.

The Unemployment Compensation Trust Fund is projected to require additional funds during the first quarter of 2010 and is anticipating the need to borrow these funds from the United States Treasury for the purpose of paying unemployment benefits to claimants. Interest related to this borrowing, through December 31, 2010, shall be waived. After December 31, 2010, the normal rules for determining the amount of interest accrued on borrowed funds will again apply.



## **Required Supplementary Information (Unaudited)**

STATE OF NEW HAMPSHIRE  
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
 (expressed in thousands)

	General Fund			
	Budgeted Amount		ACTUAL (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
General Property Taxes.....	\$ 320	\$ 320	\$ 330	\$ 10
Special Taxes.....	1,148,321	1,148,321	958,465	(189,856)
Personal Taxes.....	60,262	60,262	59,242	(1,020)
Business License Taxes.....	21,910	21,910	20,958	(952)
Non-Business License Taxes.....	102,880	102,880	93,898	(8,982)
Fees.....	196,998	203,750	138,764	(64,986)
Fines, Penalties and Interest.....	38,983	39,121	28,011	(11,110)
Grants from Federal Government.....	1,488,740	1,783,801	1,377,819	(405,982)
Grants from Private and Local Sources.....	156,434	153,828	161,948	8,120
Rents and Leases.....	11,896	12,646	11,235	(1,411)
Interest Premiums and Discounts.....	22,196	22,270	19,051	(3,219)
Sale of Commodities.....	8,504	12,848	10,975	(1,873)
Sale of Services.....	99,581	101,223	114,048	12,825
Assessments.....	84,350	84,675	75,297	(9,378)
Grants from Other Agencies.....	223,596	230,148	189,856	(40,292)
Miscellaneous.....	81,132	90,612	123,198	32,586
Total Revenue.....	3,746,103	4,068,615	3,383,095	(685,520)
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Legislative Branch.....	21,591	21,591	15,371	6,220
Executive.....	27,197	73,048	60,056	12,992
Information Technology.....	62,520	62,575	54,495	8,080
Administrative Services.....	119,441	130,420	97,006	33,414
Sec of State.....	31,438	31,396	8,595	22,801
Cultural Affairs.....	8,455	8,960	7,152	1,808
Revenue Administration.....	17,279	16,957	15,264	1,693
State Treasury.....	111,112	113,069	101,133	11,936
NH Retirement System.....	64,192	64,192	60,219	3,973
Boards and Commissions.....	3,009	3,108	2,624	484
Total.....	466,234	525,316	421,915	103,401
<b>JUSTICE AND PUBLIC PROTECTION</b>				
Judicial Branch.....	74,128	76,685	71,344	5,341
Adjutant General.....	22,098	23,440	17,134	6,306
Agriculture.....	5,729	6,129	4,458	1,671
Justice Department.....	25,078	31,042	21,714	9,328

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF NEW HAMPSHIRE  
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
 (expressed in thousands)

	General Fund			
	Budgeted Amount		ACTUAL (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	ORIGINAL	FINAL		
Bank Commission.....	6,293	6,293	5,279	1,014
Pari-Mutuel Commission.....	2,311	2,230	1,438	792
Highway Safety.....	3,430	4,336	2,671	1,665
Insurance.....	10,298	10,298	7,788	2,510
Labor.....	36,123	41,183	26,773	14,410
Public Utilities Commission.....	24,323	24,388	10,625	13,763
Safety.....	195,590	253,062	158,258	94,804
Corrections Department.....	112,576	114,093	106,567	7,526
Employment Security.....	76,431	80,314	34,793	45,521
Judicial Council.....	25,907	27,064	26,893	171
Human Rights Commission.....	774	774	607	167
Boards and Commissions.....	558	550	487	63
Total.....	621,647	701,881	496,829	205,052
<b>RESOURCE PROTECTION AND DEVELOPMENT</b>				
Resource and Economic Development.....	41,850	49,419	38,342	11,077
Pease Development Authority.....	9,371	9,371	574	8,797
Environmental Services.....	230,430	296,787	104,979	191,808
Development Finance Authority.....	182	182	182	-
Boards and Commissions.....	473	484	453	31
Total.....	282,306	356,243	144,530	211,713
<b>TRANSPORTATION</b>				
Transportation.....	21,137	37,969	25,108	12,861
Total.....	21,137	37,969	25,108	12,861
<b>HEALTH AND SOCIAL SERVICES</b>				
Health and Human Services Commissioner.....	681,438	727,564	696,671	30,893
Office of Health Management.....	105,539	118,341	91,267	27,074
Children and Youth.....	228,944	230,293	142,216	88,077
Transitional Assistance.....	96,815	101,435	93,573	7,862
Behavioral Health.....	119,776	122,493	116,799	5,694
Developmental Services.....	225,972	225,530	221,788	3,742
Developmental Disabilities Council.....	637	636	464	172
NH Hospital.....	72,298	71,148	66,134	5,014
Home for Elderly.....	12,732	12,656	12,146	510
NH Veterans Home.....	27,261	26,988	24,429	2,559
Veterans Council.....	434	432	400	32
Youth Development Services.....	28,220	28,946	25,287	3,659
Elderly and Adult Services.....	445,329	451,742	409,741	42,001

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF NEW HAMPSHIRE  
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
 (expressed in thousands)

	General Fund			Variance with Final Budget- Positive (Negative)
	Budgeted Amount		ACTUAL (Budgetary Basis)	
	ORIGINAL	FINAL		
Admin and Support.....	794	827	746	81
Boards and Commissions.....	3,923	4,026	2,953	1,073
Total.....	2,050,112	2,123,057	1,904,614	218,443
<b>EDUCATION</b>				
Post Secondary Education Commission.....	5,511	5,970	5,540	430
Department of Education.....	305,486	309,879	239,249	70,630
NH Comm. Tech. College System.....	119,951	120,158	100,590	19,568
Planetarium.....	2,612	2,629	1,524	1,105
Police Standards and Training Council.....	7,669	5,669	3,218	2,451
University of New Hampshire.....	99,847	100,000	100,000	-
Total.....	541,076	544,305	450,121	94,184
Debt Service.....	96,558	96,558	95,265	1,293
Capital Outlays.....	17,123	17,123	17,123	-
Total .....	4,096,193	4,402,452	3,555,505	846,947
Deficiency of Revenues Under Expenditures.....	(350,090)	(333,837)	(172,410)	161,427
<b>Other Financing Sources (Uses)</b>				
Transfers In.....	-	123,775	123,775	-
Transfers Out .....	-	(17,623)	(17,623)	-
Miscellaneous.....	-	529	529	-
Total Other Financing Sources Uses.....	-	106,681	106,681	
Deficiency of Revenues and Other Sources Under Expenditures and Other Uses.....	(350,090)	(227,156)	(65,729)	161,427
<b>Fund Balance - July 1.....</b>	484,908	484,908	484,908	-
<b>Fund Balance - June 30.....</b>	\$ 134,818	\$ 257,752	\$ 419,179	\$ 161,427

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF NEW HAMPSHIRE  
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)  
 HIGHWAY FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
 (expressed in thousands)

	Highway Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Business License Taxes.....	\$ 154,650	\$ 154,650	\$ 145,973	\$ (8,677)
Non-Business License Taxes.....	83,500	83,500	81,343	(2,157)
Fees.....	21,807	21,807	19,577	(2,230)
Fines, Penalties and Interest.....	922	1,062	655	(407)
Grants from Federal Government.....	310,325	446,025	185,102	(260,923)
Grants from Private and Local Sources.....	17,343	17,483	5,296	(12,187)
Rents and Leases.....	148	180	177	(3)
Interest Premiums and Discounts.....	2,500	2,500	130	(2,370)
Sale of Commodities.....	1,247	1,247	230	(1,017)
Sale of Services.....	24,680	26,985	29,849	2,864
Assessments.....	-	-	1	1
Grants from Other Agencies.....	3,438	3,438	5,380	1,942
Miscellaneous.....	(15,684)	(14,378)	22,324	36,702
Total Revenues.....	604,876	744,499	496,037	(248,462)
<b>EXPENDITURES</b>				
Justice and Public Protection.....	2,169	2,915	876	2,039
Transportation.....	555,849	699,875	491,589	208,286
Debt Service.....	11,075	11,075	11,832	(757)
Capital Outlays.....	44,493	44,487	44,493	(6)
Total Expenditures.....	613,586	758,352	548,790	209,562
Deficiency of Revenues Under Expenditures.....	(8,710)	(13,853)	(52,753)	(38,900)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In.....	-	2,550	1,750	(800)
Transfers Out.....	-	(4,020)	(3,220)	800
Miscellaneous.....	-	2,678	2,678	-
Total Other Financing Sources (Uses).....		1,208	1,208	
Deficiency of Revenues and Other Sources Under Expenditures and Other Uses.....	(8,710)	(12,645)	(51,545)	(38,900)
Fund Balance - July 1.....	55,287	55,287	55,287	-
Fund Balance - June 30.....	\$ 46,577	\$ 42,642	\$ 3,742	\$ (38,900)

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF NEW HAMPSHIRE  
 BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)  
 EDUCATION FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
 (expressed in thousands)

	Education Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General Property Taxes.....	\$ 386,600	\$ 386,600	\$ 392,621	\$ 6,021
Special Taxes.....	404,900	404,900	280,745	(124,155)
Personal Taxes.....	115,600	115,600	128,796	13,196
Fines, Penalties and Interest.....	-	-	5	5
Miscellaneous.....	40,000	40,000	40,000	-
Total Revenues.....	947,100	947,100	842,167	(104,933)
<b>EXPENDITURES</b>				
General Government.....	-	-	-	-
Education.....	897,738	897,738	898,411	(673)
Total Expenditures .....	897,738	897,738	898,411	(673)
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	49,362	49,362	(56,244)	(105,606)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out.....	-	15,322	15,322	-
Total Other Financing Sources (Uses).....	-	15,322	15,322	-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	49,362	64,684	(40,922)	(105,606)
<b>Fund Balance - July 1.....</b>	(9,326)	(9,326)	(9,326)	-
<b>Fund Balance - June 30.....</b>	\$ 40,036	\$ 55,358	\$ (50,248)	\$ (105,606)

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

## Note to the Required Supplementary Information - Budgetary Reporting (Unaudited)

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

### RECONCILIATION OF BUDGETARY TO GAAP

The state's biennial budget is prepared on a basis other than GAAP. The "actual" results columns of the Budget and Actual – Non-GAAP budgetary statements are presented on a "budgetary basis" to provide a meaningful comparison to budget.

The major differences between the budgetary basis and the GAAP basis are:

1. Expenditures (Budgetary) are recorded when cash is paid or committed by contractual obligation (encumbrance), rather than when the obligation is incurred (GAAP). Revenues (Budgetary) are based on cash received plus estimated revenues related to the budgetary expenditures and contractual obligations (encumbrances). Additional revenue accruals are made on a (GAAP) basis only.
2. On a GAAP basis, major inter-agency and intra-agency transactions are eliminated in order to not double count revenues and expenditures.

The following schedule reconciles the General and Major Special Revenue Funds of the primary government for differences between budgetary accounting methods and the GAAP basis accounting principles for the year ended June 30, 2009 (expressed in thousands).

	General Fund	Highway Fund	Education Fund
Deficiency of revenues and other financing sources under expenditures and other financing uses (Budgetary Basis)	\$ (65,729)	\$ (51,545)	\$ (40,922)
Adjustments and Reclassifications:			
To record change in Accounts Payable and Accrued Payroll	32,409	17,898	(390)
To Record change in Encumbrances	(12,235)	40,147	-
To Record change in Accounts Receivable	27,031	(33,920)	(69,619)
To Record Other Financing Sources (Uses)	(36,823)	-	107,235
Deficiency of revenues and other financing sources under expenditures and other financing uses* (GAAP Basis)	\$ (55,347)	\$ (27,420)	\$ (3,696)

\*Includes Change in Inventory reserves for General and Highway of \$ 529, \$2,678 respectively.

**Required Supplementary Information (Unaudited)**  
**INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFITS**

The following schedules present the State of New Hampshire's actuarially determined funding progress and required contributions for the State's Other Postemployment Benefits (using the projected unit credit actuarial cost method):

**Schedule of Funding Progress by Valuation Date**

(Expressed in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
06/30/08	\$ -	\$ 2,470,485	\$ 2,470,485	0%	\$ 586,946	420.90%
12/31/06	\$ -	\$ 2,559,477	\$ 2,559,477	0%	\$ 558,400	458.36%

**Schedule of Employer Contributions**

(Expressed in thousands)

Fiscal Year Ended June 30,	Annual OPEB Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed
2009	\$ 195,442	\$ 57,011	29.17%
2008	\$ 207,142	\$ 50,332	24.30%

**INFORMATION ABOUT THE NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN**

The following schedules present the New Hampshire Judicial Retirement Plan's actuarially determined funding progress and required contributions for pension benefits (using the entry age normal actuarial cost method):

**Schedule of Funding Progress by Valuation Date**

(Expressed in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/08	\$ 50,601	\$ 54,931	\$ 4,330	92%	\$ 7,195	60.18%
01/01/06	\$ 44,980	\$ 47,153	\$ 2,173	95%	\$ 6,833	31.80%
01/01/05	\$ 42,800	\$ 43,670	\$ 870	98%	\$ 6,363	13.67%

**Schedule of Employer Contributions**

(Expressed in thousands)

Fiscal Year Ended December 31,	Annual Required Contribution (ARC)	Actual Contributions	Percentage Contributed
2008	\$ 1,416	\$ 1,416	100.00%
2007	\$ 1,244	\$ 1,244	100.00%
2006	\$ 1,174	\$ 1,174	100.00%
2005	\$ 1,093	\$ 1,093	100.00%



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**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

To the Fiscal Committee of the General Court  
State of New Hampshire  
Concord, New Hampshire

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Hampshire (the State) as of and for the year ended June 30, 2009, which collectively comprise the State's basic financial statements, and have issued our report thereon dated January 22, 2010. The State, in fiscal 2009, implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Our report was modified to include a reference to the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the University System of New Hampshire, the Business Finance Authority, the Community Development Finance Authority, the Pease Development Authority, the Investment Trust Fund and the Judicial Retirement Plan as described in our report on the State's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

For purposes of this report, our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants, and other matters did not include the State of New Hampshire Turnpike System and the New Hampshire Retirement System. We have issued separate reports on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants, and other matters for these entities. The findings, if any, included in those reports are not included herein.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the State's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material



To the Fiscal Committee of the General Court  
State of New Hampshire

weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in the State's internal control over financial reporting described as Findings 2009-1 through 2009-5, in the accompanying schedule of current year findings and questioned costs to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as Findings 2009-6 through 2009-8, in the accompanying schedule of current year findings and questioned costs, to be significant deficiencies in internal control over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the State in a separate letter dated January 22, 2010.

The State's responses to the findings identified in our audit are described in the accompanying schedule of current year findings and questioned costs. We did not audit the State's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Fiscal Committee, management and others within the State and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

January 22, 2010



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**Report on Compliance With Requirements Applicable to  
Each Major Program, Internal Control Over Compliance  
and on the Schedule of Expenditures of Federal Awards  
in Accordance with OMB Circular A-133**

To the Fiscal Committee of the General Court  
State of New Hampshire  
Concord, New Hampshire

**Compliance**

We have audited the compliance of the State of New Hampshire (State) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009, except the requirements discussed in the second paragraph of this report. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State's management. Our responsibility is to express an opinion on the State's compliance based on our audit.

We did not audit the State's compliance with the requirements governing maintaining contact with borrowers and billing and collection procedures in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement. Those requirements govern functions performed by Educational Computer Systems, Inc. (ECSI). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. ECSI's compliance with the requirements governing the functions that it performs for the State for the year ended June 30, 2009 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' examination of ECSI's compliance with such requirements.

The State's basic financial statements include the operations of the University of New Hampshire (UNH), Pease Development Authority (PDA), the Community Development Finance Authority (CDFA) and the Business Finance Authority (BFA) that received federal awards during the year ended June 30, 2009. Our audit, described below, did not include the activities of UNH, PDA, CDFA and BFA because those component units engaged other auditors to perform audits in accordance with the OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



To the Fiscal Committee of the General Court  
State of New Hampshire

Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State's compliance with those requirements.

As described in Finding 2009-11, in the accompanying schedule of current year findings and questioned costs, the State did not comply with requirements regarding Matching that are applicable to its Centers for Disease Control and Prevention program – CFDA #93.283. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

As described in Findings 2009-32, 2009-34, 2009-44 and 2009-45 in the accompanying schedule of current year findings and questioned costs, the State did not comply with the requirements regarding Subrecipient Monitoring that are applicable to its Low-Income Home Energy Assistance program – CFDA #93.568, Weatherization Assistance For Low-Income Persons program – CFDA# 81.042, and the Workforce Investment Act (WIA) Cluster – CFDA #17.258, 17.259 and 17.260. The WIA Cluster includes expenditures funded with American Recovery and Reinvestment Act of 2009 (ARRA) grants. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to those programs.

As described in Findings 2009-36, 2009-37, 2009-40, and 2009-41 in the accompanying schedule of current year findings and questioned costs, the State did not comply with the Allowability and Eligibility requirements applicable to its Weatherization Assistance For Low-Income Persons program – CFDA# 81.042 and Low-Income Home Energy Assistance program - CFDA #93.568. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding three paragraphs, the State complied, in all material respects, with the requirements referred to in the first paragraph above that are applicable to each of its other major federal programs for the year ended June 30, 2009. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of current year findings and questioned costs as Findings 2009-10, 2009-12, 2009-13, 2009-14, 2009-15, 2009-16, 2009-17, 2009-18, 2009-19, 2009-20, 2009-21, 2009-22, 2009-23, 2009-24, 2009-26, 2009-30, 2009-33, 2009-35, 2009-38, 2009-39, 2009-42, 2009-43, 2009-47, 2009-48 and 2009-49.

### **Internal Control Over Compliance**

The management of the State is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose



To the Fiscal Committee of the General Court  
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of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Requirements governing maintaining contact with borrowers and billing and collection procedures in the Student Financial Assistance Cluster, Federal Perkins Loan program as described in the Compliance Supplement, are performed by ECSI. Internal control over compliance related to such functions for the year ended June 30, 2009 was reported on by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' testing of ECSI's internal control over compliance related to such functions.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the State's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2009-9, 2009-10, 2009-11, 2009-12, 2009-13, 2009-14, 2009-16, 2009-17, 2009-18, 2009-19, 2009-20, 2009-21, 2009-23, 2009-24, 2009-25, 2009-26, 2009-27, 2009-28, 2009-29, 2009-30, 2009-31, 2009-32, 2009-33, 2009-34, 2009-35, 2009-36, 2009-37, 2009-38, 2009-39, 2009-40, 2009-41, 2009-42, 2009-43, 2009-44, 2009-45, 2009-46, 2009-47, 2009-48 and 2009-49 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of current year findings and questioned costs, we consider items 2009-11, 2009-32, 2009-34, 2009-36, 2009-37, 2009-40, 2009-41, 2009-44 and 2009-45 to be material weaknesses.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of and for the year ended June 30, 2009,



To the Fiscal Committee of the General Court  
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and have issued our report thereon dated January 22, 2010. Our report was modified because of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* and to include a reference to the reports of other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The State's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Fiscal Committee of the General Court, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 23, 2010,  
except for the schedule of expenditures of federal awards  
which is as of January 22, 2010

**State Of New Hampshire**  
**Schedule Of Expenditures Of Federal Awards**  
**For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF AGRICULTURE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
1800	10.025	Plant And Animal Disease, Pest Control, And Animal Care			
		08-8233-0318	01/01/2008 - 12/31/2008	\$68,829	0 %
		08-9633-0154CA	02/04/2009 - 09/29/2009	\$11,882	0 %
		08-9633-0670CA	01/14/2009 - 09/30/2009	\$2,116	0 %
		09-8233-0318	01/01/2009 - 12/31/2009	\$41,667	0 %
		HPAI 07	01/01/2007 - 06/30/2008	\$9,789	0 %
			CFDA Total:	<u>\$134,283</u>	
7500	10.028	Wildlife Services			
		08-7100-0159CA	07/01/2008 - 06/30/2009	\$34,310	0 %
		08-9633-0174CA	08/01/2008 - 07/31/2009	\$25,137	0 %
			CFDA Total:	<u>\$59,447</u>	
4400	10.108	Asbestos In Schools			
		K99144806-0	10/01/2008 - 09/30/2010	\$55,192	0 %
			CFDA Total:	<u>\$55,192</u>	
1800	10.162	Inspection Grading And Standardization			
		12-25-A-4798	10/01/2007 - 09/30/2008	\$25,000	0 %
		12-25-A-4950	09/30/2008 - 09/30/2009	\$150	0 %
		12-25-A-5009	10/01/2007 - 09/30/2009	\$150	0 %
			CFDA Total:	<u>\$25,300</u>	
9500	10.479	Food Safety Cooperative Agreements			
		FSISC262005	10/01/2007 - 09/30/2008	\$22,852	0 %
		FSISC262005A	09/30/2008 - 09/29/2009	\$96,970	0 %
			CFDA Total:	<u>\$119,822</u>	
1400	10.550	Food Donation (Note 3)			
		133 (Q1 - Q4)	07/01/2008 - 06/30/2009	\$3,975,957	100 %
			CFDA Total:	<u>\$3,975,957</u>	
9500	10.551	<b>Supplemental Nutrition Assistance Program (Notes 3,8)</b>			
		<b>1F0403</b>	<b>10/01/2007 - 09/30/2008</b>	<b>\$18,434,100</b>	<b>0 %</b>
		<b>1F0403</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$82,625,230</b>	<b>0 %</b>
			CFDA Total:	<u><b>\$101,059,330</b></u>	
5600	10.553	<b>School Breakfast Program (Note 8)</b>			
		<b>4NH300304</b>	<b>10/01/2007 - 09/30/2008</b>	<b>\$872,589</b>	<b>100 %</b>
		<b>4NH300304</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$2,934,216</b>	<b>100 %</b>
			CFDA Total:	<u><b>\$3,806,805</b></u>	

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF AGRICULTURE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
5600	10.555	<b>National School Lunch Program (Note 8)</b>			
		4NH300304	10/01/2007 - 09/30/2008	\$4,208,495	100 %
		4NH300304	10/01/2008 - 09/30/2009	\$14,260,556	100 %
		<b>CFDA Total:</b>		<b>\$18,469,051</b>	
5600	10.556	<b>Special Milk Program For Children (Note 8)</b>			
		4NH300304	10/01/2007 - 09/30/2008	\$214,579	100 %
		<b>CFDA Total:</b>		<b>\$214,579</b>	
9500	10.557	<b>Special Supplemental Nutrition Program For Women, Infants And Children</b>			
		IW100344	10/31/2007 - 09/30/2008	\$734,647	0 %
		IW100344	10/31/2008 - 09/30/2009	\$3,525,547	0 %
		IW100644	10/01/2007 - 09/30/2008	\$2,833,650	0 %
		IW100644	10/01/2008 - 09/30/2009	\$6,158,399	0 %
		IW101113	10/01/2006 - 09/30/2007	\$160,037	0 %
		IW101144	10/01/2007 - 09/30/2008	\$15,428	0 %
		IW500344	10/01/2006 - 09/30/2008	\$4,094	0 %
		IW500344	10/01/2007 - 09/30/2008	\$56,966	0 %
		<b>CFDA Total:</b>		<b>\$13,488,768</b>	
1400 5600	10.558	<b>Child And Adult Care Food Program (Note 3)</b>			
		133 (Q1-Q4)	07/01/2008 - 06/30/2009	\$157,540	100 %
		4NH300335	10/01/2007 - 09/30/2008	\$10,339	0 %
		4NH300335	10/01/2007 - 09/30/2008	\$1,170,477	100 %
		4NH300335	10/01/2008 - 09/30/2009	\$44,820	0 %
		4NH300335	10/01/2008 - 09/30/2009	\$2,395,084	100 %
		<b>CFDA Total:</b>		<b>\$3,778,260</b>	
1400 5600	10.559	<b>Summer Food Service Program For Children (Note 8)</b>			
		133	10/01/2008 - 09/30/2009	\$1,563	100 %
		4NH300304	10/01/2006 - 09/30/2007	\$6,654	91 %
		4NH300304	10/01/2007 - 09/30/2008	\$31,440	0 %
		4NH300304	10/01/2007 - 09/30/2008	\$649,916	100 %
		4NH300304	10/01/2008 - 09/30/2009	\$8,146	0 %
		<b>CFDA Total:</b>		<b>\$697,719</b>	
1400 5600	10.560	<b>State Administrative Expenses For Child Nutrition</b>			
		13331	10/01/2008 - 09/30/2010	\$2,383	0 %
		300317	10/01/2007 - 09/30/2008	\$48,808	0 %
		300317	10/01/2008 - 09/30/2009	\$179,479	0 %
		4NH300312	10/01/2006 - 09/30/2008	\$1,825	0 %

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF AGRICULTURE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		4NH300312	10/01/2007 - 09/30/2009	\$167,482	0 %
		4NH300312	10/01/2008 - 09/30/2010	\$210,423	0 %
			CFDA Total:	<u>\$610,400</u>	
<b>9500</b>	<b>10.561</b>	<b>State Administrative Matching Grants For The Supplemental Nutrition Assistance Program (Note 8)</b>			
		<b>8F1403</b>	<b>10/01/2007 - 09/30/2008</b>	<b>\$1,767,226</b>	<b>0 %</b>
		<b>9F1403</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$4,751,163</b>	<b>0 %</b>
			CFDA Total:	<u>\$6,518,389</u>	
9500	10.565	Commodity Supplemental Food Program (Note 3)			
		IY800544	10/01/2007 - 09/30/2008	\$60,353	0 %
		IY800544	10/01/2008 - 09/30/2009	\$398,252	0 %
		n/a	12/30/1899 - 12/30/1899	\$1,782,328	1 %
			CFDA Total:	<u>\$2,240,933</u>	
1400	10.568	Emergency Food Assistance Program (Administrative Costs) (Note 8)			
		810808	10/01/2007 - 09/30/2008	\$67,573	100 %
		810808	10/01/2008 - 09/30/2009	\$110,045	100 %
			CFDA Total:	<u>\$177,618</u>	
1400	10.569	Emergency Food Assistance Program (Food Commodities) (Notes 3,8)			
		133 (Q1-Q4)	01/01/2008 - 12/31/2008	\$389,286	100 %
		133 (Q1-Q4)	01/01/2009 - 12/31/2009	\$244,058	100 %
		133 SKFB	01/01/2009 - 12/31/2009	\$169,198	100 %
			CFDA Total:	<u>\$802,542</u>	
9500	10.572	WIC Farmers' Market Nutrition Program (FMNP)			
		IY860444	10/01/2007 - 09/30/2008	\$8,800	0 %
		IY860444	10/01/2008 - 09/30/2009	\$3,444	0 %
		IY860744	10/01/2007 - 09/30/2008	\$55,992	0 %
			CFDA Total:	<u>\$68,236</u>	
9500	10.576	Senior Farmers Market Nutrition Program			
		CY830444	10/01/2008 - 09/30/2009	\$468	0 %
		IY830344	10/01/2007 - 09/30/2008	\$72,106	0 %
		IY830444	10/01/2007 - 09/30/2008	\$7,221	0 %
		IY830444	10/01/2008 - 09/30/2009	\$10,108	0 %
			CFDA Total:	<u>\$89,903</u>	
5600	10.579	Child Nutrition Discretionary Grants Limited Availability			
	ARRA	4NH340304	03/01/2009 - 09/30/2009	\$49,991	100 %

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF AGRICULTURE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		CNCV-06-NH-01	05/01/2006 - 09/30/2008	\$87,070	9 %
			CFDA Total:	<u>\$137,061</u>	
5600	10.582	Fresh Fruit And Vegetable Program			
		4NH300304	10/01/2007 - 09/30/2008	\$102,973	93 %
		4NH300304	10/01/2008 - 09/30/2009	\$358,537	97 %
			CFDA Total:	<u>\$461,510</u>	
3500	10.652	Forestry Research			
		06-DG-11244225-066	10/01/2005 - 09/30/2008	\$19,997	0 %
			CFDA Total:	<u>\$19,997</u>	
3500	10.664	Cooperative Forestry Assistance			
		05-DG-11244225-125	10/01/2004 - 09/30/2007	\$3,688	0 %
		05-DG-11244225-125	10/01/2004 - 09/30/2007	\$4,264	100 %
		06-DG-11244225-046	02/01/2006 - 09/30/2007	\$5,598	0 %
		06-DG-11244225-047	02/01/2006 - 09/30/2008	\$36,639	0 %
		06-DG-11244225-066	10/01/2005 - 09/30/2008	\$43,836	0 %
		06-DG-11244225-066	10/01/2005 - 09/30/2008	\$33,587	100 %
		06-DG-11244225-212	10/01/2005 - 09/30/2008	\$1,000	0 %
		06-DG-11244225-212	10/01/2005 - 09/30/2008	\$8,819	100 %
		07-DG-11420004-032	04/23/2007 - 09/30/2008	\$7,130	0 %
		07-DG-11420004-034	05/04/2007 - 09/30/2007	\$13,979	0 %
		07-DG-11420004-035	05/07/2007 - 09/30/2008	\$82,066	0 %
		07-DG-11420004-035	05/07/2007 - 09/30/2009	\$271,744	0 %
		07-DG-11420004-035	05/07/2007 - 09/30/2009	\$132,702	100 %
		08-DG-11420004-116	06/02/2008 - 09/30/2010	\$46,315	0 %
		08-DG-11420004-116	04/01/2008 - 09/30/2009	\$7,497	0 %
		08-DG-11420004-116	06/02/2008 - 09/30/2010	\$59,973	0 %
			CFDA Total:	<u>\$758,837</u>	
5600	10.665	Schools And Roads - Grants To States			
		RSA227H:21-23	09/04/1999 - 12/31/2009	\$629,095	100 %
			CFDA Total:	<u>\$629,095</u>	
7500	10.914	Wildlife Habitat Incentive Program			
		7214285A255	06/16/2005 - 09/30/2012	\$7,545	0 %
			CFDA Total:	<u>\$7,545</u>	
1800	10.917	Agricultural Management Assistance			
		12-25-A-4901	05/21/2008 - 06/30/2009	\$5,189	0 %

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF AGRICULTURE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		12-25-B-0629	10/31/2007 - 06/30/2009	\$102,788	0 %
			CFDA Total:	<u>\$107,977</u>	
1800	10.999	Long Term Standing Agreements For Storage, Transportation And Leases			
		12-25-A-3342	10/01/2005 - 06/30/2009	\$529	0 %
			CFDA Total:	<u>\$529</u>	
<b>DEPARTMENT OF AGRICULTURE TOTAL:</b>				<b><u>\$158,515,085</u></b>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF COMMERCE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
7500	11.407	Interjurisdictional Fisheries Act Of 1986 NA05NMF4071056	01/01/2006 - 12/31/2010	\$9,605	0 %
			CFDA Total:	<u>\$9,605</u>	
4400	11.417	Sea Grant Support NA08OAR4170918	10/01/2008 - 02/28/2010	\$433	0 %
			CFDA Total:	<u>\$433</u>	
4400	11.419	Coastal Zone Management Administration Awards NA06NOS4190194	07/01/2006 - 12/31/2007	\$22,092	0 %
		NA07NOS4190081	07/01/2007 - 12/31/2008	\$484,255	0 %
		NA08NOS4190433	07/01/2008 - 12/31/2009	\$518,682	0 %
			CFDA Total:	<u>\$1,025,029</u>	
7500	11.420	Coastal Zone Management Estuarine Research Reserves NA05NOS4201084	07/01/2005 - 06/30/2008	\$4,874	0 %
		NA07NOS4200109	07/01/2007 - 06/30/2008	\$6,050	0 %
		NA08NOS4200391	07/01/2008 - 12/31/2009	\$413,465	0 %
			CFDA Total:	<u>\$424,389</u>	
4400	11.454	Unallied Management Projects NA04NMF4540382	10/01/2004 - 09/30/2007	\$139,657	0 %
			CFDA Total:	<u>\$139,657</u>	
4400 7500	11.463	Habitat Conservation NA05NOS4631109	09/01/2005 - 06/30/2009	\$168,008	0 %
		NA17FZ2603	07/01/2002 - 09/30/2008	\$157,513	0 %
			CFDA Total:	<u>\$325,521</u>	
7500	11.472	Unallied Science Program NA06NMF4720228	04/01/2007 - 03/31/2009	\$27,626	0 %
			CFDA Total:	<u>\$27,626</u>	
7500	11.474	Atlantic Coastal Fisheries Cooperative Management Act NA05NMF4741119	07/01/2005 - 06/30/2010	\$48,130	0 %
		NA05NMF4741209	04/01/2006 - 03/31/2011	\$151,988	0 %
			CFDA Total:	<u>\$200,118</u>	
7500	11.999	No Program Title JEA	08/01/2008 - 07/31/2009	\$308,856	0 %
			CFDA Total:	<u>\$308,856</u>	

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF COMMERCE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
<b>DEPARTMENT OF COMMERCE TOTAL:</b>				<b><u><u>\$2,461,234</u></u></b>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF DEFENSE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
3500	12.002	Procurement Technical Assistance For Business Firms SP4800-03-2-0349	01/01/2008 - 12/31/2008	\$211,270	0 %
			CFDA Total:	<u>\$211,270</u>	
1200	12.400	Military Construction, National Guard DAHA27-03-2-2001	10/01/2004 - 12/14/2012	\$86,023	0 %
			CFDA Total:	<u>\$86,023</u>	
1200	12.401	<b>National Guard Military Operations And Maintenance (O&amp;M Projects)</b>			
		W912TF-07-2-1007	10/01/2006 - 09/30/2012	\$2,845	0 %
		W912TF-07-2-3062	10/01/2007 - 09/30/2012	\$624,529	0 %
		W912TF-08-2-1001	09/01/2007 - 08/30/2012	\$51,907	0 %
		W912TF-08-2-1001	10/01/2007 - 09/30/2011	\$25,322	0 %
		W912TF-08-2-1001	10/01/2007 - 08/30/2012	\$60,478	0 %
		W912TF-08-2-1001	10/01/2007 - 09/30/2012	\$5,350,768	0 %
		W912TF-08-2-1002	09/01/2007 - 09/30/2012	\$761,370	0 %
		W912TF-08-2-1002	10/01/2007 - 09/30/2012	\$87,075	0 %
		W912TF-08-2-1003	10/01/2007 - 09/30/2012	\$861,046	0 %
		W912TF-08-2-1004	10/01/2007 - 09/30/2012	\$205,535	0 %
		W912TF-08-2-1007	10/01/2007 - 09/30/2012	\$78,779	0 %
		W912TF-08-2-1014	09/01/2007 - 09/30/2012	\$50,042	0 %
		W912TF-08-2-1014	10/01/2007 - 09/30/2012	\$5,953	0 %
		W912TF-08-2-1015	09/01/2007 - 08/30/2012	\$3,546	0 %
		W912TF-08-2-1015	10/01/2007 - 08/30/2012	\$119,267	0 %
		W912TF-08-2-1021	10/01/2007 - 08/30/2012	\$1,676,667	0 %
		W912TF-08-2-1021	10/01/2007 - 09/30/2012	\$947,548	0 %
		W912TF-08-2-1023	10/01/2007 - 09/30/2012	\$585,064	0 %
		W912TF-08-2-1024	10/01/2007 - 09/30/2012	\$2,798,482	0 %
		W912TF-08-2-1040	10/01/2007 - 09/30/2012	\$9,483	0 %
			CFDA Total:	<u>\$14,305,706</u>	
1200	12.999	No Program Title	10/01/2008 - 09/30/2011	\$525,829	0 %
			CFDA Total:	<u>\$525,829</u>	
<b>DEPARTMENT OF DEFENSE TOTAL:</b>				<u><u>\$15,128,828</u></u>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
9500	14.231	Emergency Shelter Grants Program S-08-DC-33-0001	01/01/2008 - 12/31/2008	\$453,317	1 %
			CFDA Total:	<u>\$453,317</u>	
9500	14.235	Supportive Housing Program NH0026B1T010801	01/01/2009 - 12/31/2009	\$30,250	1 %
		NH01B500001	10/01/2007 - 09/30/2009	\$70,300	1 %
		NH01B600002	07/01/2007 - 06/30/2008	\$4,770	1 %
		NH01B600003	07/01/2007 - 06/30/2008	\$4,775	1 %
		NH01B600005	07/01/2007 - 06/30/2008	\$20,115	1 %
		NH01B600007	11/01/2007 - 10/31/2008	\$68,344	1 %
		NH01B600008	03/01/2008 - 11/30/2008	\$18,823	1 %
		NH01B600009	07/01/2007 - 06/30/2008	\$103,595	1 %
		NH01B600011	07/01/2007 - 06/30/2008	\$10,705	1 %
		NH01B600012	07/01/2007 - 06/30/2008	\$7,315	1 %
		NH01B600015	08/01/2007 - 07/31/2008	\$13,094	1 %
		NH01B601004	08/01/2007 - 07/31/2008	\$8,752	1 %
		NH01B602003	07/01/2007 - 06/30/2008	\$15,889	1 %
		NH01B602011	08/01/2007 - 07/31/2008	\$2,117	1 %
		NH01B700002	07/01/2008 - 06/30/2009	\$236,866	0 %
		NH01B700003	07/01/2008 - 06/30/2009	\$226,527	1 %
		NH01B700004	07/01/2008 - 06/30/2009	\$14,154	1 %
		NH01B700005	07/01/2008 - 06/30/2009	\$50,203	1 %
		NH01B700006	07/01/2008 - 06/30/2009	\$100,702	1 %
		NH01B700007	11/01/2008 - 10/31/2009	\$54,122	1 %
		NH01B700009	04/01/2008 - 03/31/2009	\$87,449	1 %
		NH01B700010	07/01/2008 - 06/30/2009	\$64,426	1 %
		NH01B700012	07/01/2008 - 06/30/2009	\$42,096	1 %
		NH01B700015	07/01/2008 - 06/30/2009	\$85,370	1 %
		NH01B700017	07/01/2008 - 06/30/2009	\$324,272	1 %
		NH01B700018	08/01/2008 - 07/31/2009	\$49,364	1 %
		NH01B700019	12/01/2008 - 11/30/2009	\$30,082	1 %
		NH01B701005	01/01/2008 - 12/31/2008	\$41,337	1 %
		NH01B701008	08/01/2008 - 07/31/2009	\$32,997	1 %
		NH01B702003	07/01/2008 - 06/30/2009	\$178,720	1 %
		NH01B702011	08/01/2008 - 07/31/2009	\$7,980	1 %
			CFDA Total:	<u>\$2,005,511</u>	
9500	14.238	Shelter Plus Care NH01C300001	01/12/2005 - 12/31/2009	\$214,537	1 %
		NH01C400001	09/13/2006 - 06/30/2011	\$156,837	1 %

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
				CFDA Total:	<u>\$371,374</u>
9500	14.241	Housing Opportunities For Persons With AIDS			
		NH-H05-0013	03/01/2006 - 02/28/2009	\$243,028	1 %
		NH-H06-0037	03/01/2007 - 02/28/2010	\$265,865	1 %
		NH-H08-0012	03/01/2009 - 02/29/2012	\$59,518	1 %
				CFDA Total:	<u>\$568,411</u>
3400 5800	14.246	Community Development Block Grants/Brownfields Economic Development Initiative			
		B-05-sp-nh-0171	11/01/2006 - 12/31/2009	\$4,500	100 %
		B-06-sp-nh-0637	06/01/2006 - 09/30/2012	\$90,307	0 %
		B-06-SP-NH-0640	11/01/2006 - 09/30/2012	\$98,797	0 %
				CFDA Total:	<u>\$193,604</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL:</b>				<b><u>\$3,592,217</u></b>	

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF THE INTERIOR**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
7500	15.605	Sport Fish Restoration Program (Note 8)			
		50181-4-G015	06/23/2004 - 06/30/2009	\$1,292	0 %
		50181-7-J220	08/17/2007 - 09/30/2011	\$16,404	0 %
		F100R25M	10/01/2007 - 09/30/2008	\$3,358	0 %
		F50R24F	07/01/2007 - 06/30/2008	\$30,162	0 %
		F50R24M	07/01/2007 - 06/30/2008	\$11,545	0 %
		F50R25F	07/01/2008 - 06/30/2009	\$409,909	0 %
		F50R25M	07/01/2008 - 06/30/2009	\$76,421	0 %
		F53E21A	07/01/2007 - 06/30/2008	\$9,993	0 %
		F53E21S	07/01/2007 - 06/30/2008	\$1,110	0 %
		F53E22A	07/01/2008 - 06/30/2009	\$176,049	0 %
		F53E22S	07/01/2008 - 06/30/2009	\$49,655	0 %
		F60D15F	07/01/2007 - 06/30/2008	\$73,332	0 %
		F60D15M	07/01/2007 - 06/30/2008	\$3,065	0 %
		F60D16F	07/01/2008 - 06/30/2009	\$1,714,996	0 %
		F60D16M	07/01/2008 - 06/30/2009	\$71,504	0 %
		F61R13	01/01/2005 - 12/31/2008	\$190,751	0 %
		F61R14	01/01/2009 - 12/31/2009	\$125,649	0 %
		F63D1	05/07/2007 - 06/30/2008	\$343,780	0 %
		FW17C33F	07/01/2007 - 06/30/2008	\$2,705	0 %
		FW17C33M	07/01/2007 - 06/30/2008	\$865	0 %
		FW17C34B	07/01/2008 - 06/30/2009	\$4,660	0 %
		FW17C34F	07/01/2008 - 06/30/2009	\$21,638	0 %
		FW17C34M	07/01/2008 - 06/30/2009	\$6,105	0 %
		FW25T14F	07/01/2007 - 06/30/2008	\$3,425	0 %
		FW25T15F	07/01/2008 - 06/30/2009	\$28,658	0 %
		FW28D13B	07/01/2007 - 06/30/2008	\$64,412	0 %
		FW28D13X	07/01/2007 - 06/30/2008	\$(9,071)	0 %
		FW28D14B	07/01/2008 - 06/30/2009	\$260,544	0 %
		FW28D14F	07/01/2008 - 06/30/2009	\$4,033	0 %
		FW28D14M	07/01/2008 - 06/30/2009	\$353	0 %
		FW28D14X	07/01/2008 - 06/30/2009	\$3,754	0 %
		FW30T10F	07/01/2008 - 06/30/2009	\$60,480	0 %
		FW30T10M	07/01/2008 - 06/30/2009	\$6,720	0 %
		FW30T9F	07/01/2007 - 06/30/2008	\$4,815	0 %
		FW30T9M	07/01/2007 - 06/30/2008	\$535	0 %
			CFDA Total:	\$3,773,606	
3500 7500	15.611	Wildlife Restoration (Note 8)			
		FW17C33W	07/01/2007 - 06/30/2008	\$1,604	0 %
		FW17C34W	07/01/2008 - 06/30/2009	\$26,719	0 %

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF THE INTERIOR**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		FW25T14W	07/01/2007 - 06/30/2008	\$19,410	0 %
		FW25T15W	07/01/2008 - 06/30/2009	\$162,397	0 %
		FW30T10W	07/01/2008 - 06/30/2009	\$25,800	0 %
		FW30T9W	07/01/2007 - 06/30/2008	\$2,589	0 %
		MOA w /NRC	05/18/2005 - 06/11/2011	\$97	0 %
		MOA w/NCR	05/01/2005 - 07/30/2010	\$(35,658)	0 %
		MOA W/NRC	04/01/1999 - 08/30/2008	\$39,615	0 %
		MOA W/NRC	04/01/2004 - 09/30/2008	\$7,427	0 %
		MOA w/NRC	06/01/2004 - 09/30/2010	\$291	0 %
		W11D67	07/01/2007 - 06/30/2008	\$25,760	0 %
		W11D68	07/01/2008 - 06/30/2009	\$59,032	0 %
		W11D68	07/01/2008 - 06/30/2009	\$158,317	28 %
		W66S36H	07/01/2007 - 06/30/2008	\$36,203	0 %
		W66S37	07/01/2008 - 06/30/2009	\$381,290	0 %
		W89R8	07/01/2007 - 06/30/2008	\$27,953	0 %
		W89R9	07/01/2008 - 06/30/2009	\$465,514	0 %
		W90R1	11/01/2008 - 06/30/2012	\$6,066	0 %
			CFDA Total:	<u>\$1,410,426</u>	
3500 7500	15.615	Cooperative Endangered Species Conservation Fund			
		EP-1-18	05/15/2008 - 08/30/2009	\$96,267	0 %
		EW-1-26	07/01/2007 - 06/30/2008	\$2,108	0 %
		EW1-27	07/01/2008 - 06/30/2009	\$30,000	0 %
			CFDA Total:	<u>\$128,375</u>	
4400	15.616	Clean Vessel Act			
		V-4-2	11/18/2005 - 09/30/2007	\$17,441	0 %
		V-4-3	12/01/2006 - 10/01/2009	\$85,594	0 %
		V-5-D-1	12/01/2007 - 09/30/2008	\$13,672	0 %
			CFDA Total:	<u>\$116,707</u>	
7500	15.625	Wildlife Conservation And Restoration			
		R-3-1	09/01/2003 - 06/30/2010	\$5	0 %
			CFDA Total:	<u>\$5</u>	
7500	15.633	Landowner Incentive Program			
		I-1-4	07/01/2006 - 06/30/2011	\$125,130	0 %
		I-2-L1	04/06/2007 - 06/30/2009	\$754,350	0 %
			CFDA Total:	<u>\$879,480</u>	
7500	15.634	State Wildlife Grants			

(Continued)

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF THE INTERIOR**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		T-4L1	09/01/2005 - 09/30/2008	\$55,124	0 %
		T-7R1	04/01/2007 - 03/31/2012	\$293,079	0 %
		T-7-R1	04/01/2007 - 03/31/2012	\$22,836	0 %
		T-8R1	09/01/2007 - 08/31/2011	\$3,956	0 %
		T-9T1	01/15/2008 - 12/31/2012	\$196,743	0 %
			CFDA Total:	<u>\$571,738</u>	
4400	15.808	U.S. Geological Survey- Research and Data Collection 08HQGR0135	09/01/2008 - 08/31/2009	\$3,723	0 %
			CFDA Total:	<u>\$3,723</u>	
4400	15.810	National Cooperative Geologic Mapping Program 07HQAG0111	09/15/2007 - 09/14/2008	\$63,007	0 %
		08HQAG0086	09/16/2008 - 09/15/2009	\$9,899	0 %
			CFDA Total:	<u>\$72,906</u>	
3400	15.904	Historic Preservation Fund Grants-In-Aid 33-07-21633	10/01/2006 - 09/30/2008	\$62,224	100 %
		33-08-21734	10/01/2007 - 09/30/2009	\$218,206	100 %
		33-09-21835	10/01/2008 - 09/30/2009	\$223,255	100 %
			CFDA Total:	<u>\$503,685</u>	
3500	15.916	Outdoor Recreation - Acquisition, Development And Planning 33-00633	06/09/2003 - 09/30/2008	\$45,345	100 %
		33-00635	05/27/2003 - 12/31/2008	\$145,648	0 %
		33-00643	01/01/2009 - 01/01/2009	\$36,425	100 %
		33-00645	07/01/2004 - 12/31/2008	\$25,414	100 %
		33-00647	09/01/2004 - 09/01/2009	\$53,752	100 %
		33-00655	08/22/2005 -	\$36,383	100 %
		33-00658	09/06/2005 - 12/31/2009	\$2,000	0 %
		33-00660	07/11/2006 - 12/31/2009	\$20,000	100 %
		33-00661	06/01/2006 - 12/31/2009	\$20,000	100 %
		33-00662	07/18/2006 - 12/31/2009	\$20,000	100 %
		33-00664	02/23/2007 - 06/30/2007	\$22,425	100 %
		33-00665	03/12/2007 - 12/31/2009	\$20,000	100 %
		33-00666	08/27/2007 - 12/31/2010	\$19,730	100 %
		33-00671	07/22/2008 - 12/31/2011	\$7,209	100 %
		33-00672	06/21/2008 - 12/31/2011	\$20,000	100 %
			CFDA Total:	<u>\$494,331</u>	
<b>DEPARTMENT OF THE INTERIOR TOTAL:</b>				<b><u>\$7,954,982</u></b>	

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF JUSTICE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
2700 4600	16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)			
		2002-RE-CX-0025	07/01/2002 - 03/31/2010	\$521,295	100 %
		2002-RE-CX-0025	12/11/2007 - 03/31/2009	\$625	0 %
		2002-RE-CX-0025	04/01/2009 - 03/31/2010	\$82,035	0 %
			CFDA Total:	<u>\$603,955</u>	
9500	16.523	Juvenile Accountability Block Grants			
		06JBFX0029	06/01/2006 - 05/31/2009	\$209,263	0 %
		07JBFX0024	06/01/2007 - 05/31/2010	\$100,146	0 %
			CFDA Total:	<u>\$309,409</u>	
2000	16.527	Supervised Visitation, Safe Havens For Children			
		2006CWAX0022	10/01/2006 - 09/30/2010	\$8,737	0 %
		2006CWAX0022	10/01/2006 - 09/30/2010	\$255,224	90 %
			CFDA Total:	<u>\$263,961</u>	
9500	16.540	Juvenile Justice And Delinquency Prevention-Allocations To States			
		05JFFX0006	10/01/2004 - 09/30/2008	\$113,214	0 %
		05JFFX0072	10/01/2004 - 09/30/2008	\$110,000	0 %
		06JFFX0017	10/01/2005 - 09/30/2009	\$440,934	0 %
		07JFFX0046	10/01/2006 - 09/30/2009	\$152,399	0 %
			CFDA Total:	<u>\$816,547</u>	
9500	16.541	Part E - Developing, Testing And Demonstrating Promising New Programs			
		06JLFX0263	10/01/2006 - 11/30/2010	\$12,682	0 %
			CFDA Total:	<u>\$12,682</u>	
2000	16.542	Part D - Research, Evaluation, Technical Assistance And Training			
		2005AHFX0034	06/01/2005 - 05/31/2008	\$9,017	95 %
		2006AHFX0019	06/01/2008 - 05/31/2009	\$139,523	95 %
		2007AHFX0023	06/01/2007 - 03/31/2009	\$197,880	95 %
			CFDA Total:	<u>\$346,420</u>	
9500	16.548	Title V - Delinquency Prevention Program			
		05JPFX0022	10/01/2004 - 09/30/2008	\$24,403	0 %
		06JPFX0017	10/01/2005 - 09/30/2009	\$9,872	0 %
			CFDA Total:	<u>\$34,275</u>	
2000	16.550	State Justice Statistics Program For Statistical Analysis Centers			
		2007BJCXK0056	10/01/2007 - 09/30/2008	\$13,134	100 %
		2008BJCXK0055	10/01/2008 - 09/30/2009	\$560	100 %

(Continued)

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
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**DEPARTMENT OF JUSTICE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
				CFDA Total:	<u>\$13,694</u>
2000	16.554	National Criminal History Improvement Program (NCHIP)			
		2006SKBXK003	10/01/2006 - 09/30/2009	\$61,502	100 %
				CFDA Total:	<u>\$61,502</u>
2000 2300	16.560	National Institute Of Justice Research, Evaluation, And Development Project Grants			
		2005DNBX0080	10/01/2005 - 09/30/2008	\$3,707	90 %
		2006DNBX0080	10/01/2006 - 09/30/2008	\$26,044	0 %
		2006DNBX0080	10/01/2006 - 09/30/2008	\$1,188	50 %
		2007CDBX0020	10/01/2007 - 09/30/2010	\$24,387	0 %
		2007CDBX0020	10/01/2007 - 09/30/2010	\$41,164	50 %
		2007DNBXK016	10/01/2007 - 09/30/2008	\$22,263	0 %
		2008CDBX0034	10/01/2008 - 09/30/2009	\$2,364	90 %
				CFDA Total:	<u>\$121,117</u>
2000 4600	16.575	Crime Victim Assistance			
		2005VAGX0007	10/01/2004 - 09/30/2008	\$81,335	96 %
		2005-VA-GX-0007	07/01/2007 - 06/30/2008	\$26,595	0 %
		2006VAGX0001	10/01/2005 - 09/30/2009	\$17,561	0 %
		2006VAGX0001	10/01/2005 - 09/30/2009	\$330,604	96 %
		2007VAGX0001	10/01/2006 - 09/30/2010	\$69,384	0 %
		2007VAGX0001	10/01/2006 - 09/30/2010	\$815,841	96 %
		2007-VA-GX-0001	07/01/2008 - 06/30/2009	\$61,325	0 %
		2008VAGX0002	10/01/2007 - 09/30/2011	\$5,835	0 %
		2008VAGX0002	10/01/2007 - 09/30/2011	\$885,157	96 %
				CFDA Total:	<u>\$2,293,637</u>
2000	16.576	Crime Victim Compensation			
		2008VCGX0027	10/01/2007 - 09/30/2011	\$197,000	100 %
				CFDA Total:	<u>\$197,000</u>
2000	16.579	Edward Byrne Memorial Formula Grant Program			
		2005DJBX00216	10/01/2004 - 09/30/2010	\$44,561	0 %
		2005DJBX0216	10/01/2004 - 09/30/2010	\$41,576	0 %
		2005DJBX0216	10/01/2004 - 09/30/2010	\$99,737	75 %
		2006DJBX0014	10/01/2005 - 09/30/2010	\$268,365	0 %
		2006DJBX0014	10/01/2005 - 09/30/2010	\$343,721	75 %
		2007DJBX0097	10/01/2006 - 09/30/2010	\$735,164	75 %
		2007DJBX0097	10/01/2007 - 09/30/2010	\$71,224	0 %

(Continued)

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
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**DEPARTMENT OF JUSTICE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
			CFDA Total:	\$1,604,348	
2300	16.580	Edward Byrne Memorial State And Local Law Enforcement Assistance Discretionary Grants Program			
		2005DDBX1236	10/01/2004 - 06/30/2008	\$38,022	0 %
		2006-DD-BX-0535	10/01/2005 - 03/31/2009	\$568,179	0 %
		2006JLFX0169	10/01/2005 - 09/30/2009	\$38,443	0 %
			CFDA Total:	\$644,644	
2000	16.588	Violence Against Women Formula Grants			
		2006WFAX0074	06/01/2006 - 05/31/2009	\$36,363	0 %
		2006WFAX0074	06/01/2006 - 05/31/2009	\$202,516	90 %
		2007WFAX0012	03/01/2007 - 02/28/2010	\$35,054	0 %
		2007WFAX0012	03/01/2007 - 02/28/2010	\$535,313	90 %
		2008WFAX0024	05/01/2008 - 04/30/2010	\$175,594	90 %
		2008WFAX0024	05/01/2008 - 04/30/2011	\$19,403	0 %
			CFDA Total:	\$1,004,243	
2000	16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, And Stalking Assistance Program			
		2004WRAX0067	01/01/2005 - 12/31/2009	\$199,486	100 %
			CFDA Total:	\$199,486	
2000	16.593	Residential Substance Abuse Treatment For State Prisoners			
		2005RTBX0021	10/01/2004 - 09/30/2008	\$51,553	90 %
		2006RTBX0006	10/01/2005 - 09/30/2010	\$1,587	90 %
		2007RTBX0033	10/01/2006 - 09/30/2010	\$822	0 %
		2007RTBX0033	10/01/2006 - 09/30/2010	\$17,950	90 %
		2008RTBX0009	10/01/2007 - 09/30/2011	\$2,441	0 %
			CFDA Total:	\$74,353	
2000	16.609	Community Prosecution And Project Safe Neighborhoods			
		2003GPCX0161	10/01/2002 - 09/30/2008	\$39,046	90 %
		2006GPCX0036	01/01/2006 - 12/31/2009	\$55,992	90 %
		2006GPCX0036	01/01/2009 - 12/31/2010	\$2,064	0 %
		2006PGBX0034	01/01/2006 - 12/31/2009	\$2,476	0 %
		2006PGBX0034	01/01/2006 - 12/31/2009	\$28,878	90 %
		2007GPCX0004	10/01/2007 - 09/30/2010	\$6,348	0 %
		2007GPCX0004	10/01/2007 - 09/30/2010	\$14,260	90 %
		2007PGBX0075	10/01/2007 - 09/30/2010	\$5,990	0 %
			CFDA Total:	\$155,054	

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF JUSTICE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
2300	16.710	Public Safety Partnership And Community Policing Grants			
		2004CKWX0125	01/23/2004 - 01/22/2009	\$75,816	0 %
		2005CKWX0203	12/08/2004 - 05/30/2009	\$299,200	0 %
		2005CKWX0425	11/08/2004 - 12/07/2010	\$452,456	0 %
		2008CKWX0079	12/26/2007 - 12/25/2010	\$170,352	0 %
			CFDA Total:	<u>\$997,824</u>	
2000	16.727	Enforcing Underage Drinking Laws Program			
		2008AHFX0019	06/01/2008 - 05/31/2010	\$15,689	0 %
		2008AHFX0019	06/01/2008 - 05/31/2010	\$1,286	90 %
			CFDA Total:	<u>\$16,975</u>	
4600	16.735	Protecting Inmates And Safeguarding Communities Discretionary Grant Program			
		2006-RP-BX-0041	06/01/2006 - 12/31/2010	\$239,733	0 %
			CFDA Total:	<u>\$239,733</u>	
2300	16.741	Forensic DNA Backlog Reduction Program			
		2006DNBXX138	10/01/2006 - 09/30/2008	\$49,954	0 %
		2007DNBXX061	10/01/2007 - 09/30/2008	\$16,946	0 %
		2008DNBXX084	10/01/2008 - 03/31/2010	\$75,016	0 %
			CFDA Total:	<u>\$141,916</u>	
2300	16.999	No Program Title			
		2008-90	01/08/2008 - 12/31/2008	\$18,954	0 %
		Federal Forfeiture	07/01/2008 - 06/30/2009	\$365,267	0 %
			CFDA Total:	<u>\$384,221</u>	
<b>DEPARTMENT OF JUSTICE TOTAL:</b>				<b><u>\$10,536,996</u></b>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF LABOR**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
2700	17.002	Labor Force Statistics			
		W9J88033	10/01/2007 - 09/30/2008	\$172,231	0 %
		W9J98033	10/01/2008 - 09/30/2009	\$587,146	0 %
			CFDA Total:	\$759,377	
<b>2700</b>	<b>17.207</b>	<b>Employment Service/Wagner - Peyser Funded Activities (Note 8)</b>			
		ES-15710-06-55	10/01/2006 - 09/30/2007	\$18,600	0 %
		ES-16227-07-55	07/01/2007 - 06/30/2008	\$43,279	0 %
		ES-17576-08-55	07/01/2008 - 06/30/2009	\$3,954,843	0 %
			CFDA Total:	\$4,016,722	
2700	17.225	Unemployment Insurance (Note 5)			
	ARRA	NONE	10/01/2008 - 06/30/2009	\$11,007,816	0 %
	ARRA	NONE	01/01/2009 - 01/01/2009	\$14,985,170	0 %
		NONE	07/01/2008 - 09/30/2008	\$4,746,739	0 %
		NONE	07/01/2008 - 06/30/2009	\$208,966,225	0 %
		NONE	10/01/2008 - 06/30/2009	\$18,048,955	0 %
		UI-14448-05-55	10/01/2004 - 09/30/2007	\$380,168	0 %
		UI-15813-07-55	10/01/2006 - 09/30/2009	\$215,747	0 %
		UI-16761-08-55	10/01/2007 - 09/30/2008	\$431,850	0 %
		UI-16761-08-55	10/01/2007 - 12/31/2010	\$268,818	0 %
		UI-16761-08-55	07/01/2008 - 09/30/2008	\$192,241	0 %
	ARRA	UI-18035-0955	10/01/2008 - 12/31/2011	\$281,277	0 %
		UI-18035-09-55	10/01/2008 - 06/30/2009	\$563,516	0 %
		UI-18035-09-55	10/01/2008 - 09/30/2009	\$13,468,638	0 %
		UI-18035-09-55	10/01/2008 - 12/31/2011	\$707,106	0 %
			CDFA Total:	\$274,264,266	
2600	17.235	Senior Community Service Employment Program			
		AD161473G	07/01/2008 - 06/30/2009	\$432,173	100 %
		AD16147WT	07/01/2007 - 06/30/2008	\$60,714	100 %
			CFDA Total:	\$492,887	
2700	17.245	Trade Adjustment Assistance			
		NONE	07/01/2008 - 12/31/2010	\$7,251	0 %
		TA-15316-06-55	10/01/2005 - 09/30/2008	\$214,094	0 %

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF LABOR**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		TA-16813-08-55	10/01/2007 - 09/30/2010	\$696,405	0 %
		TA-17866-09-55	10/01/2008 - 09/30/2011	\$339,165	0 %
			CFDA Total:	<u>\$1,256,915</u>	
<b>2600 2700</b>	<b>17.258</b>	<b>WIA Adult Program (Note 8)</b>			
		AA15493VC	06/15/2006 - 06/30/2007	\$25,687	100 %
		AA15493WL	06/15/2006 - 06/30/2007	\$34,527	100 %
		AA-16043-07-55	07/01/2007 - 06/30/2008	\$116	0 %
		AA160432D	07/01/2007 - 04/30/2011	\$456,810	100 %
		AA16043YE	07/01/2007 - 04/30/2009	\$35,843	100 %
		AA171362 JO	07/01/2008 - 06/30/2011	\$355,624	100 %
		AA-171362-08-55	07/01/2008 - 06/30/2009	\$78,352	0 %
		AA171363 YO	07/01/2008 - 06/30/2011	\$1,213,408	100 %
	ARRA	AA171365 JO	02/17/2009 - 06/30/2011	\$83,759	100 %
			CFDA Total:	<u>\$2,284,126</u>	
<b>2600 2700</b>	<b>17.259</b>	<b>WIA Youth Activities (Note 8)</b>			
		AA-16043-07-55	07/01/2007 - 06/30/2008	\$116	0 %
		AA16043XW	07/01/2007 - 04/30/2009	\$351,994	100 %
		AA171362 FO	07/01/2008 - 06/30/2011	\$1,872,527	100 %
		AA-171362-08-55	07/01/2008 - 06/30/2009	\$78,352	0 %
	ARRA	AA171365 LO	02/17/2009 - 06/30/2011	\$783,026	100 %
			CFDA Total:	<u>\$3,086,015</u>	
<b>2600 2700</b>	<b>17.260</b>	<b>WIA Dislocated Workers (Note 8)</b>			
		AA15493VE	06/15/2006 - 06/30/2007	\$27,716	100 %
		AA15493WN	06/15/2006 - 06/30/2007	\$93,964	100 %
		AA-16043-07-55	07/01/2007 - 06/30/2008	\$116	0 %
		AA16043ZM	07/01/2007 - 04/30/2009	\$247,674	100 %
		AA171362 L	07/01/2008 - 06/30/2011	\$701,011	100 %
		AA-171362-08-55	07/01/2008 - 06/30/2009	\$78,351	0 %
		AA171364 AO	07/01/2008 - 06/30/2011	\$1,284,185	100 %
	ARRA	AA171365 PO	02/17/2009 - 06/30/2011	\$199,912	100 %
		EM-16942-08-60-A-33	02/01/2008 - 01/31/2009	\$15,522	0 %
		EM169424 FO	10/01/2008 - 12/03/2009	\$96,830	100 %
		EM16942YW	11/19/2007 - 12/03/2009	\$109,168	100 %
		EM17006 YWO	11/27/2007 - 09/11/2009	\$170,709	100 %
		MI175201 T	07/01/2008 - 06/30/2011	\$336,245	100 %
			CFDA Total:	<u>\$3,361,403</u>	
<b>2600 5800</b>	<b>17.261</b>	<b>WIA Pilots, Demonstrations, And Research Projects</b>			

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF LABOR**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		CB-15205-06-60	11/01/2005 - 10/31/2009	\$569,591	0 %
		YF16113VU	11/19/2007 - 12/30/2009	\$2,203	100 %
			CFDA Total:	<u>\$571,794</u>	
2600	17.266	Work Incentives Grant WI16090VN	05/01/2007 - 09/30/2009	\$224,838	100 %
			CFDA Total:	<u>\$224,838</u>	
2700	17.271	Work Opportunities Tax Credit ES-17576-08-55	10/01/2008 - 09/30/2009	\$64,994	0 %
			CFDA Total:	<u>\$64,994</u>	
2700	17.273	Temporary Labor Certification For Foreign Workers ES-16227-07-55	10/01/2007 - 09/30/2008	\$10,401	0 %
		ES-17576-08-55	10/01/2008 - 09/30/2009	\$13,418	0 %
			CFDA Total:	<u>\$23,819</u>	
4400	17.504	Consultation Agreements CS16678-CS8	10/01/2007 - 09/30/2008	\$119,356	0 %
		CS17708C-S9	10/01/2008 - 09/30/2009	\$318,230	0 %
			CFDA Total:	<u>\$437,586</u>	
2600	17.600	Mine Health And Safety Grants MS160740755R33	10/01/2007 - 09/30/2008	\$14,346	0 %
		MS170720855R33	10/01/2007 - 09/30/2008	\$28,817	100 %
			CFDA Total:	<u>\$43,163</u>	
2700	17.801	<b>Disabled Veterans' Outreach Program (DVOP) (Note 8)</b> E-9-5-8-5043	<b>10/01/2007 - 09/30/2008</b>	<b>\$104,787</b>	<b>0 %</b>
		E-9-5-9-5043	10/01/2008 - 09/30/2009	\$207,777	0 %
			CFDA Total:	<u>\$312,564</u>	
2700	17.804	<b>Local Veterans' Employment Representative Program (Note 8)</b> E-9-5-7-5043	<b>10/01/2006 - 09/30/2007</b>	<b>\$86</b>	<b>0 %</b>
		E-9-5-8-5043	10/01/2007 - 09/30/2008	\$133,560	0 %
		E-9-5-9-5043	10/01/2008 - 09/30/2009	\$268,336	0 %
			CFDA Total:	<u>\$401,982</u>	
2700	17.805	Homeless Veterans Reintegration Project HV-18081-09-60-5-33	12/16/2008 - 12/17/2008	\$4,799	0 %

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
 Schedule Of Expenditures Of Federal Awards  
 For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF LABOR**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
				CFDA Total:	<u>\$4,799</u>
				<b>DEPARTMENT OF LABOR TOTAL:</b>	<b><u><u>\$291,607,250</u></u></b>

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF TRANSPORTATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
9600	20.106	Airport Improvement Program (Note 7) Various	07/01/2008 - 06/30/2009	\$934,978	100 %
			CFDA Total:	<u>\$934,978</u>	
<b>9600</b>	<b>20.205 ARRA</b>	<b>Highway Planning And Construction (Note 8)</b> Various	<b>07/01/2008 - 06/30/2009</b>	<b>\$7,099,797</b>	<b>0 %</b>
		Various	<b>07/01/2008 - 06/30/2009</b>	<b>\$159,967,905</b>	<b>2 %</b>
			<b>CFDA Total:</b>	<u><b>\$167,067,702</b></u>	
2300	20.218	National Motor Carrier Safety BE-08-33-1	03/24/2008 - 09/30/2009	\$723,269	0 %
		MC-07-33-1	10/01/2007 - 09/30/2008	\$37,869	0 %
		MC-08-33-1	10/01/2007 - 09/30/2009	\$77,775	0 %
		MC-08-33-1	10/07/2007 - 09/30/2009	\$343,701	0 %
		MH-07-33-1	07/03/2007 - 09/30/2008	\$15,316	0 %
		MN-08-33-1	10/01/2007 - 09/30/2009	\$495,452	0 %
		MR-06-33-1-G-00000	09/15/2006 - 03/30/2010	\$29,975	0 %
			CFDA Total:	<u>\$1,723,357</u>	
<b>3500</b>	<b>20.219</b>	<b>Recreational Trails Program (Note 8)</b> NRT-00NH	<b>02/07/2007 - 02/07/2012</b>	<b>\$837,536</b>	<b>0 %</b>
		NRT-00NH (006)	<b>10/01/2005 - 09/30/2009</b>	<b>\$131,643</b>	<b>0 %</b>
			<b>CFDA Total:</b>	<u><b>\$969,179</b></u>	
2300	20.232	Commercial Driver License State Programs 27XX33CD08331NH08	07/16/2008 - 12/31/2009	\$32,540	0 %
			CFDA Total:	<u>\$32,540</u>	
2300	20.240	Fuel Tax Evasion-Intergovernmental Enforcement Effort TCP1 (003)	10/01/2007 - 10/01/2009	\$33,356	0 %
			CFDA Total:	<u>\$33,356</u>	
9600	20.500	Federal Transit - Capital Investment Grants (Note 8) Various	07/01/2008 - 06/30/2009	\$2,254,805	100 %
			CFDA Total:	<u>\$2,254,805</u>	
9600	20.505	Federal Transit - Metropolitan Planning Grants Various	07/01/2008 - 06/30/2009	\$57,138	100 %
			CFDA Total:	<u>\$57,138</u>	
9600	20.507	Federal Transit - Formula Grants (Note 8) Various	07/01/2008 - 06/30/2009	\$2,042,932	100 %

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF TRANSPORTATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
			CFDA Total:	<u>\$2,042,932</u>	
9600	20.509	Formula Grants For Other Than Urbanized Areas Various	07/01/2008 - 06/30/2009	\$2,458,157	92 %
			CFDA Total:	<u>\$2,458,157</u>	
9600	20.513	Capital Assistance Program For Elderly Persons And Persons With Disabilities (Note 8) Various	07/01/2008 - 06/30/2009	\$271,196	70 %
			CFDA Total:	<u>\$271,196</u>	
9600	20.515	State Planning And Research Various	07/01/2008 - 06/30/2009	\$57,617	100 %
			CFDA Total:	<u>\$57,617</u>	
9600	20.516	Job Access - Reverse Commute (Note 8) Various	07/01/2008 - 06/30/2009	\$59,583	100 %
			CFDA Total:	<u>\$59,583</u>	
9600	20.521	New Freedom Program (Note 8) Various	07/01/2008 - 06/30/2009	\$5,301	100 %
			CFDA Total:	<u>\$5,301</u>	
2300 2500	20.600	State And Community Highway Safety (Note 8) DTNH2203H77207 DTNH2207H00104 none none none none	05/30/2003 - 05/30/2008 02/01/2007 - 01/31/2012 07/01/2008 - 09/30/2008 07/01/2008 - 09/30/2008 10/01/2008 - 09/30/2009 10/01/2008 - 09/30/2009	\$209 \$17,337 \$54,153 \$207,729 \$110,055 \$1,333,890	0 % 0 % 0 % 82 % 0 % 90 %
			CFDA Total:	<u>\$1,723,373</u>	
2500	20.601	Alcohol Impaired Driving Countermeasures Incentive Grants (Note 8) none none	07/01/2008 - 09/30/2008 10/01/2008 - 09/30/2009	\$66,169 \$341,152	100 % 100 %
			CFDA Total:	<u>\$407,321</u>	
2500	20.612	Incentive Grant Program To Increase Motorcyclist Safety (Note 8) none none	07/01/2008 - 09/30/2008 10/01/2008 - 09/30/2009	\$59,631 \$3,194	100 % 98 %
			CFDA Total:	<u>\$62,825</u>	

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF TRANSPORTATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
8100	20.700	Pipeline Safety Program Base Grants			
		DOT-GB-80027	01/01/2008 - 12/31/2008	\$348,953	0 %
		DOT-GB-90027	01/01/2009 - 12/31/2009	\$131,312	0 %
			CFDA Total:	<u>\$480,265</u>	
2300	20.703	Interagency Hazardous Materials Public Sector Training And Planning Grants			
		HMENH7026150	10/01/2007 - 09/30/2008	\$57,194	0 %
		HMENH8026160	10/01/2008 - 09/30/2009	\$126,657	50 %
			CFDA Total:	<u>\$183,851</u>	
2300 2500	20.999	No Program Title none			
		TCP0001(002)	07/01/2008 - 09/30/2008	\$5,232	100 %
		TCP0001(002)	09/01/2005 - 09/30/2007	\$(378)	0 %
		TCP-0001(003)	10/01/2008 - 09/30/2009	\$3,324	0 %
			CFDA Total:	<u>\$8,178</u>	
<b>DEPARTMENT OF TRANSPORTATION TOTAL:</b>				<u><u>\$180,833,654</u></u>	

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**EQUAL EMPLOYMENT OPPORTUNITY COMMISSION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
7600	30.002	Employment Discrimination - State And Local Fair Employment Practices Agency Contracts			
			07/01/2008 - 06/30/2009	\$2,740	17 %
		7FFPSLP0122	07/01/2008 - 06/30/2009	\$45,600	17 %
		7FPSLP0122	07/01/2008 - 06/30/2009	\$53,750	17 %
			CFDA Total:	\$102,090	
<b>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION TOTAL:</b>				<b>\$102,090</b>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**GENERAL SERVICES ADMINISTRATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
1400	39.003	Donation Of Federal Surplus Personal Property (Note 3) 33	07/01/2008 - 06/30/2009	\$121,465	100 %
			CFDA Total:	<u>\$121,465</u>	
3200	39.011	Election Reform Payments Title I,101	07/01/2008-06/29/2009	\$57,070	0 %
			CFDA Total:	<u>\$57,070</u>	
5800	39.999	No Program Title GSA Cong add-on	07/08/2005 - 07/08/2010	\$1,765	0%
			CFDA Total:	<u>\$1,765</u>	
<b>GENERAL SERVICES ADMINISTRATION TOTAL:</b>				<b><u>\$180,300</u></b>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
6100	43.999	No Program Title			
		NAG5-13578	09/01/2003 - 08/31/2008	\$61,906	100 %
		NNK06EC95G	08/01/2006 - 07/31/2009	\$491,518	100 %
		NNX08BA90G	07/23/2008 - 07/22/2010	\$13,454	0 %
		NNX08BA90G	07/23/2008 - 07/22/2010	\$76,728	100 %
			CFDA Total:	<u>\$643,606</u>	
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION TOTAL:</b>				<b><u>\$643,606</u></b>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
3400	45.025	Promotion Of The Arts - Partnership Agreements			
		07-6100-2037	07/01/2007 - 09/30/2008	\$37,106	100 %
		08-6100-2021	07/01/2008 - 09/30/2009	\$596,749	100 %
		CFDA Total:	<u>\$633,855</u>		
3400	45.310	Grants To States			
		LS-00-07-0030-07	10/01/2006 - 09/30/2008	\$328,255	100 %
		LS-00-08-0030-08	10/01/2007 - 09/30/2009	\$1,078,048	100 %
		CFDA Total:	<u>\$1,406,303</u>		
<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL:</b>				<b><u>\$2,040,158</u></b>	

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**NATIONAL SCIENCE FOUNDATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
5800	47.041	Engineering Grants EEC-0648161	03/01/2007 - 08/31/2010	\$175,635	0 %
			CFDA Total:	<u>\$175,635</u>	
5800	47.076	Education And Human Resources DUE0324204	10/01/2003 - 05/31/2010	\$17,187	0 %
		DUE0422467	09/22/2004 - 08/31/2009	\$18,750	0 %
		DUE0501953	09/01/2005 - 08/31/2009	\$1,039,252	0 %
		DUE0603277	07/01/2006 - 06/30/2010	\$122,166	0 %
			CFDA Total:	<u>\$1,197,355</u>	
<b>NATIONAL SCIENCE FOUNDATION TOTAL:</b>				<b><u>\$1,372,990</u></b>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF VETERANS AFFAIRS**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
4300	64.005	Grants To States For Construction Of State Home Facilities			
		FAI33-006	07/01/2006 - 06/30/2009	\$156,582	0 %
		FAI33-007	07/01/2008 - 06/30/2011	\$2,013,519	0 %
			CFDA Total:	<u>\$2,170,101</u>	
4300	64.015	Veterans State Nursing Home Care			
		FAI33-005	07/01/2006 - 06/30/2009	\$6,161	0 %
			CFDA Total:	<u>\$6,161</u>	
1200	64.101	Burial Expenses Allowance For Veterans			
		None	10/01/2007 - 09/30/2012	\$186,750	0 %
			CFDA Total:	<u>\$186,750</u>	
5700	64.124	All-Volunteer Force Educational Assistance			
		V101(223d)P4886	10/01/2007 - 09/30/2008	\$36,122	0 %
		V101(223d)P4986	10/01/2008 - 09/30/2009	\$110,743	0 %
			CFDA Total:	<u>\$146,865</u>	
<b>DEPARTMENT OF VETERANS AFFAIRS TOTAL:</b>				<b><u><u>\$2,509,877</u></u></b>	

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
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**ENVIRONMENTAL PROTECTION AGENCY**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
4400	66.032	State Indoor Radon Grants K100162318	07/01/2007 - 06/30/2008	\$90,988	0 %
			CFDA Total:	<u>\$90,988</u>	
4400	66.040 ARRA	State Clean Diesel Grant Program 2D-96102101 DS97191001	04/17/2009 - 09/30/2010 10/01/2008 - 09/30/2010	\$32,174 \$263	0 % 0 %
			CFDA Total:	<u>\$32,437</u>	
4400	66.110	Healthy Communities Grant Program HC97154901	10/01/2006 - 09/30/2009	\$2,988	0 %
			CFDA Total:	<u>\$2,988</u>	
4400	66.202	Congressionally Mandated Projects EM97144601 EM97146601	04/15/2006 - 11/01/2010 04/15/2006 - 01/01/2011	\$21,316 \$73,446	0 % 0 %
			CFDA Total:	<u>\$94,762</u>	
4400	66.424	Surveys, Studies, Investigations, Demonstrations, And Training Grants Section 1442 Of The Safe Drinking Water Act X698190202	11/01/2003 - 11/01/2010	\$54,611	0 %
			CFDA Total:	<u>\$54,611</u>	
4400	66.436	Surveys, Studies, Investigations, Demonstrations, And Training Grants And Cooperative Agreements - Section 104 (B)(3) Of The Clean Air Act X796100701 X797128001	07/01/2009 - 09/30/2011 09/30/2005 - 09/30/2007	\$30 \$42,207	0 % 0 %
			CFDA Total:	<u>\$42,237</u>	
4400	66.454	Water Quality Management Planning C600100206 C600100207 C600100208	10/01/2005 - 09/30/2007 10/01/2006 - 09/30/2009 10/01/2007 - 09/30/2010	\$13,354 \$34,199 \$24,714	0 % 0 % 0 %
			CFDA Total:	<u>\$72,267</u>	
4400	66.458	<b>Capitalization Grants For Clean Water State Revolving Funds</b> CS33000103 CS33000103 CS33000104 CS33000104	08/01/2003 - 08/01/2012 08/01/2003 - 08/01/2012 03/01/2005 - 03/01/2012 03/01/2005 - 03/01/2012	\$42,084 \$8,808,649 \$602,753 \$1,693,773	0 % 100 % 0 % 100 %
			CFDA Total:	<u>\$11,147,259</u>	
4400	66.460	Nonpoint Source Implementation Grants			

(Continued)

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**State Of New Hampshire  
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**ENVIRONMENTAL PROTECTION AGENCY**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		C998132403	09/15/2002 - 09/30/2007	\$129,946	0 %
		C998132404	09/30/2003 - 09/30/2009	\$29,029	0 %
		C998132405	09/30/2004 - 09/30/2009	\$42,818	0 %
		C998132406	09/30/2005 - 09/30/2010	\$179,186	0 %
		C998132407	09/15/2006 - 09/30/2011	\$154,734	0 %
		C998132408	07/01/2007 - 09/30/2012	\$11,311	0 %
			CFDA Total:	<u>\$547,024</u>	
4400	66.461	Regional Wetland Program Development Grants			
		CD97110601	09/30/2004 - 09/30/2008	\$(50)	0 %
		CD97184501	05/01/2008 - 10/01/2009	\$35,495	0 %
		CD97184701	10/01/2007 - 09/30/2009	\$69,809	0 %
			CFDA Total:	<u>\$105,254</u>	
4400	66.467	Wastewater Operator Training Grant Program (Technical Assistance)			
		T97117801	10/01/2004 - 09/30/2009	\$3,330	0 %
		T98170401	10/01/2002 - 09/30/2008	\$7,896	0 %
			CFDA Total:	<u>\$11,226</u>	
4400	66.468	<b>Capitalization Grants For Drinking Water State Revolving Fund</b>			
		<b>FS99115005</b>	<b>10/16/2005 - 10/01/2012</b>	<b>\$4,135,889</b>	<b>100 %</b>
		<b>FS99115006</b>	<b>10/01/2006 - 10/01/2012</b>	<b>\$253,842</b>	<b>11 %</b>
		<b>FS99115007</b>	<b>10/01/2007 - 10/01/2012</b>	<b>\$1,574,198</b>	<b>14 %</b>
		<b>FS99115008</b>	<b>10/01/2008 - 10/01/2012</b>	<b>\$1,398,843</b>	<b>4 %</b>
			CFDA Total:	<u>\$7,362,772</u>	
4400	66.471	State Grants To Reimburse Operators Of Small Water Systems For Training And Certification Costs			
		CT-98149601	09/30/2002 - 09/30/2012	\$151,503	0 %
			CFDA Total:	<u>\$151,503</u>	
4400	66.472	Beach Monitoring And Notification Program Implementation Grants			
		CU97123901	10/01/2008 - 02/01/2010	\$2,452	0 %
		CU97147901	09/30/2006 - 12/31/2007	\$121,363	0 %
		CU97168501	10/01/2007 - 02/01/2010	\$217,452	0 %
			CFDA Total:	<u>\$341,267</u>	
4400	66.474	Water Protection Grants To The States			
		WP97172301	10/01/2007 - 06/23/2011	\$25,386	0 %
		WP98167401	10/01/2002 - 10/01/2009	\$52,953	0 %
			CFDA Total:	<u>\$78,339</u>	

(Continued)

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**ENVIRONMENTAL PROTECTION AGENCY**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
4400	66.605	Performance Partnership Grants			
		BG99127303	10/01/2002 - 09/30/2007	\$14,728	0 %
		BG99127303	10/01/2002 - 09/30/2008	\$13,368	0 %
		BG99127304	10/01/2004 - 09/30/2009	\$536,285	0 %
		BG99127307	10/01/2006 - 09/30/2011	\$1,664,732	0 %
		BG99127308	10/01/2008 - 09/30/2012	\$2,963,154	0 %
		CD97193801	10/01/2008 - 09/30/2009	\$169,240	0 %
			CFDA Total:	<u>\$5,361,507</u>	
4400	66.606	Surveys			
		PM99129403	04/01/2008 - 03/31/2010	\$196,106	0 %
			CFDA Total:	<u>\$196,106</u>	
4400	66.608	Environmental Information Exchange Network Grant Program And Related Assistance			
		BN00033Y2008T	12/03/2007 - 02/18/2009	\$58,699	0 %
		OS83210401	10/01/2004 - 09/30/2007	\$1	0 %
		OS83260901	10/01/2005 - 09/30/2008	\$42,152	0 %
		OS83307601	09/01/2006 - 08/31/2008	\$52,367	0 %
		OS83408001	09/01/2008 - 08/31/2010	\$3,044	0 %
		OS83408101	10/01/2008 - 09/30/2010	\$277,513	0 %
			CFDA Total:	<u>\$433,776</u>	
1800	66.700	Consolidated Pesticide Enforcement Cooperative Agreements			
		BG-9798301-0	10/01/2008 - 09/30/2009	\$84,947	0 %
		E-00146308-0	10/01/2007 - 09/30/2009	\$122,945	0 %
		E-00147908-0	10/01/2007 - 09/30/2008	\$48,336	0 %
			CFDA Total:	<u>\$256,228</u>	
9500	66.707	TSCA Title IV State Lead Grants Certification Of Lead - Based Paint Professionals			
		PB991512	10/01/2007 - 06/30/2009	\$101,221	0 %
			CFDA Total:	<u>\$101,221</u>	
4400	66.708	Pollution Prevention Grants Program			
		NP97125801	10/01/2005 - 09/30/2008	\$1,006	0 %
		NP97156801	10/01/2006 - 09/30/2008	\$54,044	0 %
		NP97179701	10/01/2007 - 09/30/2009	\$58,004	0 %
		NP97181701	10/01/2007 - 09/30/2009	\$73,231	0 %
		NP97189901	10/01/2008 - 09/30/2010	\$18,988	0 %
			CFDA Total:	<u>\$205,273</u>	

(Continued)

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Schedule Of Expenditures Of Federal Awards  
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**ENVIRONMENTAL PROTECTION AGENCY**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
4400	66.802	Superfund State, Political Subdivision, And Indian Tribe Site - Specific Cooperative Agreements			
		NH06-1	08/01/2004 - 06/30/2006	\$177,438	0 %
		V97139301	07/01/2008 - 06/30/2010	\$105,196	0 %
		V97140401	07/01/2008 - 06/30/2010	\$21,379	0 %
		V97148901	08/10/2006 - 06/30/2010	\$409,995	0 %
		V97150401	10/01/2006 - 09/30/2009	\$247,159	0 %
		V97167901	07/01/2007 - 06/30/2010	\$203,554	0 %
		V97172101	07/01/2008 - 03/24/2010	\$125,616	0 %
		V99130701	10/01/1995 - 03/24/2010	\$946,652	0 %
		V99140501	03/23/1998 - 09/30/2008	\$1,144	0 %
		V99159001	03/01/1999 - 06/30/2008	\$15,772	0 %
		VC00173319	09/01/2007 - 08/31/2008	\$50,459	0 %
		VC00173320	09/01/2008 - 08/30/2009	\$233,149	0 %
			CFDA Total:	<u>\$2,537,513</u>	
4400	66.804	Underground Storage Tank Prevention, Detection, And Compliance Program			
		L97171601	07/01/2007 - 09/30/2009	\$54,262	0 %
		L98138005	10/01/2007 - 09/30/2010	\$210,037	0 %
			CFDA Total:	<u>\$264,299</u>	
4400	66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program			
		LS98138003	04/01/2005 - 12/31/2007	\$661,966	0 %
		LS98138004	04/01/2007 - 12/31/2009	\$1,687	0 %
			CFDA Total:	<u>\$663,653</u>	
4400	66.811	Brownfield Pilot Cooperative Agreements			
		BL97130701-0	10/01/2005 - 07/01/2010	\$19,563	100 %
		BL98110601	10/01/1999 - 09/30/2006	\$30,356	0 %
		BL98110601	10/01/1999 - 09/30/2006	\$146,062	100 %
			CFDA Total:	<u>\$195,981</u>	
4400	66.817	State And Tribal Response Program Grants			
		RP97172901	10/01/2008 - 09/30/2009	\$783,478	0 %
		RP97178701	10/01/2007 - 09/30/2008	\$452,962	0 %
			CFDA Total:	<u>\$1,236,440</u>	
4400	66.940	Environmental Policy And State Innovation Grants			
		E197146401	04/15/2006 - 09/30/2009	\$87,098	0 %
		E197188001	10/01/2008 - 09/30/2012	\$30,881	0 %

(Continued)

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**State Of New Hampshire  
 Schedule Of Expenditures Of Federal Awards  
 For The Fiscal Year Ended June 30, 2009**

**ENVIRONMENTAL PROTECTION AGENCY**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
				CFDA Total:	<u>\$117,979</u>
				<b>ENVIRONMENTAL PROTECTION AGENCY TOTAL:</b>	<b><u><u>\$31,704,910</u></u></b>

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF ENERGY**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
0240	81.039	National Energy Information Center DE-FC01-06EI38102	08/08/2008 - 08/07/2009	\$13,500	0 %
			CFDA Total:	<u>\$13,500</u>	
0240	81.041	State Energy Program			
	ARRA	DE-EE0000228	04/17/2009 - 04/30/2012	\$19,231	0 %
		DE-FG41-01R130472	07/01/2007 - 06/30/2008	\$38,040	0 %
		DE-FG41-01R130472	07/01/2008 - 06/30/2009	\$241,317	0 %
			CFDA Total:	<u>\$298,588</u>	
0240	81.042	Weatherization Assistance For Low-Income Persons			
		DE-FG41-04R130436	04/01/2008 - 03/31/2009	\$1,248,391	0 %
		DE-RF26-07NT43191	07/01/2007 - 09/30/2008	\$38,636	100 %
		EE00060	04/01/2009 - 03/31/2010	\$604,305	96 %
	ARRA	EE00161	04/01/2009 - 03/31/2012	\$1,734,005	99 %
			CFDA Total:	<u>\$3,625,337</u>	
0240 4400	81.119	State Energy Program Special Projects			
		CC02-002	04/09/2008 - 12/31/2008	\$12,350	0 %
		DE-FG26-07NT43335	10/01/2007 - 09/30/2009	\$328,183	100 %
			CFDA Total:	<u>\$340,533</u>	
<b>DEPARTMENT OF ENERGY TOTAL:</b>				<b><u>\$4,277,958</u></b>	

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
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**DEPARTMENT OF EDUCATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
5600	84.002	Adult Education - Basic Grants To States			
		V002A050029	07/01/2008 - 09/30/2009	\$1,085,232	80 %
		V002A060029	07/01/2007 - 09/30/2008	\$514,478	92 %
		V002A070029	07/01/2006 - 09/30/2007	\$35,216	10 %
			CFDA Total:	<u>\$1,634,926</u>	
5800	84.007	<b>Federal Supplemental Educational Opportunity Grants (Note 8)</b>			
		P007A052518	07/01/2005 - 06/30/2006	\$31,220	0 %
		P007A072518	07/01/2007 - 06/30/2008	\$880	0 %
		P007A082513	07/01/2008 - 06/30/2009	\$59,307	0 %
		P007A082514	07/01/2008 - 06/30/2009	\$22,825	0 %
		P007A082515	07/01/2008 - 06/30/2009	\$16,659	0 %
		P007A082516	07/01/2008 - 06/30/2009	\$22,774	0 %
		P007A082517	07/01/2008 - 06/30/2009	\$31,950	0 %
		P007A082519	07/01/2008 - 06/30/2009	\$20,545	0 %
			CFDA Total:	<u>\$206,160</u>	
5600	84.010	Title I Grants To Local Educational Agencies			
		S010A050029	07/01/2008 - 09/30/2009	\$21,038,447	99 %
		S010A060029	07/01/2007 - 09/30/2008	\$13,407,703	97 %
		S010A070029	07/01/2006 - 09/30/2007	\$1,690,692	98 %
			CFDA Total:	<u>\$36,136,842</u>	
5600	84.011	Migrant Education - State Grant Program			
		S011A060029	07/01/2008 - 09/30/2009	\$20,983	0 %
		S011A070029	07/01/2007 - 09/30/2008	\$131,379	1 %
			CFDA Total:	<u>\$152,362</u>	
5600	84.013	Title I Program For Neglected And Delinquent Children			
		S013A050029	07/01/2008 - 09/30/2009	\$54,291	86 %
		S013A060029	07/01/2007 - 09/30/2008	\$151,541	100 %
		S013A070029	07/01/2006 - 09/30/2007	\$278,716	96 %
			CFDA Total:	<u>\$484,548</u>	
5600	84.027	<b>Special Education - Grants To States (Note 8)</b>			
		H027A060103	07/01/2006 - 09/30/2007	\$1,428,086	96 %
		H027A070103	07/01/2007 - 09/30/2008	\$14,822,050	98 %
		H027A080103	07/01/2008 - 09/30/2009	\$183,973	0 %
		H027A080103	07/01/2008 - 09/30/2009	\$27,024,608	97 %
			CFDA Total:	<u>\$43,458,717</u>	
5800	84.031	Higher Education - Institutional Aid			

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**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
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**DEPARTMENT OF EDUCATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		P031A030345	10/01/2003 - 12/31/2008	\$51,618	0 %
			CFDA Total:	<u>\$51,618</u>	
<b>5800</b>	<b>84.032</b>	<b>Federal Family Education Loans (Notes 4,8) Sub,Unsub &amp; Plus</b>	<b>07/01/2008 - 06/30/2009</b>	<b>\$34,474,587</b>	<b>0 %</b>
			CFDA Total:	<u>\$34,474,587</u>	
<b>5800</b>	<b>84.033</b>	<b>Federal Work-Study Program (Note 8)</b>			
		P033A072514	07/01/2007 - 06/30/2008	\$2,334	0 %
		P033A072515	07/01/2007 - 06/30/2008	\$2,752	0 %
		P033A072518	07/01/2007 - 06/30/2008	\$1,005	0 %
		P033A072519	07/01/2007 - 06/30/2008	\$827	0 %
		P033A082513	07/01/2008 - 06/30/2009	\$71,017	0 %
		P033A082514	07/01/2008 - 06/30/2009	\$25,274	0 %
		P033A082515	07/01/2008 - 06/30/2009	\$15,357	0 %
		P033A082516	07/01/2008 - 06/30/2009	\$23,526	0 %
		P033A082517	07/01/2008 - 06/30/2009	\$16,805	0 %
		P033A082518	07/01/2008 - 06/30/2009	\$35,519	0 %
		P033A082519	07/01/2008 - 06/30/2009	\$21,083	0 %
		P033A092518	07/01/2008 - 06/30/2009	\$275	0 %
			CFDA Total:	<u>\$215,774</u>	
<b>5800</b>	<b>84.038</b>	<b>Federal Perkins Loan Program - Federal Capital Contributions (Notes 4,8)</b>			
		orgn 9201	07/01/2008 - 06/30/2009	\$16,446	0 %
		orgn 9202	07/01/2008 - 06/30/2009	\$33,883	0 %
		orgn 9203	07/01/2008 - 06/30/2009	\$63,755	0 %
		orgn 9204	07/01/2008 - 06/30/2009	\$38,537	0 %
		orgn 9205	07/01/2008 - 06/30/2009	\$24,462	0 %
		orgn 9206	07/01/2008 - 06/30/2009	\$19,117	0 %
		orgn 9207	07/01/2008 - 06/30/2009	\$42,796	0 %
			CFDA Total:	<u>\$238,996</u>	
5800	84.042	TRIO - Student Support Services P042A050349	09/01/2005 - 08/31/2010	\$247,212	0 %
			CFDA Total:	<u>\$247,212</u>	
4600 5600	84.048	Career And Technical Education - Basic Grants To States			
		V048A060029	07/01/2006 - 09/30/2007	\$32,027	100 %
		V048A070029	07/01/2007 - 09/30/2008	\$2,116,511	83 %
		V048A080029	07/01/2008 - 09/30/2009	\$3,426,097	88 %
		V243A080029	12/15/2007 - 11/30/2008	\$13,691	0 %

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**DEPARTMENT OF EDUCATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
			CFDA Total:	<u>\$5,588,326</u>	
5600	84.051	Career And Technical Education - National Programs V051C080016	10/01/2008 - 09/30/2010	\$67,800	100 %
			CFDA Total:	<u>\$67,800</u>	
<b>5800</b>	<b>84.063</b>	<b>Federal Pell Grant Program (Note 8)</b>			
		P063P065848	07/01/2006 - 06/30/2007	\$(1,325)	0 %
		P063P071796	07/01/2007 - 06/30/2008	\$140	0 %
		P063P073167	07/01/2007 - 06/30/2008	\$(810)	0 %
		P063P075850	07/01/2007 - 06/30/2008	\$(446)	0 %
		P063P081795	07/01/2008 - 06/30/2009	\$2,070,348	0 %
		P063P081796	07/01/2008 - 06/30/2009	\$1,300,426	0 %
		P063P082631	07/01/2008 - 06/30/2009	\$1,045,683	0 %
		P063P083167	07/01/2008 - 06/30/2009	\$902,979	0 %
		P063P085845	07/01/2008 - 06/30/2009	\$788,343	0 %
		P063P085848	07/01/2008 - 06/30/2009	\$834,310	0 %
		P063P085850	07/01/2008 - 06/30/2009	\$732,696	0 %
		P063Q063167	07/01/2006 - 06/30/2007	\$5	0 %
		P063Q071795	07/01/2007 - 06/30/2008	\$1,785	0 %
		P063Q071796	07/01/2007 - 06/30/2008	\$1,399	0 %
		P063Q072631	07/01/2007 - 06/30/2008	\$769	0 %
		P063Q073167	07/01/2007 - 06/30/2008	\$875	0 %
		P063Q075845	07/01/2007 - 06/30/2008	\$708	0 %
		P063Q075848	07/01/2007 - 06/30/2008	\$810	0 %
		P063Q075850	07/01/2007 - 06/30/2008	\$782	0 %
		P063Q081795	07/01/2008 - 06/30/2009	\$2,251	0 %
		P063Q081796	07/01/2008 - 06/30/2009	\$1,356	0 %
		P063Q082631	07/01/2008 - 06/30/2009	\$1,104	0 %
		P063Q083167	07/01/2008 - 06/30/2009	\$985	0 %
		P063Q085845	07/01/2008 - 06/30/2009	\$844	0 %
		P063Q085848	07/01/2007 - 06/30/2009	\$1,007	0 %
		P063Q085850	07/01/2008 - 06/30/2009	\$774	0 %
			CFDA Total:	<u>\$7,687,798</u>	
5700	84.069	Leveraging Educational Assistance Partnership N069A080030	07/01/2008 - 06/30/2009	\$104,810	0 %
		N069B080025	07/01/2007 - 06/30/2008	\$134,819	0 %
			CFDA Total:	<u>\$239,629</u>	
5800	84.116	Fund For The Improvement Of Postsecondary Education			

(Continued)

The accompanying notes are an integral part of this schedule.

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**DEPARTMENT OF EDUCATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		P116B060322	10/01/2006 - 09/30/2009	\$39,929	0 %
		P116Z080135	05/01/2008 - 04/30/2009	\$242,685	0 %
		P116Z080247	06/30/2008 - 06/28/2010	\$115,985	0 %
			CFDA Total:	<u>\$398,599</u>	
<b>5600</b>	<b>84.126</b>	<b>Rehabilitation Services - Vocational Rehabilitation Grants To States</b>			
		<b>H126A080042</b>	<b>10/01/2007 - 09/30/2009</b>	<b>\$5,124,267</b>	<b>0 %</b>
		<b>H126A090042</b>	<b>10/01/2008 - 09/30/2010</b>	<b>\$5,061,737</b>	<b>0 %</b>
			CFDA Total:	<u>\$10,186,004</u>	
5600	84.144	Migrant Education - Coordination Program			
		S144F070029	07/01/2007 - 09/30/2008	\$15,964	0 %
		S144F070029	07/01/2007 - 09/30/2008	\$31,904	27 %
		S144F070029	07/01/2007 - 09/30/2008	\$1,468	100 %
			CFDA Total:	<u>\$49,336</u>	
0205	84.161	Rehabilitation Services - Client Assistance Program			
		H161A080030	10/01/2007 - 09/30/2009	\$20,145	0 %
		H161A090030	10/01/2008 - 09/30/2010	\$70,070	0 %
			CFDA Total:	<u>\$90,215</u>	
5600	84.169	Independent Living - State Grants			
		H169A080043	10/01/2007 - 09/30/2009	\$193,352	0 %
		H169A090043	10/01/2008 - 09/30/2010	\$184,332	0 %
			CFDA Total:	<u>\$377,684</u>	
<b>5600</b>	<b>84.173</b>	<b>Special Education - Preschool Grants (Note 8)</b>			
		<b>H173A060109</b>	<b>07/01/2006 - 09/30/2007</b>	<b>\$257,076</b>	<b>100 %</b>
		<b>H173A070109</b>	<b>07/01/2007 - 09/30/2008</b>	<b>\$757,284</b>	<b>100 %</b>
		<b>H173A080109</b>	<b>07/01/2008 - 09/30/2009</b>	<b>\$701,873</b>	<b>89 %</b>
			CFDA Total:	<u>\$1,716,233</u>	
5600	84.177	Rehabilitation Services - Independent Living Services For Older Individuals Who Are Blind			
		H177B080029A	10/01/2007 - 09/30/2009	\$57,563	0 %
		H177B090029A	10/01/2008 - 09/30/2010	\$168,930	0 %
			CFDA Total:	<u>\$226,493</u>	
9500	84.181	Special Education Grants For Infants And Families			
		H181A070127	07/01/2007 - 09/30/2008	\$115,303	1 %
		H181A080127	07/01/2008 - 09/30/2009	\$1,878,522	1 %

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
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**DEPARTMENT OF EDUCATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
				CFDA Total:	<u>\$1,993,825</u>
5600	84.185	Byrd Honors Scholarships P185A080031	07/01/2008 - 06/30/2009	\$165,000	100 %
				CFDA Total:	<u>\$165,000</u>
5600 9500	84.186	Safe And Drug-Free Schools And Communities - State Grants Q186A060030	07/01/2006 - 09/30/2007	\$11,393	0 %
		Q186A060030	07/01/2006 - 09/30/2007	\$551,308	98 %
		Q186A070030	07/01/2007 - 09/30/2008	\$376,724	86 %
		Q186A080030	07/01/2008 - 09/30/2009	\$242,714	86 %
		Q186A080030	07/01/2008 - 09/30/2009	\$185,665	100 %
		Q186B070031	07/01/2007 - 09/30/2008	\$195,318	0 %
		Q186B080031	07/01/2008 - 09/30/2009	\$59,819	0 %
				CFDA Total:	<u>\$1,622,941</u>
5600	84.187	Supported Employment Services For Individuals With Significant Disabilities H187A080043	10/01/2007 - 09/30/2009	\$150,675	0 %
		H187A090043	10/01/2008 - 09/30/2010	\$72,254	0 %
				CFDA Total:	<u>\$222,929</u>
5600	84.196	Education For Homeless Children And Youth S196A060030	07/01/2006 - 09/30/2007	\$49,799	91 %
		S196A070030	07/01/2007 - 09/30/2008	\$37,544	0 %
		S196A070030	07/01/2007 - 09/30/2008	\$76,454	91 %
		S196A080030	07/01/2008 - 09/30/2009	\$9,256	0 %
		S196A080030	07/01/2008 - 09/30/2009	\$40,075	83 %
				CFDA Total:	<u>\$213,128</u>
5600	84.213	Even Start - State Educational Agencies S213C060030	07/01/2006 - 09/30/2007	\$27,867	100 %
		S213C070030	07/01/2007 - 09/30/2008	\$1,732	0 %
		S213C070030	07/01/2007 - 09/30/2008	\$142,867	98 %
		S231C080030	07/01/2008 - 09/30/2009	\$222,885	100 %
				CFDA Total:	<u>\$395,351</u>
5600	84.243	Tech-Prep Education V243A060029	07/01/2006 - 09/30/2007	\$15,554	100 %
		V243A070029	07/01/2007 - 09/30/2008	\$193,083	92 %
		V243A080029	07/01/2008 - 09/30/2009	\$199,630	99 %

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The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
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**DEPARTMENT OF EDUCATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
				CFDA Total:	<u>\$408,267</u>
5600	84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training			
		H265A050108-07	10/01/2007 - 09/30/2008	\$8,735	0 %
		H265A050108-08	10/01/2008 - 09/30/2009	\$11,360	0 %
				CFDA Total:	<u>\$20,095</u>
5600	84.287	Twenty-First Century Community Learning Centers			
		S287C060029	07/01/2006 - 09/30/2007	\$106,649	96 %
		S287C070029	07/01/2007 - 09/30/2008	\$6,102	0 %
		S287C070029	07/01/2007 - 09/30/2008	\$1,988,661	99 %
		S287C080029	07/01/2008 - 09/30/2009	\$12,246	0 %
		S287C080029	07/01/2008 - 09/30/2009	\$2,649,225	94 %
				CFDA Total:	<u>\$4,762,883</u>
5600	84.298	State Grants For Innovative Programs			
		S298A060029	07/01/2006 - 09/30/2007	\$236,467	97 %
		S298A070029	07/01/2007 - 09/30/2008	\$212,251	92 %
				CFDA Total:	<u>\$448,718</u>
5600	84.318	Education Technology State Grants			
		S318X060029	07/01/2006 - 09/30/2007	\$345,134	100 %
		S318X070029	07/01/2007 - 09/30/2008	\$671,985	99 %
		S318X080029	07/01/2008 - 09/30/2009	\$700,547	91 %
				CFDA Total:	<u>\$1,717,666</u>
5600	84.323	Special Education - State Personnel Development			
		H323A040018-05	09/01/2005 - 08/31/2006	\$4,680	0 %
		H323A040018-06	09/01/2006 - 08/31/2007	\$563,266	42 %
		H323A070028	09/01/2007 - 08/31/2008	\$122,032	100 %
		H323A070028-07	09/01/2007 - 08/31/2008	\$439,104	45 %
		H323A070028-08	09/01/2008 - 08/31/2009	\$45,193	0 %
				CFDA Total:	<u>\$1,174,275</u>
5600	84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)			
		S330B060033	05/15/2006 - 01/31/2007	\$16,898	100 %
		S330B080033	03/14/2008 - 03/14/2009	\$706	100 %
				CFDA Total:	<u>\$17,604</u>
5600	84.357	Reading First State Grants			

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The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF EDUCATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		S357A060030	07/01/2006 - 09/30/2007	\$470,695	99 %
		S357A070030	07/01/2007 - 09/30/2008	\$16,251	0 %
		S357A070030	07/01/2007 - 09/30/2008	\$1,496,573	81 %
		S357A080030	07/01/2008 - 09/30/2009	\$30,203	0 %
		S357A080030	07/01/2008 - 09/30/2009	\$238,367	87 %
			CFDA Total:	<u>\$2,252,089</u>	
5600	84.358	Rural Education			
		S358B060029	07/01/2006 - 09/30/2007	\$24	0 %
		S358B060029	07/01/2006 - 09/30/2007	\$155,337	91 %
		S358B070029	07/01/2007 - 09/30/2008	\$961	0 %
		S358B070029	07/01/2007 - 09/30/2008	\$368,481	100 %
		S358B080029	07/01/2008 - 09/30/2009	\$38,287	0 %
		S358B080029	07/01/2008 - 09/30/2009	\$175,114	100 %
			CFDA Total:	<u>\$738,204</u>	
5600	84.360	School Dropout Prevention Programs			
		V360A050017	10/01/2005 - 09/30/2008	\$381,516	51 %
			CFDA Total:	<u>\$381,516</u>	
5600	84.365	English Language Acquisition Grants			
		T365A060029	07/01/2006 - 09/30/2007	\$44,350	100 %
		T365A070029	07/01/2007 - 09/30/2008	\$511,270	89 %
		T365A080029	07/01/2008 - 09/30/2009	\$227,774	67 %
			CFDA Total:	<u>\$783,394</u>	
5600	84.366	Mathematics And Science Partnerships			
		S366B060030	07/01/2006 - 09/30/2007	\$476,050	85 %
		S366B070030	07/01/2007 - 09/30/2008	\$655,427	95 %
		S366B080030	07/01/2008 - 09/30/2009	\$121,053	78 %
			CFDA Total:	<u>\$1,252,530</u>	
5600	84.367	Improving Teacher Quality State Grants			
		S367A060026	07/01/2006 - 09/30/2007	\$2,854	100 %
		S367A060028	07/01/2006 - 09/30/2007	\$3,242,676	99 %
		S367A070026	07/01/2007 - 09/30/2008	\$25,804	100 %
		S367A070028	07/01/2007 - 09/30/2008	\$12,674	0 %
		S367A070028	07/01/2007 - 09/30/2008	\$4,428,612	94 %
		S367A080026	07/01/2008 - 09/30/2009	\$6,814,474	99 %
		S367A080026	07/01/2008 - 09/30/2009	\$341,379	100 %
		S367A080028	07/01/2008 - 09/30/2009	\$68,531	0 %

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The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF EDUCATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
				<b>CFDA Total:</b>	<b><u>\$14,937,004</u></b>
5600	84.368	Grants For Enhanced Assessment Instruments S368A080002	10/01/2008 - 05/31/2010	\$319,830	100 %
				CFDA Total:	<u>\$319,830</u>
5600	84.369	Grants For State Assessments And Related Activities S369A060030	07/01/2006 - 09/30/2007	\$3,657,149	0 %
		S369A070030	07/01/2007 - 09/30/2008	\$543,369	0 %
		S369A080030	07/01/2008 - 09/30/2009	\$26,640	0 %
				CFDA Total:	<u>\$4,227,158</u>
5600	84.372	Statewide Data Systems R372A070019	08/01/2007 - 07/31/2008	\$764,346	34 %
		R372A080019	08/01/2008 - 07/31/2010	\$20,571	100 %
				CFDA Total:	<u>\$784,917</u>
5800	84.375	<b>Academic Competitiveness Grants (Note 8)</b> P375A081795	07/01/2008 - 06/30/2009	\$49,825	0 %
		P375A081796	07/01/2008 - 06/30/2009	\$7,175	0 %
		P375A082631	07/01/2008 - 06/30/2009	\$7,950	0 %
		P375A083167	07/01/2008 - 06/30/2009	\$9,250	0 %
		P375A085845	07/01/2008 - 06/30/2009	\$11,750	0 %
		P375A085848	07/01/2008 - 06/30/2009	\$11,600	0 %
		P375A085850	07/01/2008 - 06/30/2009	\$6,425	0 %
				CFDA Total:	<u>\$103,975</u>
5600	84.377	School Improvement Grants S377A070030	07/01/2007 - 09/30/2008	\$16,119	0 %
		S377A070030	07/01/2007 - 09/30/2008	\$13,614	100 %
		S377A080031	07/01/2008 - 09/30/2009	\$21,590	0 %
				CFDA Total:	<u>\$51,323</u>
5700	84.378	College Access Challenge Grant Program P378A080050	08/14/2008 - 08/13/2009	\$100,407	44 %
				CFDA Total:	<u>\$100,407</u>
0299	84.397	<b>State Fiscal Stabilization Fund (SFSF) Government Services, Recovery Act</b> ARRA S397A090030	06/10/2009 - 09/30/2010	\$34,043,276	0 %
				CFDA Total:	<u>\$34,043,276</u>

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**State Of New Hampshire  
 Schedule Of Expenditures Of Federal Awards  
 For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF EDUCATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
5600	84.999	No Program Title			
		ED-03-CO-0067	12/23/2008 - 12/31/2009	\$13,900	0 %
		ED-03-CO-0067	01/01/2009 - 12/31/2009	\$107,592	0 %
			CFDA Total:	\$121,492	
<b>DEPARTMENT OF EDUCATION TOTAL:</b>				<b>\$217,189,656</b>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
 Schedule Of Expenditures Of Federal Awards  
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**ELECTION ASSISTANCE COMMISSION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
3200	90.401	Help America Vote Act Requirements Payments (Note 6) Title II, 251	07/01/2008 - 06/30/2009	\$890,775	0 %
			CFDA Total:	<u>\$890,775</u>	
<b>ELECTION ASSISTANCE COMMISSION TOTAL:</b>				<b><u><u>\$890,775</u></u></b>	

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**State Of New Hampshire  
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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
9500	93.000	Interim Assistance none none	10/01/2007 - 09/30/2008 10/01/2008 - 09/30/2009	\$266 \$800	0 % 0 %
			CFDA Total:	\$1,066	
9500	93.006	State And Territorial And Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program STTMP051012 STTMP051012	09/01/2007 - 08/31/2008 09/01/2008 - 08/31/2009	\$13,956 \$101,039	0 % 0 %
			CFDA Total:	\$114,995	
9500	93.041	Special Programs For The Aging - Title VII, Chapter 3, Programs For Prevention Of Elder Abuse, Neglect, And Exploitation 08-AA-NH-T7SP 09-AA-NH-T7SP	10/01/2007 - 09/30/2008 10/01/2008 - 09/30/2009	\$192 \$6,839	0 % 0 %
			CFDA Total:	\$7,031	
9500	93.042	Special Programs For The Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services For Older Individuals 09-AA-NH-T7SP	10/01/2008 - 09/30/2009	\$84,045	0 %
			CFDA Total:	\$84,045	
9500	93.043	Special Programs For The Aging - Title III, Part D - Disease Prevention And Health Promotion Services 01-08-AA-NH-TS3P 01-09-AA-NH-TS3P	10/01/2007 - 09/30/2008 10/01/2008 - 09/30/2009	\$40,444 \$75,445	0 % 0 %
			CFDA Total:	\$115,889	
9500	93.044	Special Programs For The Aging - Title III, Part B - Grants For Supportive Services And Senior Centers (Note 8) 01-08-AA-NH-T3SP 01-09-AA-NH-T3SP	10/01/2007 - 09/30/2008 10/01/2008 - 09/30/2009	\$128,243 \$1,562,842	0 % 0 %
			CFDA Total:	\$1,691,085	
9500	93.045	Special Programs For The Aging - Title III, Part C - Nutrition Services (Note 8) 01-07-AA-NH-T3SP 01-08-AA-NH-T3SP 01-09-AA-NH-T3SP	10/01/2006 - 09/30/2007 10/01/2007 - 09/30/2008 10/01/2008 - 09/30/2009	\$268,962 \$733,491 \$2,060,331	0 % 0 % 0 %
			CFDA Total:	\$3,062,784	
9500	93.048	Special Programs For The Aging - Title IV - And Title II - Discretionary Projects 90AM3067/02	06/01/2007 - 05/31/2008	\$20,229	0 %

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The accompanying notes are an integral part of this schedule.

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		90AM3067/03	06/01/2008 - 05/31/2009	\$142,952	0 %
		90AM3165/01	09/30/2007 - 09/30/2009	\$290,842	0 %
		90AM3168/01	09/30/2007 - 09/29/2008	\$79,943	0 %
		90AM3168/02	06/01/2008 - 05/31/2009	\$63,930	0 %
			CFDA Total:	<u>\$597,896</u>	
9500	93.052	National Family Caregiver Support, Title III, Part E			
		07-AA-NH-T3SP	10/01/2006 - 09/30/2007	\$201,361	0 %
		08-AA-NH-T3SP	10/01/2007 - 09/30/2008	\$528,589	0 %
			CFDA Total:	<u>\$729,950</u>	
9500	93.053	Nutrition Services Incentive Program (Note 8)			
		08 AA-NH-NSIP	10/01/2007 - 09/30/2008	\$429,755	1 %
		09-AA-NH-NSIP	10/01/2008 - 09/30/2009	\$555,246	1 %
			CFDA Total:	<u>\$985,001</u>	
9500	93.069	Public Health Emergency Preparedness			
		CCU117011	08/31/2007 - 08/09/2008	\$664,435	0 %
		TP000266	09/30/2008 - 09/29/2009	\$32,978	0 %
		TP117011BIOT	08/31/2007 - 08/09/2008	\$748,851	0 %
		TP117011BIOT	08/10/2008 - 08/09/2009	\$4,374,522	0 %
			CFDA Total:	<u>\$5,820,786</u>	
4600	93.086	Healthy Marriage Promotion And Responsible Fatherhood Grants			
		90-FR-0077/01	09/30/2006 - 09/29/2011	\$67,286	0 %
			CFDA Total:	<u>\$67,286</u>	
9500	93.110	Maternal And Child Health Federal Consolidated Programs			
		H18MC00033	12/01/2007 - 11/30/2008	\$41,871	0 %
		H18MC00033	12/01/2008 - 11/30/2009	\$51,759	0 %
		H25MC00249	09/01/2007 - 05/31/2009	\$126,886	0 %
			CFDA Total:	<u>\$220,516</u>	
9500	93.116	Project Grants And Cooperative Agreements For Tuberculosis Control Program			
		CCU107868	01/01/2008 - 12/31/2008	\$179,764	0 %
		CCU107868	01/01/2009 - 12/31/2008	\$106,304	0 %
			CFDA Total:	<u>\$286,068</u>	
9500	93.130	Cooperative Agreements To States/Territories For The Coordination, And Development Of Primary Care Offices			
		U68CS00200	04/01/2008 - 03/31/2009	\$130,507	0 %

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		U68CS00200	04/01/2009 - 03/31/2010	\$10,076	0 %
			CFDA Total:	<u>\$140,583</u>	
9500	93.136	Injury Prevention And Control Research And State And Community Based Program			
		CCV119899	11/01/2005 - 10/31/2008	\$26,756	0 %
		VCE001133	11/01/2007 - 10/31/2008	\$95,084	0 %
		VCE001133	11/01/2008 - 10/31/2009	\$77,377	0 %
			CFDA Total:	<u>\$199,217</u>	
9500	93.150	Projects For Assistance In Transition From Homelessness (PATH)			
		2X06SM060030-08	07/01/2008 - 06/30/2009	\$295,819	1 %
			CFDA Total:	<u>\$295,819</u>	
9500	93.197	Childhood Lead Poisoning Prevention Projects - State And Local Childhood Lead Poisoning Prevention And Surveillance Of Blood Lead Levels In Children			
		211-2007-M-21692	07/11/2007 - 10/31/2008	\$10,243	0 %
		211-2008-M-25576	05/22/2008 - 10/31/2009	\$10,243	0 %
		HEH000136	07/01/2007 - 06/30/2008	\$7,349	0 %
		HEH000136	07/01/2008 - 06/30/2009	\$366,278	0 %
			CFDA Total:	<u>\$394,113</u>	
9500	93.217	Family Planning - Services			
		01H000036	12/31/2007 - 12/31/2008	\$210,620	0 %
		01H000036	12/31/2008 - 12/30/2009	\$889,309	0 %
			CFDA Total:	<u>\$1,099,929</u>	
9500	93.234	Traumatic Brain Injury - State Demonstration Grant Program			
		H21 MC 06762	04/01/2006 - 03/31/2009	\$99,075	1 %
			CFDA Total:	<u>\$99,075</u>	
9500	93.235	Abstinence Education Program			
		01NHAEGP	10/01/2007 - 06/30/2009	\$51,847	0 %
		01NHAEGP	10/01/2008 - 09/30/2009	\$1,332	0 %
			CFDA Total:	<u>\$53,179</u>	
4400	93.240	State Capacity Building			
		U61/ATU17520904	04/01/2008 - 03/31/2009	\$229,629	0 %
		U61/ATU17520905	04/01/2009 - 03/31/2010	\$82,801	0 %
			CFDA Total:	<u>\$312,430</u>	
9500	93.241	State Rural Hospital Flexibility Program			

(Continued)

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		H54RH00022	09/01/2007 - 08/31/2008	\$186,190	0 %
		H54RH00022	09/01/2008 - 08/31/2009	\$208,228	0 %
			CFDA Total:	\$394,418	
9500	93.242	Mental Health Research Grants 5R34 MH074786	09/30/2005 - 08/31/2009	\$95,346	1 %
			CFDA Total:	\$95,346	
9500	93.243	Substance Abuse And Mental Health Services - Projects Of Regional And National Significance			
		HR1 SM56638	09/30/2004 - 09/29/2008	\$55,474	1 %
		HR1SM058105	09/30/2007 - 09/29/2010	\$37,792	1 %
		U79SP11217	09/30/2007 - 09/29/2008	\$1,122,008	0 %
		U79SP11217	09/30/2008 - 09/29/2009	\$1,243,841	0 %
			CFDA Total:	\$2,459,115	
9500	93.251	Universal Newborn Hearing Screening			
		H61MC00034	04/01/2007 - 03/31/2008	\$23,207	0 %
		H61MC00034	04/01/2008 - 03/31/2009	\$100,710	0 %
		H61MC00034	04/01/2009 - 03/31/2010	\$27,051	0 %
			CFDA Total:	\$150,968	
9500	93.268	<b>Immunization Grants (Note 3)</b>			
		CCH122555	01/01/2008 - 12/31/2008	\$682,437	0 %
		CCH122555	01/01/2009 - 12/31/2008	\$744,028	0 %
		CCH122555	07/01/2008 - 06/30/2009	\$8,207,693	0 %
	ARRA	CCH122555	07/01/2008 - 06/30/2009	\$2,637	0 %
			CFDA Total:	\$9,636,795	
9500	93.283	<b>Centers For Disease Control And Prevention - Investigations And Technical Assistance</b>			
		CCU121912	06/30/2006 - 06/30/2008	\$104,432	0 %
		CCU122787	06/30/2007 - 03/29/2009	\$1,137,796	0 %
		CCU124193	09/01/2007 - 08/31/2008	\$71,702	0 %
		CCU124193	09/01/2008 - 08/31/2009	\$236,758	0 %
		CCU124788	07/01/2007 - 06/30/2008	\$14,266	0 %
		CI000498	01/01/2008 - 12/31/2008	\$334,170	0 %
		CI000498	01/01/2009 - 12/31/2008	\$349,639	0 %
		DP000798	06/30/2007 - 06/29/2008	\$185,027	0 %
		DP000798	06/30/2008 - 06/29/2009	\$1,956,478	0 %
		DP001471	06/30/2008 - 06/29/2009	\$28,239	0 %
		DP001979	03/29/2009 - 03/28/2010	\$498,241	0 %
		EH000174	08/02/2006 - 08/01/2007	\$45,027	0 %
		EH000174	08/02/2007 - 08/01/2008	\$92,918	0 %

(Continued)

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STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		<b>EH 000174</b>	<b>08/02/2008 - 08/01/2009</b>	<b>\$710,129</b>	<b>0 %</b>
		<b>UDD000426</b>	<b>07/01/2008 - 06/30/2009</b>	<b>\$132,788</b>	<b>0 %</b>
		<b>UEH000116A</b>	<b>07/01/2007 - 06/30/2009</b>	<b>\$49,872</b>	<b>0 %</b>
		<b>UPS000887A</b>	<b>11/01/2007 - 10/31/2008</b>	<b>\$30,481</b>	<b>0 %</b>
		<b>UPS000887A</b>	<b>11/01/2008 - 10/31/2009</b>	<b>\$65,633</b>	<b>0 %</b>
			<b>CFDA Total:</b>	<b>\$6,043,596</b>	
9500	93.301	Small Rural Hospital Improvement Grant Program			
		H3HRH00028	09/01/2007 - 08/31/2008	\$96,664	0 %
		H3HRH00028	09/01/2008 - 08/31/2009	\$17,903	0 %
			CFDA Total:	\$114,567	
9500	93.448	Food Safety And Security Monitoring Project			
		FD003164	07/01/2007 - 06/30/2009	\$297,562	0 %
			CFDA Total:	\$297,562	
9500	93.556	Promoting Safe And Stable Families			
		0701NH00FP	10/01/2006 - 09/30/2008	\$8,121	0 %
		0701NH00FP	10/01/2006 - 09/30/2008	\$229,823	0 %
		0801NH00FP	10/01/2007 - 09/30/2009	\$24,363	0 %
		0801NH00FP	10/01/2007 - 09/30/2009	\$689,469	0 %
			CFDA Total:	\$951,776	
9500	93.558	Temporary Assistance For Needy Families (TANF)			
		01NHTANF	10/01/2008 - 09/30/2009	\$742,495	0 %
		0501NHTANF	10/01/2004 - 09/30/2005	\$11,267,782	0 %
		0601NHTANF	10/01/2005 - 09/30/2006	\$11,213,118	0 %
		0701NHTANF	10/01/2006 - 09/30/2007	\$2,563,022	0 %
		0701NHTANF	10/01/2006 - 09/30/2008	\$2,201,944	0 %
		0801NHTANF	10/01/2007 - 09/30/2008	\$8,645,900	0 %
		0801NHTANF	10/01/2007 - 09/30/2009	\$6,605,832	0 %
		0901NHTANF	10/01/2008 - 09/30/2009	\$2,753,378	0 %
		none	10/01/2007 - 09/30/2008	\$(1,160)	0 %
		none	10/01/2008 - 09/30/2009	\$(2,927)	0 %
			CFDA Total:	\$45,989,384	
2700 9500	93.563	Child Support Enforcement			
		0704NH4004	10/01/2006 - 09/30/2008	\$16	0 %
		0804NH4004	10/01/2007 - 09/30/2008	\$2,384,500	0 %
		0804NH4004	10/01/2007 - 09/30/2009	\$46	0 %

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STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		<b>0904NH4004</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$7,122,500</b>	<b>0 %</b>
	<b>ARRA</b>	<b>IV-D ARRA</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$203,584</b>	<b>0 %</b>
		<b>NONE</b>	<b>07/01/2008 - 06/30/2009</b>	<b>\$3,858</b>	<b>0 %</b>
			<b>CFDA Total:</b>	<b>\$9,714,504</b>	
0240	93.566	Refugee And Entrant Assistance - State Administered Program			
		G-06AANH1100	10/01/2005 - 09/30/2007	\$261,328	100 %
		G-07AANH1100	10/01/2006 - 09/30/2007	\$163,639	100 %
		G-07AANH1110	10/01/2006 - 09/30/2007	\$991	0 %
		G-08AANH1100	10/01/2007 - 09/30/2009	\$132,049	69 %
		G-08AANH1110	10/01/2007 - 09/30/2008	\$121,270	100 %
		G-09AANH1100	10/01/2008 - 09/30/2010	\$454,291	74 %
		G-09AANH1110	10/01/2008 - 09/30/2009	\$130,375	100 %
			CFDA Total:	\$1,263,943	
0240	93.568	Low-Income Home Energy Assistance			
		G-07B1NHLIEA	10/01/2006 - 09/30/2008	\$80,174	100 %
		G-08B1NHLIEA	10/01/2007 - 09/30/2009	\$5,333,511	99 %
		G-09B1NHLIEA	10/01/2008 - 09/30/2010	\$37,206,404	100 %
			CFDA Total:	\$42,620,089	
9500	93.569	Community Services Block Grant			
		08B1NHCOSR	10/01/2007 - 09/30/2009	\$1,675,029	0 %
		09B1NHCOSR	10/01/2008 - 09/30/2010	\$1,648,389	0 %
			CFDA Total:	\$3,323,418	
0240	93.576	Refugee And Entrant Assistance - Discretionary Grants			
		90RX0159/02	07/01/2007 - 06/30/2008	\$9,640	100 %
		90RX0159/03	07/01/2008 - 06/30/2009	\$61,177	100 %
		90ZE0090/03	08/15/2007 - 08/14/2008	\$37,639	100 %
		90ZE0090/04	08/15/2008 - 08/14/2009	\$78,694	100 %
			CFDA Total:	\$187,150	
0240	93.584	Refugee And Entrant Assistance-Targeted Assistance			
		0801NHRRTA	10/01/2008 - 09/30/2009	\$37,047	100 %
			CFDA Total:	\$37,047	
1000	93.586	State Court Improvement Program			
		2006G991512	10/01/2006 - 09/30/2008	\$105,957	0 %
		2006G991513	10/01/2006 - 09/30/2008	\$18,831	0 %
		2006G996437	10/01/2006 - 09/30/2008	\$26,940	0 %

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		2007G991512	10/01/2007 - 09/30/2009	\$4,971	0 %
		2007G991513	10/01/2007 - 09/30/2009	\$86,704	0 %
		2007G996437	10/01/2007 - 09/30/2009	\$83,013	0 %
		2008G991512	10/01/2008 - 09/30/2010	\$18,502	0 %
		2008G991513	10/01/2008 - 09/30/2010	\$32,850	0 %
		2008G996437	10/01/2008 - 09/30/2010	\$18,240	0 %
		2009G991513	10/01/2009 - 09/30/2011	\$158	0 %
		2009G996437	10/01/2009 - 09/30/2011	\$17,097	0 %
			CFDA Total:	<u>\$413,263</u>	
<b>9500</b>	<b>93.596</b>	<b>Child Care Mandatory And Matching Funds Of The Child Care And Development Fund</b>			
		<b>0701NHCCDF</b>	<b>10/01/2006 - 09/30/2008</b>	<b>\$6,344,952</b>	<b>0 %</b>
		<b>0801NHCCDF</b>	<b>10/01/2007 - 09/30/2008</b>	<b>\$238,858</b>	<b>0 %</b>
		<b>0801NHCCDF</b>	<b>10/01/2007 - 09/30/2009</b>	<b>\$19,034,856</b>	<b>0 %</b>
		<b>0901NHCCDF</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$716,574</b>	<b>0 %</b>
			<b>CFDA Total:</b>	<u><b>\$26,335,240</b></u>	
9500	93.597	Grants To States For Access And Visitation Programs			
		0701NHSAVP	10/01/2006 - 09/30/2008	\$43,049	0 %
		0801NHSAVP	10/01/2007 - 09/30/2009	\$129,148	0 %
			CFDA Total:	<u>\$172,197</u>	
9500	93.599	Chafee Education And Training Vouchers Program (ETV)			
		0701NHCETV	10/01/2006 - 09/30/2008	\$21,257	0 %
		0801NHCETV	10/01/2007 - 09/30/2009	\$63,770	0 %
			CFDA Total:	<u>\$85,027</u>	
9500	93.600	Head Start			
		01CD000018/02	07/01/2007 - 06/30/2012	\$119,291	0 %
			CFDA Total:	<u>\$119,291</u>	
9500	93.603	Adoption Incentive Payments			
		0701NHAIPP	10/01/2006 - 09/30/2008	\$28,000	0 %
		0801NHAIPP	10/01/2007 - 09/30/2009	\$2,627	0 %
			CFDA Total:	<u>\$30,627</u>	
3200	93.617	Voting Access For Individuals With Disabilities – Grants To States			
		Gxx03NHVote	07/01/2008 - 06/30/2009	\$87,274	0 %
			CFDA Total:	<u>\$87,274</u>	
9700	93.630	Developmental Disabilities Basic Support And Advocacy Grants			
		G994902	10/01/2008 - 09/30/2009	\$474,013	0 %
			CFDA Total:	<u>\$474,013</u>	

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
2000	93.643	Children's Justice Grants To States			
		G0601NHCJA1	10/01/2005 - 09/30/2008	\$3,637	0 %
		G0701NHCJA1	10/01/2007 - 09/30/2009	\$39,018	0 %
		G0701NHCJA1	10/01/2007 - 09/30/2009	\$57,252	60 %
			CFDA Total:	\$99,907	
9500	93.645	Child Welfare Services - State Grants			
		0701NH1400	10/01/2006 - 09/30/2008	\$288,834	0 %
		0801NH1400	10/01/2007 - 09/30/2009	\$866,503	0 %
		0901NH1400	10/01/2008 - 09/30/2009	\$42,500	0 %
			CFDA Total:	\$1,197,837	
9500	93.658	Foster Care - Title IV-E			
		0701NH1401	10/01/2006 - 09/30/2008	\$2,479,488	0 %
		0801NH1401	10/01/2007 - 09/30/2008	\$1,150,227	0 %
		0801NH1401	10/01/2007 - 09/30/2009	\$7,505,886	0 %
		0901NH1401	10/01/2008 - 09/30/2009	\$3,634,893	0 %
	ARRA	0901NH1402	10/01/2008 - 09/30/2011	\$266,317	0 %
			CFDA Total:	\$15,036,811	
9500	93.659	Adoption Assistance			
		0701NH1407	10/01/2006 - 09/30/2008	\$1,202,254	0 %
		0801NH1407	10/01/2007 - 09/30/2008	\$111,605	0 %
		0801NH1407	10/01/2007 - 09/30/2009	\$3,606,763	0 %
	ARRA	0901NH1403	10/01/2008 - 09/30/2011	\$364,418	0 %
		0901NH1407	10/01/2008 - 09/30/2009	\$317,227	0 %
			CFDA Total:	\$5,602,267	
9500	93.667	Social Services Block Grant			
		0701NHSOSR	10/01/2006 - 09/30/2008	\$972,057	0 %
		0801NHSOSR	10/01/2007 - 09/30/2009	\$2,916,170	0 %
		0801NHSOSR	10/01/2007 - 09/30/2009	\$994,093	1 %
		091NHSOSR	10/01/2008 - 09/30/2009	\$3,350,228	0 %
		G-0801NHSOSR	10/01/2007 - 09/30/2008	\$23,664	0 %
		G-0901NHSOSR	10/01/2008 - 09/30/2009	\$3,855	0 %
			CFDA Total:	\$8,260,067	
9500	93.669	Child Abuse And Neglect State Grants			
		0601NHCA01	10/01/2005 - 09/30/2010	\$37,771	0 %
		0701NHCA01	10/01/2006 - 09/30/2011	\$113,312	0 %
			CFDA Total:	\$151,083	

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STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
9500	93.671	Family Violence Prevention And Services / Grants For Battered Women's Shelters - Grants To States And Indian Tribes			
		0701NHFVPS	10/01/2006 - 09/30/2008	\$229,823	0 %
		0801NHFVPS	10/01/2007 - 09/30/2009	\$689,469	0 %
			CFDA Total:	<u>\$919,292</u>	
9500	93.674	Chafee Foster Care Independent Program			
		0701NH1420	10/01/2006 - 09/30/2008	\$134,858	0 %
		0801NH1420	10/01/2007 - 09/30/2009	\$404,573	0 %
			CFDA Total:	<u>\$539,431</u>	
9500	93.713	ARRA – Child Care And Development Block Grant			
	ARRA	G0901NHCCD7	10/01/2008 - 09/30/2011	\$1,201,200	0 %
			CFDA Total:	<u>\$1,201,200</u>	
9500	93.767	<b>Children's Health Insurance Program</b>			
		0605NH5021	10/01/2005 - 09/30/2008	\$44,409	0 %
		0705NH5021	10/01/2006 - 09/30/2009	\$3,157,178	0 %
		0805NH5021	10/01/2007 - 09/30/2010	\$9,255,462	0 %
			CFDA Total:	<u>\$12,457,049</u>	
9500	93.768	Medicaid Infrastructure Grants To Support The Competitive Employment Of People With Disabilities			
		1QACMS300123	01/01/2007 - 12/31/2010	\$2,011,946	1 %
			CFDA Total:	<u>\$2,011,946</u>	
2000	93.775	<b>State Medicaid Fraud Control Units (Note 8)</b>			
		0901NH5050	10/01/2008 - 09/30/2009	\$589,036	0 %
			CFDA Total:	<u>\$589,036</u>	
9500	93.777	<b>State Survey And Certification Of Health Care Providers And Suppliers (Note 8)</b>			
		0805NH5001	10/01/2007 - 09/30/2008	\$162,971	0 %
		0805NH5002	10/01/2007 - 09/30/2008	\$350,036	0 %
		0905NH5001	10/01/2008 - 09/30/2009	\$488,915	0 %
		0905NH5002	10/01/2008 - 09/30/2009	\$1,050,109	0 %
			CFDA Total:	<u>\$2,052,031</u>	
9500	93.778	<b>Medical Assistance Program (Note 8)</b>			
	ARRA	05-0905NHARRA	10/01/2008 - 06/30/2009	\$21,916,251	0 %
		05NH5048	10/01/2008 - 09/30/2009	\$157,187	0 %
		0605NH5028	10/01/2005 - 09/30/2007	\$4,745,529	0 %
		0705NH5028	10/01/2006 - 09/30/2008	\$14,236,587	0 %

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		<b>0805NH5028</b>	<b>10/01/2007 - 09/30/2008</b>	<b>\$104,333,834</b>	<b>0 %</b>
		<b>0805NH5048</b>	<b>10/01/2007 - 09/30/2008</b>	<b>\$8,935,106</b>	<b>0 %</b>
		<b>0805NH5048</b>	<b>10/01/2007 - 09/30/2008</b>	<b>\$34,867</b>	<b>1 %</b>
	<b>ARRA</b>	<b>0806NH5028ARRA</b>	<b>10/01/2007 - 09/30/2008</b>	<b>\$15,170,964</b>	<b>0 %</b>
		<b>0806NH5048</b>	<b>10/01/2007 - 09/30/2008</b>	<b>\$1,121,983</b>	<b>0 %</b>
		<b>0905NH5028</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$345,251,500</b>	<b>0 %</b>
	<b>ARRA</b>	<b>0905NH5028ARRA</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$18,646,742</b>	<b>0 %</b>
		<b>0905NH5048</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$25,724,751</b>	<b>0 %</b>
		<b>0905NH5048</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$111,388</b>	<b>1 %</b>
	<b>ARRA</b>	<b>0905NHARRA</b>	<b>10/01/2008 - 09/30/2011</b>	<b>\$1,757,911</b>	<b>0 %</b>
		<b>0906NH5048</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$3,365,950</b>	<b>0 %</b>
		<b>none</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$179,183,842</b>	<b>0 %</b>
		<b>none</b>	<b>01/01/2009 - 01/01/2009</b>	<b>\$37,837</b>	<b>0 %</b>
			<b>CFDA Total:</b>	<b>\$744,732,229</b>	
9500	93.779	Centers For Medicare And Medicaid Services (CMS) Research, Demonstrations And Evaluations			
		11-P-20220/1-15	04/01/2007 - 03/31/2008	\$63,313	0 %
		11-P-20220/1-16	04/01/2008 - 03/31/2009	\$235,232	0 %
		11-P-92477-1/01	09/30/2004 - 09/29/2008	\$160,836	0 %
		1LICMS300148/01	01/01/2007 - 09/30/2011	\$17,401	0 %
		1LICMS300148/01	10/01/2007 - 09/30/2011	\$995,809	0 %
		1LQCMS300010/01	09/30/2005 - 09/29/2010	\$420,742	0 %
			CFDA Total:	<b>\$1,893,333</b>	
5800	93.887	Health Care And Other Facilities C76HF06136	09/01/2005 - 08/31/2009	\$392,826	0 %
			CFDA Total:	<b>\$392,826</b>	
9500	93.889	National Bioterrorism Hospital Preparedness Program			
		01NHBTHP	09/01/2007 - 08/08/2009	\$1,057,236	0 %
		01NHBTHP	08/09/2008 - 08/08/2009	\$1,557,630	0 %
		03NHBTHP	09/01/2006 - 08/31/2008	\$247,162	0 %
			CFDA Total:	<b>\$2,862,028</b>	
9500	93.913	Grants To States For Operation Of Offices Of Rural Health			
		H95RH00149	07/01/2007 - 06/30/2008	\$51,403	0 %
		H95RH00149	07/01/2008 - 06/30/2009	\$133,055	0 %
			CFDA Total:	<b>\$184,458</b>	
9500	93.917	HIV Care Formula Grants HAX070003	04/01/2008 - 03/31/2009	\$1,405,285	0 %

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
		HAX070003	04/01/2009 - 03/31/2010	\$298,885	0 %
			CFDA Total:	<u>\$1,704,170</u>	
5600	93.938	Cooperative Agreements To Support Comprehensive School Health Programs To Prevent The Spread Of HIV And Other Important Health Problems			
		1U87DP001217-01	01/01/2008 - 02/28/2009	\$186,264	28 %
		5U87DP001217-01	03/01/2009 - 02/28/2010	\$56,040	0 %
		U87/CCU122611-05	03/01/2007 - 02/28/2008	\$42,200	3 %
			CFDA Total:	<u>\$284,504</u>	
9500	93.940	HIV Prevention Activities - Health Department Based			
		CCU123494	01/01/2008 - 12/31/2008	\$1,432,744	0 %
			CFDA Total:	<u>\$1,432,744</u>	
9500	93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance			
		UPS001029A	01/01/2008 - 12/31/2008	\$74,264	0 %
		UPS001029A	01/01/2009 - 12/31/2008	\$23,702	0 %
			CFDA Total:	<u>\$97,966</u>	
9500	93.958	Block Grants For Community Mental Health Services			
		3B09SM010035-08S3	10/01/2007 - 09/30/2009	\$1,403,945	1 %
		3B09SM010035-09S3	10/01/2008 - 09/30/2010	\$59,741	0 %
		None	10/01/2003 - 09/30/2009	\$38,093	1 %
			CFDA Total:	<u>\$1,501,779</u>	
9500	93.959	<b>Block Grants For Prevention And Treatment Of Substance Abuse</b>			
		<b>B1NHSAPT</b>	<b>10/02/2006 - 09/30/2008</b>	<b>\$168,428</b>	<b>0 %</b>
		<b>B1NHSAPT</b>	<b>10/02/2007 - 09/30/2009</b>	<b>\$5,877,963</b>	<b>0 %</b>
			<b>CFDA Total:</b>	<b><u>\$6,046,391</u></b>	
9500	93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants			
		CCH104314	01/01/2008 - 12/31/2008	\$81,134	0 %
		HPS001345	01/01/2009 - 12/31/2008	\$97,600	0 %
			CFDA Total:	<u>\$178,734</u>	
9500	93.988	Cooperative Agreements For State-Based Diabetes Control Programs And Evaluation Of Surveillance Systems			
		CCU122741	03/30/2007 - 03/29/2009	\$185,824	0 %
			CFDA Total:	<u>\$185,824</u>	

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
9500	93.991	Preventive Health And Health Services Block Grant B1NHPRVS	10/01/2007 - 09/30/2009	\$1,117,600	0 %
			CFDA Total:	<u>\$1,117,600</u>	
9500	93.994	Maternal And Child Health Services Block Grant To The States B1NHMCHS	10/01/2006 - 09/30/2008	\$331,971	0 %
		B1NHMCHS	10/01/2007 - 09/30/2009	\$1,347,621	0 %
		B1NHMCHS	10/01/2008 - 09/30/2010	\$693,566	0 %
			CFDA Total:	<u>\$2,373,158</u>	
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL:</b>				<b><u>\$982,481,054</u></b>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
5600	94.004	Learn And Serve America - School And Community Based Programs			
		06KSANH001	09/30/2006 - 09/29/2009	\$23,845	80 %
		06KSANH001	09/01/2007 - 08/31/2009	\$37,901	89 %
		06KSANH-001	09/30/2008 - 09/29/2010	\$25,616	98 %
			CFDA Total:	\$87,362	
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL:</b>				<b>\$87,362</b>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
 Schedule Of Expenditures Of Federal Awards  
 For The Fiscal Year Ended June 30, 2009**

**SOCIAL SECURITY ADMINISTRATION**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
<b>5600</b>	<b>96.001</b>	<b>Social Security - Disability Insurance</b>			
		<b>010-056-4050</b>	<b>01/01/1995 - 12/01/2009</b>	<b>\$610,519</b>	<b>0 %</b>
		<b>04-0704NHD100</b>	<b>10/01/2006 - 09/30/2007</b>	<b>\$(155)</b>	<b>0 %</b>
		<b>04-0804NHD100</b>	<b>10/01/2007 - 09/30/2008</b>	<b>\$1,725,815</b>	<b>0 %</b>
		<b>04-0904NHD100</b>	<b>10/01/2008 - 09/30/2009</b>	<b>\$3,609,805</b>	<b>0 %</b>
			<b>CFDA Total:</b>	<u><b>\$5,945,984</b></u>	
		<b>SOCIAL SECURITY ADMINISTRATION TOTAL:</b>		<u><u><b>\$5,945,984</b></u></u>	

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF HOMELAND SECURITY**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
2300	97.001	Specials Projects 2008IOT80016	09/01/2008 - 08/31/2010	\$140	0 %
			CFDA Total:	\$140	
2300	97.004	State Domestic Preparedness Equipment Support Program			
		2006GET60056	07/01/2006 - 12/31/2009	\$2,176,913	95 %
		2006GET60056	07/01/2006 - 12/31/2009	\$126,911	100 %
		2007GET70053	07/01/2007 - 06/30/2010	\$818,859	95 %
		2008GET80043	09/01/2008 - 08/31/2011	\$33,736	97 %
			CFDA Total:	\$3,156,419	
2300	97.012	Boating Safety Financial Assistance 18.01.33	07/01/2008 - 06/30/2009	\$1,284,680	0 %
			CFDA Total:	\$1,284,680	
0240	97.023	Community Assistance Program - State Support Services Element (CAP-SSSE)			
		EMB-2008-GR-0877	10/01/2007 - 09/30/2008	\$27,263	0 %
		EMB-2009-GR-0890	10/01/2008 - 09/30/2009	\$68,175	0 %
			CFDA Total:	\$95,438	
0240 2300	97.029	Flood Mitigation Assistance			
		EMB-2006-FM-E004	10/01/2006 - 09/30/2007	\$190	0 %
		EMB-2006-FM-E006	10/01/2005 - 09/30/2007	\$163	0 %
		EMB-2007-FM-E001	10/01/2007 - 09/30/2008	\$419	0 %
		EMB-2007-FM-E005	10/01/2006 - 09/30/2008	\$180	0 %
		EMB2008FME003	08/15/2008 - 12/16/2009	\$126,555	90 %
			CFDA Total:	\$127,507	
2300	97.036	<b>Disaster Grants - Public Assistance (Presidentially Declared Disasters)</b>			
		<b>DRNH1610PA</b>	<b>10/07/2005 - 10/07/2009</b>	<b>\$239,707</b>	<b>100 %</b>
		<b>DRNH1643PA</b>	<b>05/31/2006 - 05/31/2010</b>	<b>\$971,733</b>	<b>100 %</b>
		<b>DRNH1695PA</b>	<b>04/27/2007 - 04/27/2011</b>	<b>\$1,908,812</b>	<b>100 %</b>
		<b>DRNH1782PA</b>	<b>09/17/2008 - 09/17/2012</b>	<b>\$1,264,077</b>	<b>100 %</b>
		<b>DRNH1787PA</b>	<b>10/07/2008 - 10/07/2012</b>	<b>\$3,022,923</b>	<b>100 %</b>
		<b>DRNH1799PA</b>	<b>11/19/2008 - 11/19/2012</b>	<b>\$717,076</b>	<b>100 %</b>
		<b>DRNH1812PA</b>	<b>01/02/2009 - 01/02/2012</b>	<b>\$14,096,677</b>	<b>100 %</b>

(Continued)

The accompanying notes are an integral part of this schedule.

**State Of New Hampshire  
Schedule Of Expenditures Of Federal Awards  
For The Fiscal Year Ended June 30, 2009**

**DEPARTMENT OF HOMELAND SECURITY**

STATE AGENCY	CFDA NUMBER	PROGRAM TITLE/ CONTRACT NUMBER	CONTRACT PERIOD	EXPENDITURES	PASS THRU PERCENT
				<b>CFDA Total:</b>	<b>\$22,221,005</b>
2300	97.039	Hazard Mitigation Grant			
		DRNH1610HM	09/13/2006 - 09/14/2009	\$161,276	97 %
		DRNH1643HM	08/16/2007 - 08/16/2008	\$312,550	97 %
		DRNH1695HM	08/26/2008 - 08/26/2011	\$1,064,444	97 %
				<b>CFDA Total:</b>	<b>\$1,538,270</b>
2300	97.042	Emergency Management Performance Grants			
		2007EME70114	09/01/2007 - 08/31/2009	\$374,889	100 %
		2008EME80025	10/01/2007 - 09/30/2009	\$1,046,329	0 %
		2008EME80025	10/01/2007 - 09/30/2010	\$1,489	0 %
		2008EME80025	10/01/2007 - 09/30/2010	\$416,964	100 %
				<b>CFDA Total:</b>	<b>\$1,839,671</b>
2300	97.043	State Fire Training Systems Grants			
		EME2007GR0226	09/15/2007 - 09/14/2008	\$843	0 %
		EMW2008GR0682	09/15/2008 - 09/14/2009	\$4,018	0 %
				<b>CFDA Total:</b>	<b>\$4,861</b>
2300	97.047	Pre-Disaster Mitigation			
		EM2008PD0001	09/30/2008 - 09/01/2010	\$26,433	90 %
		EMB2005PC0006	08/01/2005 - 09/30/2009	\$131,801	90 %
		EMB2007PC0006	09/07/2007 - 09/30/2010	\$102,852	90 %
		EMB2008PC0003	09/08/2008 - 09/17/2011	\$36,375	90 %
				<b>CFDA Total:</b>	<b>\$297,461</b>
0240	97.070	Map Modernization Management Support			
		EMB-2007-CA-0872	10/01/2007 - 09/30/2008	\$43,951	85 %
		EMB-2008-CA-0884	10/01/2008 - 09/30/2009	\$50,288	49 %
				<b>CFDA Total:</b>	<b>\$94,239</b>
2300	97.078	Buffer Zone Protection Program (BZPP)			
		2006BZT60005	10/01/2007 - 09/30/2008	\$14,008	0 %
		2007BZT70045	07/01/2007 - 06/30/2010	\$41,363	0 %
				<b>CFDA Total:</b>	<b>\$55,371</b>
<b>DEPARTMENT OF HOMELAND SECURITY TOTAL:</b>				<b>\$30,715,062</b>	
<b>Grand Total of All Federal Assistance:</b>				<b>\$1,950,772,028</b>	

The accompanying notes are an integral part of this schedule.

**STATE OF NEW HAMPSHIRE**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**NOTE 1 – PURPOSE OF SCHEDULE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Purpose of Schedule**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the State's basic financial statements and is presented for purposes of additional analysis. The Schedule is required by the U.S. Office of Management and Budget (OMB), Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**B. Reporting Entity**

The reporting entity is defined in the Notes to the basic financial statements of the State of New Hampshire, which are presented in Section C of this report. The accompanying Schedule of Expenditures of Federal Awards includes all federal financial assistance programs of the State of New Hampshire reporting entity for the year ended June 30, 2009, with the exception of the following component units identified in Note 1 of the basic financial statements. The Pease Development Authority, the University System of New Hampshire, Community Development Finance Authority, and the Business Finance Authority component units have separate Single Audits of their federal financial assistance programs. Accordingly, the accompanying Schedule and Schedule of Current Year Findings and Questioned Costs exclude these four component units.

**C. Basis of Presentation**

The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.

- a. *Federal Awards* – Federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities.
- b. *Federal Financial Assistance* – Pursuant to the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996, and as defined by OMB Circular A-133, federal financial assistance is assistance that non-federal entities receive or administer in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, food commodities, or direct appropriations. Accordingly, nonmonetary federal assistance, as described in Note 3, is reported as federal financial assistance on the Schedule. Federal financial assistance does not include direct federal cash payments to individuals.

**NOTE 1 – PURPOSE OF SCHEDULE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**C. Basis of Presentation (Continued)**

- c. *Type A and Type B Programs* – OMB Circular A-133 establishes the levels of expenditures to be used in defining for the State of New Hampshire Type A and Type B federal financial assistance programs. Type A programs are those programs and clusters of programs that equal or exceed \$5,852,316 in federal expenditures, distributions, or issuances for the year ended June 30, 2009. Type A programs are in bold print in the accompanying Schedule.
- d. *Pass Thru Percent* – The amount of federal funds, expressed as a percentage of expenditures, passed through by State agencies to various non-state subrecipients.

**D. Basis of Accounting**

Expenditures for all programs are presented in the Schedule on the cash basis of accounting. Expenditures are recorded when paid rather than when the obligation is incurred. The Schedule reflects federal expenditures for all individual grants, which were active during the fiscal year and are net of program refunds applicable to a program. Expenditures funded with American Recovery and Reinvestment Act of 2009 (ARRA) grants are separately identified on the Schedule.

**NOTE 2 - CATEGORIZATION OF EXPENDITURES**

The categorization of expenditures by program included in the Schedule is based upon the Catalog of Federal Domestic Assistance (CFDA) as required by OMB Circular A-133. Changes in the categorization of expenditures occur based upon revisions to the CFDA, which is issued in June and December of each year. The Schedule reflects CFDA changes issued through June 2009. Federal programs that do not have an assigned catalog number are denoted with the three-digit suffix .999. The numerical identification of the State agency responsible for administering each federal program is also noted on the accompanying schedule. See Appendix A in section H of this report for the legend of State agency identification numbers.

**NOTE 3 - NONMONETARY FEDERAL FINANCIAL ASSISTANCE**

*Supplemental Nutrition Assistance Program* – Expenditures of \$101,059,330 reported in the Schedule under CFDA No. 10.551, Supplemental Nutrition Assistance Program, represent actual disbursements for client purchases of authorized food products through the use of the electronic benefits card program during the year ended June 30, 2009.

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The mechanism used by USDA to make these funds available to States does not enable a State to validly disaggregate the regular and Recovery Act components of this figure. At the national aggregate level, however, Recovery Act funds account for approximately 15 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2009.

*Donated Foods* – The State distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures are reported in the Schedule at the federally assigned value of the product distributed under the following U.S. Department of Agriculture federal programs:

**NOTE 3 - NONMONETARY FEDERAL FINANCIAL ASSISTANCE (CONTINUED)**

<u>CFDA #</u>	<u>Federal Program</u>	<u>Amount</u>
10.550	Food Donation	\$ 3,975,957
10.558	Child and Adult Care Food Program	3,778,260
10.565	Commodity Supplemental Food Program	2,240,933
10.569	Emergency Food Assistance Program (Food Commodities)	802,542
	Total	<u>\$ 10,797,692</u>

*Donated Federal Surplus Personal Property* – The State obtains surplus property from various federal agencies at no cost. The property is then sold by the State to eligible organizations for a nominal service charge. Total federal expenditures of \$121,465 reported for CFDA No. 39.003, Donation of Federal Surplus Personal Property, represent the value of the property determined by the federal government to be federal financial assistance.

*Vaccines* – The State receives various childhood vaccines from the federal Centers for Disease Control and Prevention. The vaccines are distributed to children through free clinics, local hospitals, and doctors' offices. Expenditures of \$8,210,330 included on the Schedule for CFDA No. 93.268, Immunization Grants, represent the federal value assigned to the vaccines distributed.

**NOTE 4 - FEDERAL STUDENT LOAN PROGRAMS**

The total expenditures shown for the Federal Family Education Loans (CFDA No. 84.032) and the Federal Perkins Loan Program (CFDA No. 84.038) represent the total amount of loans made to students during State fiscal year 2009. Total loans outstanding as of June 30, 2009 for the Perkins Loan Program equaled \$1,425,865. Administrative costs for the Perkins Loan Program were not material in 2009. During State fiscal year 2009, the Community College System of New Hampshire processed the following amounts of new loans under the Federal Family Education Loans (FFEL) program. The total loans outstanding under the FFEL are not readily available.

Stafford Subsidized	\$ 15,784,356
Stafford Unsubsidized	17,427,138
Parents' Loan for Undergraduate Students	<u>1,263,092</u>
Total	<u>\$ 34,474,587</u>

**NOTE 5 - UNEMPLOYMENT INSURANCE**

The New Hampshire Department of Employment Security administers the Unemployment Insurance Program (CFDA No. 17.225). The reported expenditures are comprised of the following:

Unemployment Insurance - State Contribution	\$ 208,966,225
Unemployment Insurance - Administrative Grant	15,472,327
Unemployment Insurance - Administrative Grant (ARRA)	281,277
Federal TEUC	(20,386)
Unemployment Compensation for Ex-servicemen	1,004,824
Unemployment Compensation for Federal Employees	690,737
EUC08 (Non-ARRA)	21,120,518
EUC08 (ARRA)	14,985,170
FAC (ARRA)	11,007,816
Trade Act	126,327
ATAA	629,684
Disaster Relief Benefits #1695	(254)
Total	<u>\$ 274,264,266</u>

**NOTE 6 - STATE ELECTION FUND – HELP AMERICA VOTE ACT (HAVA)**

The State of New Hampshire received \$5,000,000 from the United States General Services Administration in fiscal year 2003 and an additional \$11,596,000 as part of the Help America Vote Act of 2002. The funds are to be used for establishing minimum election administration standards for states and local governments with the responsibility for the administration of federal elections. Expenditures for this program (CFDA # 90.401) totaled \$890,775 in fiscal year 2009. As of June 30, 2009, the State had expended a cumulative total of \$3,494,970 of the \$16,596,000 Election Reform payments received, leaving a remaining balance of \$13,101,030.

The State of New Hampshire Office of the Secretary of State (Office) has taken a position of agreement with the National Association of Secretaries of State Resolution relative to the distinction between payments and grants. Accordingly, the Office believes that the Election Assistance Commission (“EAC”) does not have the statutory authority to apply rules outside HAVA when performing its section 902(b) function in auditing States. In as much as the Office has reported these payments in this report, it is the Office’s position that such reporting may not be required under the Single Audit Act, and this reporting is in no way meant to alter the position taken by the Secretary of State with respect to the character or status of these funds, or the authority of the EAC.

**NOTE 7 – AIRPORT IMPROVEMENT PROGRAM (CFDA #20.106)**

The State of New Hampshire receives Federal Aviation Administration (FAA) funds from the U.S. Department of Transportation. The State excludes from its schedule FAA funds received on behalf of the Cities of Berlin, Claremont, Concord, Keene, Lebanon, Manchester, the Airport Authorities of Laconia, Nashua, and Pease , and the Town of Whitefield because the state does not perform any program responsibilities or oversight of these funds. Rather, its sole function is to act as a conduit between the federal awarding agency and the cities, Authorities, and town who own and operate the airports.

**NOTE 8 - CLUSTERED PROGRAMS**

OMB Circular A-133 defines a “cluster” as “a grouping of closely related programs that share common compliance requirements.” The table below details the federal programs included in the Schedule that are required by OMB Circular A-133 to be “clustered” for purposes of testing federal compliance requirements and identifying Type A programs.

<u>CFDA #</u>	<u>Program Title</u>	<u>Expenditures</u>
<i>Supplemental Nutrition Assistance Program Cluster</i>		
10.551	Supplemental Nutrition Assistance Program	\$ 101,059,330
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	<u>6,518,389</u>
	<i>Food Stamp Cluster Total</i>	<u>\$ 107,577,719</u>
 <i>Child Nutrition Cluster</i>		
10.553	School Breakfast Program	\$ 3,806,805
10.555	National School Lunch Program	18,469,051
10.556	Special Milk Program for Children	214,579
10.559	Summer Food Service Program for Children	<u>697,719</u>
	<i>Child Nutrition Cluster Total</i>	<u>\$ 23,188,154</u>
 <i>Emergency Food Assistance Cluster</i>		
10.568	Emergency Food Assistance Program (Administrative Costs)	\$ 177,618
10.569	Emergency Food Assistance Program (Food Commodities)	<u>802,542</u>
	<i>Emergency Food Assistance Cluster Total</i>	<u>\$ 980,160</u>
 <i>Fish and Wildlife Cluster</i>		
15.605	Sport Fish Restoration Program	\$ 3,773,606
15.611	Wildlife Restoration	<u>1,410,426</u>
	<i>Fish and Wildlife Cluster Total</i>	<u>\$ 5,184,032</u>

**NOTE 8 – CLUSTERED PROGRAMS (CONTINUED)**

<u>CFDA#</u>	<u>PROGRAM TITLE</u>	<u>EXPENDITURES</u>
<i>Employment Services Cluster</i>		
17.207	Employment Service/Wagner – Peyser Funded Activities	\$ 4,016,722
17.801	Disabled Veterans' Outreach Program (DVOP)	312,564
17.804	Local Veterans' Employment Representative Program	<u>401,982</u>
	<i>Employment Services Cluster Total</i>	<u>\$ 4,731,268</u>
<i>Workforce Investment Act (WIA) Cluster</i>		
17.258	WIA Adult Program	\$ 2,284,126
17.259	WIA Youth Activities	3,086,015
17.260	WIA Dislocated Workers	<u>3,361,403</u>
	<i>WIA Cluster Total</i>	<u>\$ 8,731,544</u>
<i>Highway Planning and Construction Cluster</i>		
20.205	Highway Planning And Construction	\$ 167,067,702
20.219	Recreational Trails Program	<u>969,179</u>
	<i>Highway Planning and Construction Cluster Total</i>	<u>\$ 168,036,881</u>
<i>Federal Transit Cluster</i>		
20.500	Federal Transit - Capital Investment Grants	\$ 2,254,805
20.507	Federal Transit – Formula Grants	<u>2,042,932</u>
	<i>Federal Transit Cluster Total</i>	<u>\$ 4,297,737</u>
<i>Transit Services Programs Cluster</i>		
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	\$ 271,196
20.516	Job Access – Reverse Commute Program	59,583
20.521	New Freedom Program	<u>5,301</u>
	<i>Transit Services Programs Cluster Total</i>	<u>\$ 336,080</u>
<i>Highway Safety Cluster</i>		
20.600	State and Community Highway Safety	\$ 1,723,373
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants	407,321
20.612	Incentive Grant Program to Increase Motorcyclist Safety	<u>62,825</u>
	<i>Highway Safety Cluster Total</i>	<u>\$ 2,193,519</u>

**NOTE 8 – CLUSTERED PROGRAMS (CONTINUED)**

<u>CFDA #</u>	<u>Program Title</u>	<u>Expenditures</u>
<i>Student Financial Aid Cluster</i>		
84.007	Federal Supplemental Educational Opportunity Grants	\$ 206,160
84.032	Federal Family Education Loans	34,474,587
84.033	Federal Work-Study Program	215,774
84.038	Federal Perkins Loans – Federal Capital Contributions	238,996
84.063	Federal Pell Grant Program	7,687,798
84.375	Academic Competitiveness Grant	<u>103,975</u>
	<i>Student Financial Aid Cluster Total</i>	<u>\$ 42,927,290</u>
 <i>Special Education Cluster</i>		
84.027	Special Education-Grants to States	\$ 43,458,717
84.173	Special Education-Preschool Grants	<u>1,716,233</u>
	<i>Special Education Cluster Total</i>	<u>\$ 45,174,950</u>
 <i>Aging Cluster</i>		
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	\$ 1,691,085
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services	3,062,784
93.053	Nutrition Services Incentive Program	<u>985,001</u>
	<i>Aging Cluster Total</i>	<u>\$ 5,738,870</u>
 <i>Medicaid Cluster</i>		
93.775	State Medicaid Fraud Control Units	\$ 589,036
93.777	State Survey and Certification of Health Care Providers and Suppliers	2,052,031
93.778	Medical Assistance Program	<u>744,732,229</u>
	<i>Medicaid Cluster Total</i>	<u>\$ 747,373,296</u>

**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT**

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**SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Part I - Summary Of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	<b>Unqualified</b>	
Internal control over financial reporting:		
• Material weakness identified?	<u>    X    </u> yes	<u>        </u> no
• Significant Deficiencies identified that are not considered to be material weaknesses?	<u>    X    </u> yes	<u>        </u> no
Noncompliance material to financial statements noted?	<u>        </u> yes	<u>    X    </u> no

**Federal Awards:**

Internal control over major programs:		
• Material weakness identified?	<u>    X    </u> yes	<u>        </u> no
• Significant Deficiencies identified that are not considered to be material weaknesses?	<u>    X    </u> yes	<u>        </u> no

Type of auditors' report issued on compliance for major programs:	Centers For Disease Control and Prevention - <b>Qualified</b> Workforce Investment Act Cluster - <b>Qualified</b> Low-Income Home Energy Assistance - <b>Qualified</b> Weatherization Assistance For Low-Income Persons - <b>Qualified</b> All Other Major Programs - <b>Unqualified</b>
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Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133.	<u>    X    </u> yes	<u>        </u> no
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STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

Identification Of Major Programs

<u>CFDA Number</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
<u>Supplemental Nutrition Assistance</u>	
<u>Program Cluster</u>	
10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grant for the Supplemental Nutrition Assistance Program
<u>Fish and Wildlife Cluster</u>	
15.605	Sport Fish Restoration Program
15.611	Wildlife Restoration
<u>Employment Service Cluster</u>	
17.207	Employment Service/Wagner-Peyser Funded Activities
17.801	Disabled Veteran's Outreach
17.804	Local Veteran's employment Representative Program
<u>Workforce Investment Act (WIA) Cluster</u>	
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
<u>Highway Planning and Construction</u>	
<u>Cluster</u>	
20.205	Highway Planning and Construction
20.219	Recreational Trails Program
<u>Federal Transit Cluster</u>	
20.500	Federal Transit Capital Improvements Grants
20.507	Federal Transit Formula Grants
<u>Student Financial Aid Cluster</u>	
84.007	Federal Supplemental Educational Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan Program-Federal Capital
84.063	Federal Pell Grant Program
84.375	Academic Competitiveness Grants
<u>Medicaid Cluster</u>	
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medicaid Assistance Program

**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT**

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**SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

***Identification Of Major Programs***

<b>CFDA Number</b>	<b>NAME OF FEDERAL PROGRAM OR CLUSTER</b>
<i>Other Programs</i>	
10.557	Special Supplemental Nutrition Program For Women, Infants and Children
17.225	Unemployment Insurance
81.042	Weatherization Assistance For Low-Income Persons
84.397	State Fiscal Stabilization Fund (SFSF) Government Services, Recovery Act
93.069	Public Health Emergency Preparedness
93.268	Immunization Grants
93.283	Centers For Disease Control and Prevention
93.558	Temporary Assistance For Needy Families (TANF)
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.596	Child Care Mandatory and Matching Funds Of The Child Care and Development Fund
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.713	ARRA Child Care and Development Block Grant
93.959	Block Grant For Prevention and Treatment Of Substance Abuse
97.036	Disaster Grants-Public Assistance

Dollar threshold used to distinguish between  
Type A and Type B Programs:  
\$5,852,316

Auditee qualified as low-risk auditee:     yes     no

**SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Part II - Financial Statement Findings**

Findings 2009-1 through 2009-8 were identified as significant deficiencies relating to the State's basic financial statements and are required to be reported in accordance with *Government Auditing Standards* in this section. Findings 2009-1 through 2009-5 are considered to be material weaknesses.

**Part III – Schedule Of Current Year Findings And Questioned Costs – Federal Awards**

All findings and questioned costs related to Federal assistance programs are presented beginning on page F-22.

**PART II**

**FINANCIAL STATEMENT FINDINGS**

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Transportation*

*Finding 2009-1*

**Material Weakness:** *Completeness of Accounts Payable*

The State has established an annual process for identifying and recording expenses incurred in one fiscal year and paid in the subsequent fiscal year. Although this accrual process relies heavily on manual identification of payables by agency personnel, the process has worked well for the State for many years. In a given fiscal year, between all funds of the State, approximately \$80 million of payments are identified in months subsequent to the fiscal year that are recorded in the financial statements as of the end of a fiscal year.

Effective July 1, 2009, the State went live with their new enterprise-wide resource program, NH First. The go-live in the beginning of fiscal year 2010 required the State to re-evaluate the accrual process described above. The new process was largely the same as in prior years with only minor exceptions and most agencies of the State were effective in identifying fiscal 2009 accounts payable.

However, instructions to agencies regarding the accrual process under the newly adopted NH First system were not sufficiently clarified for interfaced system data. As a result, procedures employed by the Department of Transportation Highway Fund (Highway Fund or Highway), did not properly identify accounts payable resulting in no accounts payable being recorded in that fund. Because no payables had been identified, the Department of Administrative Services (DAS), Bureau of Financial Reporting (BFR) performed manual and automated searches and identified and recorded approximately \$20.5 million of accounts payable in the Highway Fund as of June 30, 2009.

While conducting our testing of Highway Fund accounts payable, we also noted various other transactions that were missed by BFR's searches totaling \$3.8 million, or 19% of BFR's original balance. We then requested that BFR and the Highway Fund perform additional procedures, which yielded an additional \$5.2 million of accounts payable. In all, the accounts payable balance reported by BFR in the Highway Fund financial statements was understated by \$9.0 million, or 44% of the balance initially reported by BFR. All proposed adjustments were ultimately recorded in the Highway Fund financial statements. In addition, problems producing reports in NH First contributed to difficulties encountered in reporting and auditing the accounts payable balances.

The misstatements of accounts payable in the Highway Fund appeared to be the result of a lack of clarity concerning modifications of the year end accrual process, as they related to agencies interfacing with IFS, compounded by the go-live of NH First.

Similar issues were noted with the New Hampshire Turnpike System's financial statements, where an additional \$2.2 million of accounts payable were identified. Please refer to the New Hampshire Turnpike's "Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*" for that finding.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Transportation*

*Finding 2009-1 (continued)*

*Recommendation:*

With NH First in use for future fiscal years, BFR should re-evaluate the manner in which accounts payable are captured at year-end for financial statement purposes. Given the familiarity of the current process with agency personnel, it may be in BFR's best interest to craft a policy similar to what has existed in the past. No matter what is decided, we recommend that BFR work to ensure that all agencies clearly understand the procedures and implement procedures to test their understanding and implementation. In 2009, problems were limited to the Department of Transportation. In 2010, if not properly handled, not only accounts payable, but all financial reporting activities, may experience more pervasive problems that could significantly delay the audit and release of the State's financial statements.

*Management's Response:*

Management agrees with the observations and recommendation. An integral part of the implementation of NH First involves the migration of the State to a procedure of timely recording of accounts payable into a system which will keep track of liabilities in conformity with Generally Accepted Accounting Principles on an interim basis. The controls are now being implemented to provide assurance that all liabilities are recognized as incurred. This should result in a reasonably accurate accounting of accounts payable as of the end of the fiscal year. We plan to develop a more efficient method for year end identification of unrecorded liabilities which recognizes these new accounting procedures and past experience.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Transportation*

*Finding 2009-2*

**Material Weakness: Highway Fund Financial Reporting Weaknesses**

The Highway Fund is used to account for the revenues and expenditures associated with the State's construction and maintenance of most State highways, roads, and bridges, and the supervision of traffic thereon. During fiscal year 2009, the State spent approximately \$490 million from the Highway Fund with approximately \$460 million of revenues.

The primary focus of the readers of the State's financial statements has historically been the State's General Fund, however, recently the Highway Fund has been receiving increased attention and scrutiny, primarily because of dwindling fund balances and increased activity related to the American Recovery and Reinvestment Act (ARRA).

In prior years, we have made various recommendations to the State regarding improvements needed in Highway Fund financial reporting. In fiscal year 2009, the draft financial statements required various adjustments related to federal receivables, fund balances, encumbrances and accounts payable.

We also noted in the 2009 audit that the Department of Transportation (DOT) needs to continue to improve its financial management of its individual projects. The DOT needs to continue to make improvements on liquidating encumbrances and eliminating negative available appropriation balances in recent years. In its year end review of the Highway Fund, the DOT identified various encumbrances to be liquidated, expenditures to be transferred to balances available from bonding sources, and explored the possibility of increasing federal participation on individual projects. While it is certainly prudent to analyze the financial workings of the Highway Fund and make improvements in reporting, this effort should be managed on an ongoing basis, potentially on a project by project basis, rather than once a year for external financial reporting purposes.

Further, these issues appear to be the result of a loss of institutional knowledge due to staff turnover.

*Recommendation:*

We recommend the DOT improve communication between the DOT's project managers, who have significant knowledge and experience of project condition and status, with the DOT's financial personnel, who need current project information to properly account for these projects, including the close-out of encumbered and reserved funds.

The inner workings of the Highway Fund are sufficiently complex that documented policies and procedures are necessary to ensure continuity and efficiency of financial operations. Therefore, we recommend the DOT document the policies and procedures around project finances.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Transportation*

*Finding 2009-2 (continued)*

*Management's Response:*

Highway management agrees with these observations. The Highway Division of Finance (Division) for the second time in recent years has experienced turnover in key finance positions. Beginning January 2009, the lead staff member on audits resigned. In addition, the Director of Financial Reporting resigned in March 2009.

This change in management occurred in the middle of the budget session for which the Division is the lead office for agency budget development. In July, as the Department was undergoing implementation of the State's new accounting system, a second financial analyst was hired to assist in this process. In preparation for a Turnpike bond issue and annual audits (Turnpike, Highway Fund, and Single Audit) a third analyst and Administrator III was hired in August. By August, the Division was fully staffed with three financial analysts (2 new hires), a new Administrator III and newly promoted Director of Financial Reporting. In addition to the task and challenges of audit during this time, the Division was also able to assist the State Treasurer in developing the financial section of the Official Statement for the subsequent and successful issuance of \$217 million in new and refunded bonds for the Turnpike System.

Now fully staffed as a cohesive new team, the department is in process of reviewing its "Audit Preparation Guide" and assigning tasks, duties, and responsibilities to Division staff in preparation of improving performance for next year's audit.

Concurrently, the Department is reviewing its business practices relative to the liquidation of encumbrances and federal participation of funds. The Department is now meeting with project managers as recommended and despite current software limitations, is exploring other avenues to reasonably compute federal to highway funding ratios. In the long term, the ability of the Department to create its own financials is also being discussed as a possible means to provide the Department the opportunity to review, make adjustments and identify trends in a more timely manner.

The Department understands the need to provide reliable and accurate information regarding revenue, expenses and account balances of the Highway Fund. To this end, the Department will continue an active dialog for improvement with staff of the Department of Administrative Services and Bureau of Financial Reporting.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Revenue*

*Finding 2009-3*

**Material Weakness:**    *Preparation of Tax Accounts Receivable Estimates*

During preparation of the State's Comprehensive Annual Financial Report (CAFR) the BFR, using tax inputs from the Department of Revenue Administration (DRA), estimates the amount of tax revenue to accrue as a receivable for business taxes and interest and dividend taxes as of June 30.

During the 2008 audit of the DRA, the methodology used to estimate tax accounts receivable was questioned as it was based on budget projections that were inconsistent with the economic outlook at the time the estimate was made. Re-estimating the tax receivables using the same methodology with more relevant assumptions resulted in an audit adjustment totaling approximately \$31 million. The 2008 management letter recommended that the DRA and BFR revisit the methodology for estimating tax accounts receivable.

In 2009, we noted that our recommendations related to the methodology for estimating accounts receivable was not addressed by management. We do note, however, that the responsibility for estimating accounts receivable was transferred from the BFR to the DRA as recommended. Since the estimate was based on more realistic budget projections, an audit adjustment was not required. We did, however, propose other audit adjustments that appeared to be the result of ineffective, or lack of, management review of information submitted for inclusion in the State's CAFR.

The calculation of tax accounts receivable is a manual process that is susceptible to error. We noted the preparer of the calculation failed to update percentages used from the prior year, causing a \$10 million misstatement in the original calculation. The error was subsequently corrected by the posting of an adjustment.

Further, we noted that the DRA tracks tax notices in two separate systems. Depending on the tax case, the receivable for a particular tax notice may be recorded in the DRA's primary accounting system, the Tax Information Management System (TIMS), an offline spreadsheet, or both. Upon collection or settlement of a tax notice, staff is instructed to review both TIMS and the offline spreadsheet and update the taxpayers balance in the appropriate ledger. When comparing tax notices recorded in TIMS and the offline spreadsheet, we noted one large tax notice totaling \$10 million was included in both systems, causing a double counting of tax accounts receivable in the State's CAFR. The error was subsequently corrected by the posting of an adjustment.

In 2009, the BFR was able to utilize tax personnel at the DRA to help estimate and calculate tax accounts receivable, however, the methodology was not updated as recommended in 2008 and multiple errors as noted above were made in the 2009 calculations.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Revenue*

*Finding 2009-3 (continued)*

*Recommendation:*

We reiterate our recommendation from 2008 that the DRA is in the best position to estimate accounts receivable given their intimate knowledge and exposure to tax related issues. However, if the methodology used is simply re-performed by the DRA and is not updated to reflect the current economic conditions, the same issues will exist in the future. We again recommend the State take a fresh look at how it prepares these estimates, and that the DRA be fully involved in determining annual estimates. We also recommend the DRA, with the help of the BFR, enhance their control structure to ensure that inaccuracies in year-end financial reporting be detected and corrected prior to inclusion in the State's CAFR. Finally, we recommend the DRA review the practice of maintaining two systems for the tracking of tax notices. The process as it stands now is intensely manual and prone to material error. The DRA should consider utilizing TIMS for maintenance of all tax notices if feasible.

*Management's Response:*

The Department of Revenue (DRA) concurs with the finding that the methodology of calculating the receivables should be revised and the responsibility of the calculation lies with DRA for the taxes administered by DRA. The Commissioner of DRA brought to the attention of the House Ways and Means Committee the deficiencies in the method of calculation and reporting receivables last fiscal year. The DRA was in the process of being audited by the LBA when the Commissioner was appointed. The Commissioner brought the deficiencies to the attention of the LBA auditors as well. Based upon these concerns and other reporting to the LBA auditors, the LBA made an observation that the calculations used in reporting the receivables for taxes administered by DRA should be transitioned to the DRA. These numbers would then be transferred to Department of Administrative Services (DAS) for inclusion in the CAFR. DRA was instructed to work with DAS in the current year preparation. Due to the timing of this transition, spreadsheets previously used by DAS were completed with the assistance of DAS and transferred to DAS for review and reporting. Errors in the DAS spreadsheet formulas and calculations were the basis of this finding of Material Weakness.

Further, this observation speaks to two tax notice systems within DRA, one alleging a completely manual system. DRA does have two systems, however both systems are automated using the same programming for interest and penalties. Both systems must utilize manual input in order to perfect the information necessary to create tax notices; DRA continues to develop further controls to eliminate the potential for over reporting. DRA was given a capital budget appropriation for FY '10/'11 to enhance the computer systems, and is in the process of working on integrating the various systems within DRA. These enhancements will tie the various operating systems in DRA together and supply further internal controls.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Administrative Services*

*Finding 2009-4*

**Material Weakness:**    *Accounting for County Nursing Facility Billings and Collections*

New Hampshire's Counties are statutorily responsible for 100% of the non-federal share or 50% of the total costs for certain Medicaid long-term care costs, including nursing facility charges and home and community based care charges, up to an obligation cap of \$95.8 million in fiscal year 2009. The actual County obligation cap was based on negotiations between the Counties and the Department of Health and Human Services (HHS) for the transition between the old and new funding partnership, which was affirmed by the legislature in the operating budget.

The Counties have agreed to the overall cap and individual County caps. Six of the ten Counties are billed a proportional monthly amount of the County's obligation of cap. The four remaining counties continue to request and are billed monthly based on Medicaid claims incurred and paid by the State. Under the current billing procedures, the total billed is added to a particular County's accounts payable balance and is not tracked or accounted for separately. When the State collects a payment from a County, the payment reduces the counties (facilities) accounts receivable balance and is not applied against a specific billing. This method of billing and collecting does not allow the State to determine which particular bills are fully paid, partially paid, or entirely unpaid by the Counties. The result is an accumulating balance of partially paid and unpaid bills that the State cannot trace back to individual billings.

As of June 30, 2009, it was noted that approximately \$6.3 million of County receivables are not collectible. Approximately \$1.8 million relates to an incorrect 2009 billing while approximately \$4.5 million relates to County bills from prior fiscal years that remain either partially paid or unpaid. The State corrected the \$1.8 million error in the 2009 financial statements.

*Recommendation:*

We recommend the HHS improve the current process for tracking the County billings and collections so that collections are applied against specific billings. We further recommend the State evaluate these receivables on an annual basis during the preparation of the financial statements and determine how much is uncollectible and write-off receivables prior to financial statement preparation. Finally, we recommend that HHS review all negative available balances in their appropriation statement. For those balances that will not be recovered through future revenues, such as certain nursing facility charges and multiple offender program charges, the HHS should explore the legislative options available to write-off those unrecoverable negative balances.

*Management's Response:*

Litigation has been successful in resolving some of the County accounts receivable in recent years. Some amounts owed are relatively small and litigation could cost more than the value of pursuing certain individual claims unpaid. Efforts to obtain legislative relief for the unrecoverable negative balances have been rebuffed in the past; nonetheless, HHS will continue to seek such relief. The new Medicaid Management Information System will have the capability to produce detailed County bills

**COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

*NH Department of Administrative Services*

*Finding 2009-4 (continued)*

for services provided, however, the extent of the recent changes in the county billing process to one based on proportional monthly payments of each Counties' obligation may render the detailed billing process both time-consuming and unnecessary.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Administrative Services*

*Finding 2009-5*

**Material Weakness:** *Completeness and Accuracy of the Schedule of Expenditures of Federal Awards*

Federal Office of Management and Budget (OMB) Circular A-133 requires the auditee (the State of New Hampshire) to prepare a Schedule of Expenditures of Federal Awards (SEFA) that reflects all federal funds expended by State during its fiscal year ended June 30. Additionally, as required by the American Recovery and Reinvestment Act (ARRA), auditees must separately identify ARRA expenditures on the SEFA. It is important that the SEFA be complete and accurate as it is used as the basis for determining the scope of the Federal Single Audit. If the schedule is incomplete or inaccurate, Federal programs required to be audited may not be audited resulting in erroneous reporting to the Federal government. Conversely, Federal programs that do not need to be audited may be audited resulting in unnecessary cost to the State.

While the State, specifically the Department of Administrative Services (the Department) has some procedures to help ensure that the SEFA is accurate and complete, the procedures in place are not sufficient to ensure the SEFA includes all federally funded expenditures and that ARRA funded expenditures are separately identified, as required.

The procedures that currently exist include a comparison of current year and prior year federal expenditures and a reconciliation of expenditures against federal revenue received. However, the comparisons and reconciliations were not performed by the Department for the programs administered by the Department of Health and Human Services (HHS) – the State’s largest spender of federal funds. As a result, we noted numerous errors with regard to the HHS’ expenditures included in the SEFA. Specifically,

- vaccines worth approximately \$8.0 million were erroneously excluded from the SEFA
- expenditures of almost \$6.0 million related to a program funded by the Centers for Disease Control were double counted
- ARRA expenditures were not separately identified on the SEFA, as required

Finally, we noted that the SEFA is prepared by one individual at the Department, but it is not reviewed by anyone prior to it being provided to KPMG for audit.

*Recommendation:*

We recommend that the SEFA be properly analyzed and reviewed, as proper internal control procedures dictate, to identify discrepancies prior to releasing it for audit. Additionally, DAS should ensure it reviews and implements all required reporting requirements for both federal ARRA and non-ARRA funds.

**COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

*NH Department of Administrative Services*

*Finding 2009-5 (continued)*

*Management's response:*

Management of BFR agrees that stronger controls need to be consistently applied to ensure that the information entered through the web-based SEFA input system is thorough and accurate. BFR has had a practice of working closely with many of the agencies, yet due to the significance of the HHS programs and attention paid by the audit firm to those programs, reliance was placed on that agency to clarify their information direction with the auditors. We will change our procedures for reconciliation to make them standardized for all agencies to the same degree.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*Community College System of New Hampshire*

*Finding 2009-6*

**Significant Deficiency:**     *Community College System of New Hampshire Financial Reporting Weaknesses*

Chapter 361, Laws of 2007, established the Community College System of New Hampshire (the System) as a body politic and corporate. The System was formerly a department of the State and its financial activity was reported in the State’s general fund.

Due to the passage of this law, the State was required to re-evaluate the manner in which the System was reported in the State’s financial statements. The System went from being included in the general fund of the State to being separately reported as a discretely presented component unit. As a separate legal entity and component unit of the State, the System is responsible for all burdens and benefits of such status, including preparation of annual financial statements for inclusion in the State’s Comprehensive Annual Financial Report (CAFR).

The System was unable to produce timely financial statements by the Annual Closing Review deadline for inclusion in the unaudited CAFR deadline of September 30. Further, when financial statements were completed, they were out of balance and required adjustment. The System is not currently required to produce separately audited financial statements but may be required to do so in the future and such errors could cause significant delays in issuing financial statements for both the System and the State.

*Recommendation:*

We recommend BFR work with the System to ensure that financial statements can be prepared timely and accurately for inclusion in the unaudited September 30 CAFR and other purposes. This should include a transfer of knowledge from BFR to the System, including documenting the System’s financial reporting process.

*Management’s Response:*

In the current period of transitioning away from State financial services, our revenue and expenditures transactions were separately identified within the State of New Hampshire’s accounting records, but the balance sheet accounts were not. Therefore System staff needed to rely on several sources to produce financial statements.

On September 24, 2009 the System submitted financial statements which had been required by September 4<sup>th</sup> for inclusion in the State’s unaudited CAFR. That same day BFR noticed that the System had understated total liabilities and net assets for the CCSNH Foundation by \$7,289 recording the amount as \$5,329,876 rather than \$5,337,165. BFR adjusted the statements and included them in the September 30, 2009 unaudited CAFR.

**COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

*Community College System of New Hampshire*

*Finding 2009-6 (continued)*

During the ensuing audit of the CAFR, the System made changes to reflect certain items not included in the September 30<sup>th</sup> draft. The major item was the elimination of reported revenue and expenditure items paid from one internal CCSNH unit to another. This elimination also required subsequent revision of the final statements.

CCSNH will work with BFR as recommended to ensure that the financial reporting process can result in more timely and accurate reporting.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Treasury*

*Finding 2009-7*

**Significant Deficiency:     *Bank and Investment Reconciliations***

The Treasury Department (Treasury) is the primary department responsible for managing all cash received and disbursed by the State of New Hampshire. As of June 30, 2009, Treasury reported \$357.9 million of cash and investments. Treasury utilizes bank statement reconciliations as a key control to ensure that all cash is accounted for and all activity is reconciled between the State's books and the banks.

During our audit of cash and investments, we noted four new investment accounts which had not been reconciled by Treasury. For the two accounts where the failure to perform reconciliations was noted by us before year end, Treasury corrected the error and performed the reconciliations as of June 30, 2009. The balance of those accounts totaled \$37.7 million at June 30, 2009. For the other two accounts where the failure to perform timely reconciliations was noted during our fieldwork in September, Treasury subsequently reconciled those two accounts as of June 30, 2009 and forward. The balance of those accounts totaled \$35.5 million at June 30, 2009.

Also, in connection with the review of the Treasurer's bank reconciliations, we noted several large deposits totaling approximately \$4 million that were labeled as reconciling items. Upon further investigation, it was determined those funds were actually received in advance for fiscal year 2010. While these technically represented a cash receipt on account of deferred revenue, the receipts were for a newly adopted assessment for which legal establishment of accounts for revenue source were not effective until July 1, precluding the ability to record these on the ledger on their receipt date of June 30. Unable to record this transaction on the ledger until July 2010, a reversing 'CAFR only' entry should have been made by Department of Administrative Services Bureau of Financial Reporting (BFR) to properly reflect the receipt in accordance with GAAP. This was done after identification of the omission by KPMG and such an entry was proposed.

*Recommendation:*

We recommend Treasury enhance its existing control structure and monitoring activities to ensure that all new cash and investment accounts be added to reconciliations performed on existing accounts. We also recommend formal procedures be established for the review of reconciliations by the proper Bureau of the Division of Accounting to identify that reconciling items do not require adjustment for reporting.

*Management's Response:*

Treasury concurs with the recommendation and has put in place procedures to ensure that all existing and new accounts are reconciled at least monthly. A detailed procedures checklist will be signed off on when new accounts are opened to document that the reconciliation section has been properly informed of all new accounts. Also, additional supervisory review procedures have been instituted to ensure all existing and new accounts are signed off by the reconciliation team.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Treasury*

*Finding 2009-7 (continued)*

The Department of Administrative Services Bureau of Accounts management also agrees with the recommendation above and, in particular, will establish procedures to require review of reconciliations of major control accounts, in connection with the closing of accounts for financial reporting in accordance with GAAP.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Employment Security*

*Finding 2009-8*

**Significant Deficiency:     *Policies and Procedures Should Be Established For Unemployment Compensation Fund Financial Accounting And Reporting***

The Department of Employment Security (DES) does not have comprehensive policies and procedures for Unemployment Compensation Fund (UCF) financial accounting and reporting activities.

DES's UCF Treasurer is currently responsible for choosing and applying UCF accounting policies, including methodologies for compiling estimates of year-end accounts receivable and accounts payable and other liabilities. The UCF accounting and reporting practices of the Department have largely been based upon the knowledge and experience of the long-standing Department employee and have not regularly been subject to a formal vetting process or review for continued appropriateness. Because the policies and procedures are not fully documented, the Department has become somewhat reliant upon the incumbent employees to perform these critical Department responsibilities.

Examples of DES financial reporting errors that occurred that may have avoided if comprehensive financial accounting and reporting policies and procedures were available and followed include:

- The DES June 30, 2008 UCF financial statements understated accounts receivable and liabilities by \$1.3 million, as a result of not accurately accruing the effects of administrative contributions at June 30, 2008. The Department's UCF June 30, 2009 financial statements understated accounts receivable and revenue by \$1.3 million as a result of misapplication of a journal entry in the Department's general ledger. The June 30, 2009 error was corrected in the State's financial statements.

The DES reliance on incumbent employees to perform critical financial accounting and reporting responsibilities without having documented and approved policies and procedures exposes the State to the risk that errors or frauds may not be detected and continuity of operations may be jeopardized if key employees unexpectedly terminate their employment or otherwise no longer perform the functions.

*Recommendation:*

The Department should establish and document comprehensive policies and procedures for all critical Unemployment Compensation Fund (UCF) financial accounting and reporting activities.

Policies and procedures should be vetted by management and sufficiently detailed to provide guidance for routine processes and activities and also provide guidance for accounting and reporting non-routine financial activity and transactions. The policies and procedures should be sufficiently developed and descriptive to allow employees involved in performing the functions and those responsible for the review and approval of that activity to determine adherence to the policies and procedures.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Employment Security*

*Finding 2009-8 (continued)*

*Management's Response:*

The Department concurs with the recommendation to establish comprehensive policies and procedures for all critical Unemployment Compensation Fund (UCF) financial accounting and reporting activities. The Department recognizes the importance of establishing comprehensive written UCF policies and procedures. The Department does maintain informal written procedures on UCF financial accounting and reporting, much of which is governed by the United States Department of Labor (USDOL) via handbooks and program letters, and is enforced by the accounting principles included in the ACCPAC accounting software program utilized by the Department for UCF accounting and reporting. The development of comprehensive policies and procedures for UCF accounting and reporting has been an objective of the Department. With limited staff resources available in the area of UCF financial accounting and reporting, the primary focus has been on meeting strict cash management deadlines as well as USDOL reporting deadlines.

The Department's management, business office and legal staff will work collectively to review existing policies and procedures and to develop and maintain comprehensive policies and procedures for UCF financial accounting and reporting. The Department will evaluate the need for additional staff dedicated to the development and maintenance of comprehensive UCF financial accounting and reporting policies and procedures.

**PART III**

**SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS – FEDERAL  
AWARDS**

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
 GOVERNMENT AUDITING STANDARDS  
 FOR THE YEAR ENDED JUNE 30, 2009

<i>NH Department of Health and Human Services</i>		<i>Finding 2009-9</i>
<i>US Department of Health and Human Services</i>		
 <i>CFDA # 93.268 Immunization Grants</i>		
<i>Grant Awards and Years:</i>	<i>5H23IPI22555</i>	<i>2009</i>
	<i>2H23IPI22555</i>	<i>2008</i>

**Finding:** *Reconciliation of Vaccine Records Not Performed*

**Criteria:**

In instances where detailed transaction records reside in a database other than the accounting system used to prepare the Schedule of Expenditures of Federal Awards (SEFA), it is considered sound internal control to ensure that the detailed transaction records are reconciled to the accounting system.

**Condition:**

During the latter part of fiscal 2008, the State of New Hampshire Department of Health and Human Services (the Department) transitioned to a federally contracted vaccine distribution system developed by the Centers of Disease Control and Prevention (CDC). As such, the Department no longer warehouses and distributes vaccines. Instead, vaccines ordered by the Department for vaccinating providers are shipped directly to the providers from the third party vendor. VACMAN, a federal system, is used by the Department to track the vaccine inventory. However, the inventory tracked in the VACMAN system is not adequately reconciled to either the third party providers reports or to monthly, quarterly and year-to-date order based monitoring reports from CDC. The reports received from CDC are the reports used to prepare the Schedule of Expenditures of Federal Awards (SEFA).

A similar finding was noted in the prior year single audit report.

**Cause:**

Procedures need to be strengthened over the recording, tracking, and reconciliation of vaccine transactions.

**Effect:**

Vaccines may be under- or over-ordered, not distributed as needed or unaccounted for. The value of vaccines reported on the SEFA may be misstated.

**Questioned Costs:**

None

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2009-9 (continued)*

*CFDA # 93.268 Immunization Grants*

**Recommendation:**

We recommend that the Department maintain a formal vaccine transactions ledger to record and track order, receipt, and usage of vaccines. The Department should be able to reconcile vaccine orders and shipments to CDC's monitoring reports and to the third party vendor distribution reports. This reconciliation will help ensure that all vaccines are accounted for properly and are completely and accurately reported on the Schedule of Expenditures of Federal Awards. Based on a roll forward of beginning inventory, order/shipment, and usage of vaccines during the period, the Department can then compare expected inventory amounts to those held in inventory by the providers at any given point in time. The Department should also develop and implement procedures to ensure that vaccinating providers are ordering reasonable amounts of vaccines. These procedures will prevent and detect under- or over- ordering.

**Auditee Response:**

As recommended, by 6/1/09, the NHIP wrote and abides by a set of policies to improve the vaccine accountability process. The policies include, but are not limited to:

- 2.2 Conduct site visits in public and private VFC provider settings to assure vaccine accountability and appropriate vaccine storage and handling at the provider level.
- 2.3 Collect data sufficient to accurately account for all publicly purchased vaccine, monitor this information using standardized protocols to assure that provider vaccine orders are appropriate. To determine the amount of vaccine lost or wasted, to provide technical assistance to providers when problems are identified, and to implement corrective action plans as needed.
- 2.4 Assure appropriate distribution of VFC vaccine purchases based on VFC-eligible population.
- 2.5 Adhere to VFC requirements for vaccine storage and handling and vaccine incident and wastage reporting.
- 2.6 Return wasted vaccine for a refund of the federal excise tax following procedures outlined by CDC.

All of these policies have procedures attached. All Policies and Procedures are found at the desk of NHIP employees and reviewed constantly for improvement. The most recent adjustment was made on February 5, 2010.

In addition, a system has been developed in Excel that allows all ordered vaccine to be tracked from Vacman order, to McKesson shipment date, to receipt of vaccine at provider office.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2009-9 (continued)*

*CFDA # 93.268 Immunization Grants*

The ability to reconcile this in-house Excel spreadsheet and the CDC monthly Monitoring Report is difficult. NHIP relies on the in-house Excel tracking sheet to account for doses of vaccine into the state. We rely on the Monitoring Report to track the funds set aside for us in the 317, VFC and now ARRA vaccine accounts. The Monitoring Report is compared to the VOFA (Vaccine Ordering Forecast Administrator) report that is generated based on (1) the NH forecast of vaccine use on an annual basis (by VFC, 317 and State/Local funds) and (2) population data submitted by NH and accepted by CDC/NCIRD. NHIP adjusts the VOFA as needed and at least quarterly, to allow for increase or decrease in orders, vaccine shortages, pressure on a fund balance, introduction of new vaccines, etc.

Currently, CDC is developing a new vaccine/monetary tracking system, currently called VTrcks, to allow the Grantees to track inventory order by providers, into CDC, through the financial system, into the McKesson ordering system and out to providers. We hope that this system will be in place in New Hampshire by the start of State Fiscal Year 2012. In the meantime, NHIP will review the recommendation - (Based on a roll forward of beginning inventory, order/shipment, and usage of vaccines during the period, the Department can then compare expected inventory amounts to those held in inventory by the providers at any given point in time.) and explore the use of a data system to construct a point-in-time reconciliation with the fluid information available to us.

New Hampshire has developed a formula, which we share with vaccine providers, to ensure the proper number of doses of vaccine are ordered. Every order is submitted to this ordering formula by the NHIP staff. The formula calculates current vaccine need based on doses administered in the last X days, and doses on hand at the provider office.

PROTOCOLS FOR AUDITING VACCINE ORDERS

1. Check vaccine order form, doses on hand report, usage report, and temperature logs for any discrepancies requiring intervention with provider's vaccine manager. If found either a phone call or a fax is sent requesting intervention.
2. Determine number of days the usage report is reporting.
3. For each vaccine reported on the usage report: total the amounts.
4. Divide this figure by number of days in #2. Then times that figure by number of days per tier position. Examples: 4 – 8 weeks is 56 days, 8 – 10 weeks is 70 days, and 10 – 12 weeks is 84 days.
5. Subtract from this figure total reported doses on hand.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2009-9 (continued)*

*CFDA # 93.268 Immunization Grants*

6. Add cushion based on chart below, (take number from #5 then add)

a. Less than 10	add 5
b. 11 – 20	add 10
c. 21 – 80	add 20
d. 81 – 150	add 30
e. 151 – 220	add 40
f. over 221	add 50

→ Exception is the D/H Manchester Peds: The cushion numbers are doubled for this provider.

→ Exception at this time is Hib vaccine 10 doses are added due to shortage of vaccine.

7. Repeat these steps for each vaccine listed whether ordered or not. Make changes based on above formula.

Vaccine wastage for calendar year 2009 has been calculated as 0.5% for the NH Immunization Program and statewide providers. (This number does not include influenza vaccine).

**Contact Person:**

Marcella J. Bobinsky, Program Manager, Immunization

**Anticipated Completion Date:**

January 1, 2011

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
 GOVERNMENT AUDITING STANDARDS  
 FOR THE YEAR ENDED JUNE 30, 2009

<i>NH Department of Health and Human Services</i>		<i>Finding 2009-10</i>
<i>US Department of Health and Human Services</i>		
<i>CFDA # 93.268 Immunization Grants</i>		
<i>Grant Awards and Years:</i>	<i>5H23IPI22555</i>	<i>2009</i>
	<i>2H23IPI22555</i>	<i>2008</i>

**Finding:** *Non-compliance with Control, Accounting, and Safeguarding of Vaccines Requirement*

**Criteria:**

Effective control and accountability must be maintained for all vaccine under the VFC program. Vaccine must be adequately safeguarded and used solely for authorized purposes (42 USC 1396s).

**Condition:**

The grantee is required to review the provider’s storage of vaccine for proper safeguarding, including risks of loss from theft, expiration, or improper storage temperature.

In two of the 30 providers sampled, the grantee could not provide adequate documentation to show that the grantee’s were monitoring and reviewing all providers temperature logs as required to determine and monitor proper vaccine storage temperatures.

**Cause:**

Established policies over document retention and review were not effective.

**Effect:**

Vaccine waste.

**Questioned Costs:**

None.

**Recommendation:**

We recommend that the Department ensure its established policies and procedures requiring employees to maintain all temperature logs submitted by the providers be enforced. We also recommend that all temperature logs be reviewed and proof of review be maintained on the logs to ensure adequate temperature is maintained.

COMPLIANCE AND INTERNAL CONTROL FINDINGS-  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2009-10 (continued)*

*CFDA # 93.268 Immunization Grants*

**Auditee Response:**

The Vaccine Accountability and Management Policy and Procedures (Section 2 of the IPOM) have been amended as follows:

“Standard: Determine proper quantities for vaccine orders

Procedure:

1. NHIP receives a complete provider vaccine order via fax. The staff checks for proper transmission of the provider’s vaccine order form, doses on hand report, usage report, and temperature logs for out of range temperatures. [All forms will be date-stamped after review. Temperature logs that reflect questionable or improper practices will be placed, with all other forms, in the Provider’s file. Temperature logs that show satisfactory practices will be filed, in PIN order, in an adjoining file.] If any unexplained discrepancies are noted, a phone call or a fax is sent requesting an explanation from the provider’s vaccine manager.”

**Contact Person:**

Marcella Bobinsky, Program Manager

**Anticipated Completion Date:**

Immediate

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services*  
*US Department of Health and Human Services*

*Finding 2009-11*

*CFDA# 93.283 Centers For Disease Control and Prevention – Investigations and Technical Assistance*

*Grant Award and Years: SU58DP122787-05WI June 30, 2003 – March 2009*

**Finding:** *Non-compliance with In-kind Federal Matching Requirement*

**Criteria:**

In accordance with 2 CFR Part 215.23, Subpart C, “all contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria:

- (1) Are verifiable from the recipient's records.
- (2) Are not included as contributions for any other federally-assisted project or program.
- (3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- (4) Are allowable under the applicable cost principles.
- (5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
- (6) Are provided for in the approved budget when required by the Federal awarding agency.
- (7) Conform to other provisions of this part, as applicable.

The following requirements pertain to the recipient's supporting records for in-kind contributions from third parties.

- (i) Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the recipient for its own employees.
- (ii) The basis for determining the valuation for personal service, material, equipment, buildings and land shall be documented.

**Condition:**

During our testing of the matching requirements, it was noted that the Department of Health and Human Services (DHHS) could not adequately support their in-kind match with verifiable records as required. Details provided by the vendors to support the in-kind match requirements were not adequately supported, documented or reviewed by DHHS. In addition, the Department of Health and Human Services currently has no controls or documented processes in place over ensuring the federal matching requirement is met. The Department is unable to provide sufficient evidence over its in-kind contributions and without key controls in place, is unable to determine the credibility of such information.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2009-11 (continued)*

*CFDA# 93.283 Centers For Disease Control and Prevention – Investigations and Technical Assistance*

**Cause:**

The Department appears to lack controls and processes to mitigate the risk of non-compliance with the federal matching requirements.

**Effect:**

Compliance with matching requirements was not able to be determined. Insufficient match could result in loss of funding.

**Questioned Costs:**

\$50,000

**Recommendation:**

We recommend that DHHS implement effective controls and procedures to properly monitor the federal matching requirements. As part of this process, in-kind contributions used to meet the match must be sufficiently and appropriately documented as required by federal regulation. We also recommend the DHHS complete and maintain weekly or monthly match calculations to assist in determining the amount required to meet such match.

**Auditee Response:**

We concur and will prepare and implement policies and procedures for accurately monitoring and recording match requirements.

**Contact Person:**

Barbara Cotton, Financial Manager

**Anticipated Completion Date:**

June 30, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2009-12*

*CFDA # 93.563 Child Support Enforcement*

*Grant Awards and Years: 0804NH4004 2008  
0904NH4004 2009*

**Finding:** *Interstate Case Activities Not Performed Within Required Timeframes*

**Criteria:**

The State IV-D agency must provide the appropriate child support services needed for interstate cases (cases in which the child and custodial parent live in one State and the responsible relative lives in another State), establish an interstate central registry responsible for receiving, distributing and responding to inquiries on all incoming interstate IV-D cases, and meet required time frames pertaining to provision of interstate services. The case requiring action may be an initiating interstate case (a case sent to another State to take action on the initiating State’s behalf) or a responding interstate case (a request by another State to provide child support services or information only). Specific time frame requirements for responding and initiating interstate cases are at 45 CFR sections 303.7(a) and 303.7(b)(2), (4), (5) and (6), respectively (45 CFR sections 302.36 and 303.7).

**Condition:**

During our testwork, we noted that the State did not perform all required interstate case activities within the timeframes specified in 45 CFR 303.7. We selected thirty cases and noted four cases where the case was not referred to the initiating State’s interstate central registry within the twenty calendar day timeframe.

The same issue was disclosed in the prior year.

**Cause:**

Due to the misunderstanding by case-workers regarding expectations of the federal requirements regarding timing of activities.

**Effect:**

The effect is an increased difficulty on the part of another State’s Child Support Enforcement to correctly and efficiently perform its operations regarding a State of New Hampshire case in a timely manner.

**Questioned Costs:**

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2009-12 (continued)*

*CFDA # 93.563 Child Support Enforcement*

**Recommendation:**

We recommend that the Department strengthen procedures regarding interstate cases to reinforce compliance requirements such as documentation and timeliness requirements, so they are not overlooked or misunderstood by case-workers. This will ensure that the Department remains in compliance with the Federal requirement.

**Auditee Response:**

Resolved. DCSS now distributes weekly reports that highlight to field staff of any cases with new or revised out of state addresses or employers within the latest reporting period. This facilitates workers' ability to submit documentation within the 10 working days requirement.

**Contact Person:**

Ed Lovejoy, Business Administrator

**Anticipated Completion Date:**

Completed



FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2009-13 (continued)*

*CFDA # 93.778 Medical Assistance Program*

**Effect:**

Although the Department indicated that all providers will be required to re-enroll and provide updated disclosures when the State implements the new MMIS system, the Department cannot currently ensure that all enrolled Medicaid providers are, and remain eligible for participation in the Federal program.

**Questioned Costs:**

None

**Recommendation:**

We recommend that the Department strengthen procedures regarding interstate cases to reinforce compliance requirements such as documentation and timeliness requirements, so they are not overlooked or misunderstood by case-workers. This will help ensure that the Department remains in compliance with the Federal requirement.

**Auditee Response:**

Operations processes under the new MMIS will include a contractual obligation of the fiscal agent to verify provider licenses effective dates on an ongoing basis.

During enrollment: All Providers who are enrolling for the first time, and active Providers who are reenrolling as part of the transition to the new MMIS, will be required to submit hard copy evidence of license effectivity, which will be verified by the fiscal agent directly with the credentialing agency. Verified license expiration dates will be stored in the Provider system.

Ongoing: Based on the license expiration date in the system, internal reports will be available to the fiscal agent and DHHS, and reminder letters to Providers will be generated, 90 days and 30 days prior to license expiration date. Electronic interfaces between the MMIS and some credentialing agencies will automatically update expiration dates of some Provider Types. For Provider Types that are not utilizing the electronic interface, operations processes require ACS Provider Relations to conduct manual verification directly with the credentialing source and update as appropriate license expiration dates in the system. Operations processes will require DHHS to review reports of Providers with expired license effectivity dates. The fiscal agent will have the ability to suspend claims of a specific Provider if verification of license effective date cannot be obtained, based on DHHS policies and instructions.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2009-13 (continued)*

*CFDA # 93.778 Medical Assistance Program*

**Contact Person:**

Mary Gaye Grizwin, Contract Administrator, Office of Medicaid Business and Policy.

**Anticipated Completion Date:**

Upon implementation of the new MMIS, expected June 2011.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services* *Finding 2009-14*  
*US Department of Health and Human Services*

*CFDA # 10.551 Supplemental Nutrition Assistance Program (SNAP)*  
*CFDA # 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program*  
*CFDA # 93.959 Block Grants For Prevention and Treatment of Substance Abuse*  
*CFDA # 93.268 Immunization Grants*  
*CFDA # 93.563 Child Support Enforcement*  
*CFDA# 93.283 Centers For Disease Control and Prevention – Investigations and Technical Assistance*

<i>Grant Awards and Years:</i>	<i>4NH400403</i>	<i>2008, 2009</i>
	<i>B1NHSAPT</i>	<i>2007, 2008, 2009, 2010</i>
	<i>5H23IPI22555</i>	<i>2009</i>
	<i>2H23IPI22555</i>	<i>2008</i>
	<i>0804NH4004</i>	<i>2008</i>
	<i>0904NH4004</i>	<i>2009</i>
	<i>SU58DP122787-05W</i>	<i>June 30, 2003 – March 2009</i>

**Finding:** *Failure to Institute Controls and Perform Payroll Certifications*

**Criteria:**

In accordance with 2 CFR Part 225, Appendix B, paragraph 8.h.(3), “where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.”

**Condition:**

During our testing of the payroll requirements for the major programs noted above, the Department of Health and Human Services did not adequately construct a system of internal controls sufficient to comply with federal requirements regarding the periodic certification of payroll costs for employees whose time is dedicated 100% to federal programs. Our testwork produced several instances where the payroll certifications for the first six-month period of the fiscal year were not provided by the State. Further, as of December 31, 2009, several payroll certifications for the second six-month period of the fiscal year were not available for testing.

Although the Department attempted to put procedures in place during the current year, it appears that the Department still does not have effective controls or processes in place for ensuring that certifications for all employees working 100% on federal programs are completed semi-annually and filled out in a timely manner.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2009-14 (continued)*

*CFDA # 10.551 Supplemental Nutrition Assistance Program (SNAP)*

*CFDA # 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program*

*CFDA # 93.959 Block Grants For Prevention and Treatment of Substance Abuse*

*CFDA # 93.268 Immunization Grants*

*CFDA # 93.563 Child Support Enforcement*

*CFDA# 93.283 Centers For Disease Control and Prevention – Investigations and Technical Assistance*

This condition was also noted in the prior year audit.

**Cause:**

The cause of this instance appears to be lack of management consideration when designing the current control structure relating to payroll certifications and monitoring of current control structure outputs.

**Effect:**

By not having required payroll certifications on file, the Department is not currently in compliance with federal regulations, which could impact current/future awards in amount or in additional requirements imposed. Also, without a proper control structure the Department does not have an effective way to ensure future compliance.

**Questioned Costs:**

Unable to determine.

**Recommendation:**

The Department should strengthen the current control structure to ensure that each 100% federally funded employee has a certification on file within a prescribed timeframe following the time period that is covered by the certification. Management needs to develop a process to monitor these certifications to ensure that required semi-annual certifications are completed, approved and on file in a timely manner. This will help to ensure the Department is in compliance with the Federal requirement.

**Auditee Response:**

Resolved. The Department implemented a formal attestation process beginning January 1, 2008 that requires employee(s) charged directly to a program/grant to have on file a signed attestation certifying

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2009-14 (continued)*

*CFDA # 10.551 Supplemental Nutrition Assistance Program (SNAP)*

*CFDA # 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program*

*CFDA # 93.959 Block Grants For Prevention and Treatment of Substance Abuse*

*CFDA # 93.268 Immunization Grants*

*CFDA # 93.563 Child Support Enforcement*

*CFDA# 93.283 Centers For Disease Control and Prevention – Investigations and Technical Assistance*

that the person worked solely on that program during the previous six month time period. However, managing the process overlooked the need to monitor the record(s) that signed attestations were on file, on time. The Reporting and Analysis Unit will conduct a periodic review of outstanding attestations and contact the Division/Bureau Management to ensure the attestation record is compliant with the CFR.

**Contact Person:**

Adrian Wayland, Administrator III, Reporting and Analysis Services

**Anticipated Completion Date:**

March 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Service Finding 2009-15*

*US Department of Health and Human Services*

*U.S. Department of Agriculture*

*CFDA #93.069 Public Health Emergency Preparedness*

*CFDA #10.551 Supplemental Nutrition Assistance Program (SNAP)*

*CFDA #10.561 State Administrative Matching Grants For The Supplemental Nutrition Assistance Program*

*CFDA# 93.959 Block Grants for Prevention and Treatment of Substance Abuse*

*CFDA# 93.563 Child Support Enforcement*

*CFDA# 93.283 Centers For Disease Control and Prevention – Investigations and Technical Assistance*

<i>Grant Awards and Years:</i>	<i>4NH400403</i>	<i>2008, 2009</i>
	<i>BINHSAPT</i>	<i>2007, 2008, 2009, 2010</i>
	<i>0804NH4004</i>	<i>2008</i>
	<i>0904NH4004</i>	<i>2009</i>
	<i>SU58DP122787-05W1</i>	<i>June 30, 2003 – March 2009</i>
	<i>5U90TP117011-08</i>	<i>2008, 2009</i>
	<i>5U90TP117011-09</i>	<i>2009, 2010</i>
	<i>1U90TP000266-01</i>	<i>2009, 2010</i>

**Finding:** *Public Assistance Cost Allocation Plan Needs Updating*

**Criteria:**

Under federal requirements, New Hampshire Department of Health and Human Services (the Department) is considered a public assistance agency. As such, it must prepare and negotiate a Public Assistance Cost Allocation Plan (PACAP). A PACAP describes the procedures used to identify, measure, and allocate all costs to each of the programs administered by the Department. According to Title 45 of the *Code of Federal Regulations*, Part 95.509(a), “ the State shall promptly amend the cost allocation plan and submit the amended plan to the Director, DCA” (Division of Cost Allocation of the U.S. Department of Health and Human Service) “if ...the following ... occur(s): ... The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes in Federal law or regulations, or significant changes in program levels, affecting the validity of the approved cost allocation procedures.”

**Condition:**

The Department has not received an approval on its Public Assistance Cost Allocation Plan since June 2003. Subsequent to that date, there have been organizational and allocation methodology changes. The most notable change occurred in state fiscal year 2004 when the Department’s Office of Information Systems began merging with other information technology units within the State and became a part of the new Office of Information Technology (OIT), a separate department not under the Department of Health and Human Services. Costs from the PACAP are used to charge Department administrative costs to federal programs.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Service  
US Department of Health and Human Services  
U.S. Department of Agriculture*

*Finding 2009-15 (continued)*

*CFDA #93.069 Public Health Emergency Preparedness  
CFDA #10.551 Supplemental Nutrition Assistance Program (SNAP)  
CFDA #10.561 State Administrative Matching Grants For The Supplemental Nutrition Assistance Program  
CFDA# 93.959 Block Grants for Prevention and Treatment of Substance Abuse  
CFDA# 93.563 Child Support Enforcement  
CFDA# 93.283 Centers For Disease Control and Prevention – Investigations and Technical Assistance*

This is a similar finding to findings included in the 2007 and 2008 Single Audit reports.

The Department indicated that the PACAP was revised and submitted for federal approval in June 2009; however, this document was not operative during the fiscal year under audit.

**Cause:**

The Department indicated that the delay in updating the PACAP is mainly due to a lack of time and personnel resources, which have been even more scarce due to the implementation of a new state accounting system.

**Effect:**

A delay in amending the cost allocation plan on a timely basis could result in disallowed costs.

**Questioned Costs:**

Unable to determine.

**Recommendation:**

The Department should develop procedures to submit amendments to the Public Assistance Cost Allocation Plan on a timely basis. In addition, modification should be made to the PACAP to fully describe the actual processes in place.

**Auditee Response:**

The updated PACAP was mailed on May 27, 2009. The updated PACAP includes additional information/exhibits addressing the issues of timekeeping, routine adjusting entries, and allocation method codes as discussed in the audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Service  
US Department of Health and Human Services  
U.S. Department of Agriculture*

*Finding 2009-15 (continued)*

*CFDA #93.069 Public Health Emergency Preparedness  
CFDA #10.551 Supplemental Nutrition Assistance Program (SNAP)  
CFDA #10.561 State Administrative Matching Grants For The Supplemental Nutrition Assistance Program  
CFDA# 93.959 Block Grants for Prevention and Treatment of Substance Abuse  
CFDA# 93.563 Child Support Enforcement  
CFDA# 93.283 Centers For Disease Control and Prevention – Investigations and Technical Assistance*

**Contact Person:**

Adrian Wayland, Administrator III, Reporting and Analysis Services

**Anticipated Completion Date:**

Not Applicable

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
U.S. Department of Agriculture*

*Finding 2009-16*

*CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)*

<i>Grant Awards and Years:</i>	<i>2008IW100644</i>	<i>2008</i>
	<i>2008IW100344</i>	<i>2008</i>
	<i>2009IW100644</i>	<i>2009</i>
	<i>2009IW100344</i>	<i>2009</i>

**Finding:** *Administrative Draw Downs not performed in accordance with the Treasury-State Agreement*

**Criteria:**

The regulations codified at 31 CFR Part 205 apply to all matters pertaining to the Cash Management Improvement Act Agreement also known as the Treasury State Agreement. The rules included in Subpart A of the codification are the rules applicable to the Federal Assistance Programs included in a Treasury State Agreement (TSA). The TSA documents the accepted funding techniques and methods for calculating interest agreed upon by the U.S Department of Treasury and the State and identifies the Federal assistance programs governed by Subpart A. If anything in a TSA is inconsistent with Subpart A, that part of the TSA will not have any effect and Subpart A will govern (31 CFR 205.6 (a)).

**Condition:**

For certain Federal programs the Department of Health and Human Service, Office of Business Operations (the “Department”) has implemented a non-central draw process where the Division of Public Health (DPH) provides the amounts to the Department for drawdown. The process consists of using the State’s accounting system NHIFS to identify the Federal disbursements. The disbursements are divided into two components; payments for direct program costs and administrative costs. The DPH utilizes the Cash Management Improvement Act subsystem (CMIA system), a module of NHIFS, to ascertain the direct program costs and the Cost Allocation system to ascertain the administrative costs.

During our audit, we noted that the TSA for the WIC program states for payments relating to direct program costs to be drawn by the State from the United States Treasury using the Average Clearance technique of 5 days in the TSA. We also noted that the TSA states for administrative costs the State must draw down funds from the United State Treasury as defined by the TSA using the Cost Allocation Plans – Monthly technique

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
U.S. Department of Agriculture*

*Finding 2009-16 (continued)*

*CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)*

During our testwork, we selected 30 cash draw downs of which eleven drawdowns related to administrative costs and were not drawn in accordance with the TSA. The monthly cash draws were reviewed for the months of July 2008 through May 2009 and we noted no consistency in the process. We noted that there was one month where the draw down was 4 months, two months where the draw downs were 3 months, two months where the draw downs were 2 months, 4 months where the draw downs were 1 month and two months where the draw downs were 2 weeks after the TSA approved clearance pattern.

**Cause:**

The DPH did not adhere to the TSA when submitting the cash draw downs for the WIC program.

**Effect:**

The State is not in compliance with the Treasury State Agreement.

**Questioned Costs:**

None.

**Recommendation:**

The Department should review current cash management practices and institute controls to ensure the timely request of funds in accordance with the Treasury-State Agreement.

**Auditee Response:**

We concur. The administrative cash draw calculation has been moved from the WIC program area to Financial Operations within the Directors office of the Division of Public Health Services, to better align the process of drawing WIC cash. In the past, WIC would review the activity report monthly before cash was drawn and cash would not be drawn without program area approval. This could hold up the cash draw of the administrative part of the grant. Going forward, the activity report will still be sent to the program area for review but a higher priority and closer attention to the time will be followed in order to process the administrative cash draw in a timely manner.

STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
U.S. Department of Agriculture*

*Finding 2009-16 (continued)*

*CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)*

**Contact Person:**

Elizabeth Biron, Program Chief  
Division of Public Health Services, Bureau of Prevention Services

**Anticipated Completion Date:**

June 30, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
U.S. Department of Agriculture*

*Finding 2009-17*

*CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)*

<i>Grant Awards and Years:</i>	<i>2008IW100644</i>	<i>2008</i>
	<i>2008IW100344</i>	<i>2008</i>
	<i>2009IW100644</i>	<i>2009</i>
	<i>2009IW100344</i>	<i>2009</i>

**Finding:** *The Department Does Not Have Adequate Controls Over Reporting To Ensure Compliance*

**Criteria:**

The OMB Circular A-133 Compliance Supplement requires entities receiving federal funding to foster a control environment sufficient to ensure compliance with federal reporting requirements. Entities receiving federal funding are required to report accurate and complete amounts on their respective reports.

**Condition:**

During testing of reporting for the WIC program, the following deficiencies were noted:

- There is not an appropriate level of review and approval over the monthly FNS-798 reports (Financial Management and Participation Reports). The same person compiles the supporting documentation for the reports, enters the report information, and posts the report to the Federal Agency online. A second person then certifies the reports; however, per discussion with Department personnel, this second individual does not actually review the report for any sort of accuracy or compliance with reporting requirements. This certification is only attesting the fact that the person reported as the preparer, is actually the preparer. No review of the validity or completeness of the amounts reported is performed.
- Over-arching indirect costs (PACAP costs such as rent) are not included in the amounts reported as year-to-date expenditures for the WIC program on the monthly FNS reports. Per Department personnel, this information is not available in a timely manner from the business office, and therefore is not included in monthly NSA allocated figures. This represents an instance of non-compliance with reporting requirements, as all year-to-date costs should be reported monthly. These costs are included in the year-end closeout report (FNS-798A), and are approximately \$155,000 during the period under audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Health and Human Services  
U.S. Department of Agriculture*

*Finding 2009-17 (continued)*

*CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)*

**Cause:**

There do not appear to be any controls in place at the Department to ensure the submission of accurate and complete reports.

**Effect:**

The Department is not in compliance with federal reporting requirements, which can impact future and current award amounts.

**Questioned Costs:**

None

**Recommendation:**

We recommend the Department review the control structure currently in place and should institute controls to ensure information regarding program expenditures is disseminated timely, and adequate levels of review and approval exist to ensure accurate reporting.

**Auditee Response:**

We concur with the finding. The activity report from Cost allocation will be used in the future for all reporting. The activity report includes all cost to the program and is generated during the following month in time to meet the FNS-798 deadline. SFY 2009 was the transition year for the WIC program.

**Contact Person:**

Elizabeth Biron, Program Chief

Laura Raymond, Program Specialist

Dolores Cooper, Business Administrator

**Anticipated Completion Date:**

June 30, 2010. All future reports will be completed using the activity report.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>NH Department of Treasury</i>	<i>Finding 2009-18</i>
<i>US Department of Education</i>	
<i>US Department of Health and Human Services</i>	

*CFDA # 84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States*  
*CFDA # 93.558 Temporary Assistance to Needy Families*  
*CFDA # 93.778 Medical Assistance Program*

<i>Grant Awards and Years:</i>	<i>H126A080042</i>	<i>2008, 2009, 2010</i>
	<i>Various</i>	<i>2008</i>
	<i>Various</i>	<i>2009</i>

***Finding:*** *CMIA system not updated to reflect the Treasury State Agreement*

**Criteria:**

The regulations codified at 31 CFR Part 205 apply to all matters pertaining to the Cash Management Improvement Act Agreement also known as the Treasury State Agreement. The rules included in Subpart A of the codification are the rules applicable to the Federal Assistance Programs included in a Treasury State Agreement (TSA). The TSA documents the accepted funding techniques and methods for calculating interest agreed upon by the U.S Department of Treasury and the State and identifies the Federal assistance programs governed by Subpart A. If anything in a TSA is inconsistent with Subpart A, that part of the TSA will not have any effect and Subpart A will govern (31 CFR 205.6 (a)).

**Condition:**

For certain Federal programs the State of New Hampshire, Department of Treasury, (the “Department”) has implemented a central draw process where State Agencies provides the amounts to the State’s Treasury for drawdown. The process consists of using the State’s accounting system NHIFS. The disbursements are divided into two components; payments for direct program costs and administrative costs. State Agencies use the Cash Management Improvement Act (CMIA) system within NHIFS for ascertaining the direct program costs to be drawn down and the CMIA system is updated by the Department of Treasury in order to ensure that the CMIA system and the TSA are in agreement.

There are 23 Federal programs included in the TSA. During our audit, we noted that the CMIA system was not updated to reflect the clearance patterns included in the TSA for 3 of the programs included in the TSA.

**Cause:**

The cause is due to the lack of a formal policy to update the CMIA system in NHIFS to ensure that the State Agencies are drawing down Federal funding in accordance with the TSA.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Treasury*

*Finding 2009-18 (continued)*

*US Department of Education*

*US Department of Health and Human Services*

*CFDA # 84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States*

*CFDA # 93.558 Temporary Assistance to Needy Families*

*CFDA # 93.778 Medical Assistance Program*

**Effect:**

The State increases the risk of not drawing Federal funds for Federal Assistant Programs in accordance with the TSA and the State is not in compliance with the Treasury State Agreement.

**Questioned Costs:**

None

**Recommendation:**

We recommend that the Department develop a formal policy to ensure that the CMIA system and the TSA are in agreement.

**Contact Person:**

Rachel Miller, Chief Deputy State Treasurer

**Auditee Response:**

Treasury concurs. Treasury has initiated a review process from which a formal policy will be developed that addresses adequate review and maintenance of CMIA parameters.

**Anticipated Completion Date:**

June 30, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*New Hampshire Department of Administrative Services  
U.S. Department of Education*

*Finding 2009-19*

*CFDA # 84.397 State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act*

*Grant Award and Years: S397A090030 June 10, 2009 – September 30, 2010*

**Finding:** *Separate Accountability of ARRA funds is not in accordance with requirements*

**Criteria:**

The Stabilization program is authorized in Title XIV of Division A of the American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. 111-5) which requires that all ARRA funds be spent with an unprecedented level of transparency and accountability. Accordingly, recipients of ARRA funds must maintain accurate, complete, and reliable documentation of all ARRA expenditures.

**Condition:**

Although the State accounted separately for the ARRA awards it received, we noted during our testwork related to this program that the State did not separately track how those ARRA funds expended.

**Cause:**

The State did not establish a process or a system to separately track how ARRA SFSF funds were spent expended.

**Effect:**

The State is not in compliance with the program requirements to separately track expenditures funded by ARRA.

**Questioned Costs:**

None

**Recommendation:**

The State should ensure that separate expenditure sources are set up in the State's accounting system for all ARRA awards.

**Auditee Response:**

The state was aware of the need to separately track ARRA awards and did this through the establishment of a unique revenue number for this individual program in the State's Accounting records.

STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*New Hampshire Department of Administrative Services  
U.S. Department of Education*

*Finding 2009-19 (continued)*

*CFDA # 84.397 State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act*

On the expenditure side, this award was treated as an exception to the state's general policy of accounting for ARRA awards due to the following considerations:

- Total expenses for each state service that received this funding did not change (this award replaced general funds)
- One-time reimbursement nature of this award
- The retroactive application of this award
- Timing of the authorization of the award

As a result, the state did not establish separate unique Accounting Units to transfer the supplanted expenses into. Going forward, the state will continue to uniquely segregate the awards and additionally move/transfer any related expenses into a newly created/separate Accounting Unit.

**Contact Person:**

Stephen Smith, Financial Reporting Administrator

**Anticipated Completion Date:**

March 2010

STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*New Hampshire Department of Administrative Services  
U.S. Department of Education*

*Finding 2009-20*

*CFDA # 84.397 State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act*

*Grant Award and Years: S397A090030 June 10, 2009 – September 30, 2010*

**Finding:** *Allowable Activities/Costs are not properly supported by source documents*

**Criteria:**

Per the Department of Education issued Guidance for Grantees and Auditors for the State Fiscal Stabilization Program issued December 24, 2009, States, LEAs, and IHEs must maintain documentation demonstrating the amount of SFSF funds, if any, used to support salaries. Because of the nature of the SFSF program, there are no specific Federal time and effort requirements that apply to individuals whose salaries may be supported with SFSF funds. Thus, the entities must maintain documentation to support the time and effort of these individuals in the same manner that it supports the time and effort of individuals performing similar duties who are paid with State or local funds.

**Condition:**

During our testing, we noted that for 2 of 30 employees tested, the daily time sheet was not approved by a supervisor.

**Cause:**

The two employees whose time sheet was not approved by the supervisor was due to oversight by the supervisor.

**Effect:**

As noted in the criteria above, the entities must maintain documentation to support the time and effort of these individuals in the same manner that it supports the time and effort of individuals performing similar duties who are paid with State or local funds. As such, the State is not in compliance with the Allowable Activities requirement.

**Questioned Costs:**

Unable to determine.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*New Hampshire Department of Administrative Services  
U.S. Department of Education*

*Finding 2009-20 (continued)*

*CFDA # 84.397 State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act*

**Recommendation:**

The State should ensure that all departments spending Federal Funds have authorized supporting documentation for amounts spent.

**Auditee Response:**

Changes have been made that require the Prison reporting units to direct bi-weekly timesheets and slips through the Human Resource (HR) Coordinator. The HR Coordinator will review the documents once again to ensure their completion and signatures. If a document is incomplete it will be directed back to the Supervisor. Supervisors will also be reminded of their responsibility as to the completion and proper authorization of documents.

**Contact Person:**

Lisa Currier, Department of Corrections, HR Administration

**Anticipated Completion Date:**

June 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Community College System of New Hampshire  
U.S. Department of Education*

*Finding 2009-21*

*CFDA # 84.063*

*Federal Pell Grant Program*

*Grant Awards and Years: Various July 1, 2008 to June 30, 2009*

**Finding:** *Pell Grant Disbursement Data Should Be Reported To The U.S. Department Of Education's Common Origination And Disbursement System Within 30 Days Of The Pell Grant Disbursement*

**Criteria:**

Institutions must submit certain Pell payment data to the U.S. Department of Education (ED) through the Common Origination and Disbursement (COD) system within 30 calendar days after the institution makes a payment to a student. Schools may do this by reporting once every 30 calendar days, bi-weekly, weekly, or may set up their own system to ensure that changes are reported in a timely manner (34 CFR 690.83).

This is further reinforced in the Community College System of New Hampshire's (CCSNH) own 2008-2009 Financial Aid Policy Manual which states, "Each NHCTCS college submits a report to COD electronically at least every 30 days. These monthly reports are mandated by federal regulation".

**Condition:**

During our testing, we noted that Pell Grant payments, for either the fall or spring semester, for seven of 60 students tested (13%) were reported to the ED outside of the 30-day timeframe established for the federal student aid program. Instances of untimely reporting were noted at three of the seven Colleges tested (Manchester, Concord, and Claremont). These payments were reported in a range from 31 to 45 days, 1 to 15 days late.

**Cause:**

The cause of the noncompliance reported by the Colleges was attributed to employee oversight.

**Effect:**

In addition to being out of compliance with federal program regulations, late reporting of Pell Grant payment data also delays federal reimbursements as federal funds cannot be drawn until the Colleges have completed the reporting of Pell Grant payment data to the ED. Incomplete, incorrect, and otherwise unreliable data may be used to make important management decisions, which could ultimately impair the institution's ability to comply with federal regulations and achieve other goals and objectives.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Community College System of New Hampshire  
U.S. Department of Education*

*Finding 2009-21 (continued)*

*CFDA # 84.063*

*Federal Pell Grant Program*

**Questioned Costs:**

None

**Recommendation:**

The CCSNH should review the need to report Pell Grant payment information to the ED's COD system in accordance with federal program and CCSNH requirements with the individual Colleges.

**Auditee Response:**

CCSNH has reinforced the requirement to report Pell Grant payment information to the ED's COD system. Additionally, for the 2010-2011 award year, we will implement a BANNER (CCSNH Financial Aid System) processing control (Just In Time). This control will ensure that all Pell records have been sent to ED's COD system, and that an accepted COD origination record is received back by each college, prior to the disbursement of Pell. This will ensure that all required edits are made prior to the disbursement.

**Contact Person:**

Susan Proulx, CCSNH Director of Financial Aid Compliance

**Anticipated Completion Date:**

April 1, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Community College System of New Hampshire  
U.S. Department of Education*

*Finding 2009-22*

*CFDA # 84.032                      Federal Family Education Loans  
CFDA # 84.063                      Federal Pell Grant Program*

*Grant Award and Year:    Various    July 1, 2008 to June 30, 2009*

**Finding:**    *Cost of Attendance Should Be Applied In Accordance With Federal Regulations*

**Criteria:**

A student’s eligibility to receive federal financial aid awards for an academic year is based upon their financial need. The student’s financial need is defined as the difference between the student’s cost of attendance (COA) and their expected family contribution (EFC), less any other financial aid (i.e.; state aid or scholarships). The EFC is computed by the U.S. Department of Education (DE), and is based upon information derived from the student’s Free Application for Federal Student Aid (FAFSA).

The COA is determined by the institution and is based on the provisions of the Higher Education Act of 1965, Sec. 472. The Act specifically states that, “for the purpose of this title, the term “cost of attendance” means - tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study”.

The Act further states that the COA should contain a specific allowance for room and board costs incurred by students based upon three separate categories of students. The categories are defined as students without dependents residing at home with parents, students without dependents residing in institutionally owned or operated housing, and all other students. In addition, the Act states that, for less than half-time students, the COA consists of tuition and fees and an allowance for only books, supplies, transportation, and dependent care expenses.

**Condition:**

The Community College System of NH (CCSNH) utilizes standard budgets in determining a student’s COA. The standard budgets used correlate to specific groups of students in like-programs and represent the COA for a student enrolled at a less than half-time level and a full-time level. One campus within the CCSNH utilizes a mixed budget for students enrolled more than ½ time but less than full-time.

In applying the standard budgets to student accounts, we noted that the CCSNH did not pro-rate the budgets to reflect the actual COA for students carrying a lesser academic workload than that of a full-time student. The CCSNH applied the full-time budget to students enrolled at ¾ or ½ time levels. The CCSNH applied a full-time budget to 1 student attending ¾ time and 3 students attending ½ time out of our sample of 60 students tested.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Community College System of New Hampshire  
U.S. Department of Education*

*Finding 2009-22 (continued)*

*CFDA # 84.032  
CFDA # 84.063*

*Federal Family Education Loans  
Federal Pell Grant Program*

We also noted that the CCSNH had applied a room and board component to the student budgets based on “on campus” or “off campus” housing costs only and did not apply a separate category for some students without dependents living at home with their parents. Our sample of 60 students included 24 students who lived off campus with their parents. We found the financial need of 17 of these 24 students to be overstated because the CCSNH did not properly reflect, in the student budget, a reduction in the students’ housing costs to properly reflect the lower cost of living at home with parents.

A similar finding was noted in the prior year.

**Cause:**

The cause of this finding appears to be management’s interpretation and application of the COA requirements of the Higher Education Act.

**Effect:**

The effect of deriving a cost of attendance from a standard budget based on full-time enrollment that is not adjusted to reflect a student’s housing arrangement or actual academic workload was that students were awarded aid based on an overstated financial need. Our testing revealed that 21 of 60 students tested (35%) were awarded aid based on an overstated financial need. However, none of these students were found to be over awarded federal aid.

**Questioned Costs:**

Unable to Determine

**Recommendation:**

The CCSNH should implement policies and procedures to ensure that students are awarded financial aid based on a cost of attendance that accurately reflects the student’s academic workload and living arrangements.

**Auditee Response:**

CCSNH developed a revised Cost of Attendance policy and related procedures which were implemented for the 2009-2010 award year. The new policy includes a housing component for independent students living off campus with parents, and a “mixed” budget category to apply to students attending ½ or ¾ time.

STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Community College System of New Hampshire*  
*U.S. Department of Education*

*Finding 2009-22 (continued)*

*CFDA # 84.032*

*Federal Family Education Loans*

*CFDA # 84.063*

*Federal Pell Grant Program*

**Contact Person:**

Susan Proulx, CCSNH Director of Financial Aid Compliance

**Anticipated Completion Date:**

April 1, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Community College System of New Hampshire  
U.S. Department of Education*

*Finding 2009-23*

*CFDA # 84.032*

*Federal Family Education Loans*

*Grant Award and Year: Various July 1, 2008 to June 30, 2009*

**Finding: Cash Management**

**Criteria:**

As required by, 34 CFR Section 668.162 and 668.166, institutions must disburse federal funds requested as soon as administratively feasible, but no later than three business days following the date the institution received those funds. An institution may maintain for up to seven days an amount of excess cash that does not exceed one percent of the total amount of funds the institution drew down in the prior award year. The institution must return immediately to the Secretary any amount of excess cash over the one-percent tolerance and any amount remaining in its account after the seven-day tolerance period.

**Condition:**

CCSNH's Claremont campus received two electronic transfers of Federal Family Education Loan funds on February 24, 2009 totaling \$753,780 and \$178,996. The funds were not disbursed to the students' accounts until March 3, 2009 and March 5, 2009, respectively, which is beyond the required three business days. These amounts are also in excess of the one-percent tolerance of funds the institution drew down in prior year (\$23,997). Of the amounts drawn down, \$50,168 and \$16,434, respectively, pertained to students at the Keene campus for which the College was awaiting eligibility. Funds were subsequently returned once it was determined that eligibility would not be obtained.

**Cause:**

Management's interpretation and application of cash management regulations.

**Effect:**

The Claremont campus did not disburse loan funds pertaining to the Keene campus within the required three business days as required by federal regulations.

**Questioned Costs:**

Unable to determine.

**Recommendation:**

We recommend that the CCSNH review its current policies and procedures to ensure that federal funds are disbursed to students within the required federal timeframes.

STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Community College System of New Hampshire  
U.S. Department of Education*

*Finding 2009-23 (continued)*

*CFDA # 84.032*

*Federal Family Education Loans*

**Auditee Response:**

The Claremont campus (RVCC) maintains appropriate controls to ensure disbursement of FFEL funds within the required three business days. This unique situation resulted from the pending ED eligibility renewal for Claremont's additional Keene location. The College invoked the 10 day rule (34 CFR 668.167) while awaiting the eligibility decision from ED.

**Contact Person:**

Susan Proulx, CCSNH Director of Financial Aid Compliance

**Anticipated Completion Date:**

Not applicable

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Federal Transit Cluster*

*Finding 2009-24*

*Federal Transit Administration, Department of Transportation*

*CFDA #20.500 Federal Transit Capital Investment Grants*

*CFDA #20.507 Federal Transit Formula Grants*

<i>Grant Awards and Years:</i>	<i>03-0012</i>	<i>2002</i>
	<i>03-0015</i>	<i>2001</i>
	<i>03-0018</i>	<i>2003</i>
	<i>03-0019</i>	<i>2005</i>
	<i>03-0021</i>	<i>2004</i>
	<i>03-0026</i>	<i>2005</i>
	<i>90-X121</i>	<i>2005</i>
	<i>95-X001</i>	<i>2006</i>
	<i>95-X004</i>	<i>2007</i>
	<i>95-X005</i>	<i>2007</i>

**Finding:** *The Bureau of Rail and Transit (BRT) submitted Financial Status Reports (FSR) to the Federal Transit Administration (FTA) that included erroneous information, excluded relevant information, and/or contained an inaccurate cumulative balance of federal funds expended. Additionally, KPMG noted that a number of the reports were not submitted timely. Based on the compliance procedure results, KPMG noted that the supervision over the reporting process was not effective.*

**Criteria:**

Pursuant to 49 CFR §18.41(b), the award recipient is required to submit Financial Status Reports on a basis determined by the awarding agency, no more than quarterly and no less than annually. If the reports are submitted on a quarterly basis, they are due within 30 days of quarter-end. If they are submitted on an annual basis, they are due within 90 days of year-end. Additionally, a final report is required within 90 days of expiration or termination of grant support.

**Condition:**

We evaluated reports for each of the twelve grants used within the federal transit cluster and noted KPMG that 14 out of the 32 quarterly reports tested were not submitted within 30 days of quarter end.

We also noted that the submissions for grants 03-0012, 03-0015, 03-0019 and 03-0026 did not reflect all of the expenditures incurred in the months being reported on according to the information obtained from Office of Finance and Contracts (OFC) and the Department of Transportation. For the period ending March 31, 2009, the reports for grants 03-0012 and 03-0015 omitted expenditures of \$22,582 and \$2,442 of expenditures, respectively. For the period ending June 30, 2009, the reports for grants 03-0015, 03-0019, and 03-0026 omitted expenditures of \$55,855, \$415, and \$64,868, respectively.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Federal Transit Cluster*

*Finding 2009-24 (continued)*

*Federal Transit Administration, Department of Transportation*

*CFDA #20.500 Federal Transit Capital Investment Grants*

*CFDA #20.507 Federal Transit Formula Grants*

We also noted errors in the submissions for grants 90-X121, 95-X001, 95-X004, and 95-X005, wherein the information submitted to the FTA could not be traced to the detail of expenditures obtained from OFC. For the period ending March 31, 2009, the report for grant 95-X005 omitted \$108,689 of expenditures. For the period ending June 30, 2009, the reports for grants 90-X121, 95-X001, 95-X004, and 95-X005 overstated expenditures by \$200,337, \$218,824, \$991,562, and \$292,813, respectively. Finally, we noted that the fourth quarter submissions for grants 90-X121 and 95-X004 contained the expenditures incurred from July 2008 to May 2009, despite the fact that information prior to March had already been submitted in previous FSRs.

These errors, in addition to uncorrected errors in previous fiscal years, resulted in errors in the cumulative share of federal outlays reported in the FSR for the grants 03-0015, 03-0019, 03-0026, 90-X121, 95-X001, 95-X001, 95-X004 and 95-X005. Cumulative expenditures were underreported by \$58,297, \$415, and \$64,867 for grants 03-0015, 03-0019, and 03-0026, respectively. Cumulative expenditures were over-reported by \$162,421, \$218,824, \$1,049,894, and \$292,813 for grants 90-X121, 95-X001, 95-X004, and 95-X005, respectively.

**Cause:**

Although the monthly expense reports were approved by the Transportation Coordinator, on the monthly expense reports, the supervisor to the person responsible for report submission did not ensure that amounts were supported by expenditure details, and that amounts reported represented the correct reporting period. Also, there does not appear to be a control in place to ensure reports are filed timely.

**Effect:**

Non-compliance with the FTA's reporting requirements.

**Questioned Costs:**

None

**Recommendation:**

We recommend that the BRT revise their internal control procedures to ensure that reporting is performed as required by FTA guidelines. Internal control guidelines should ensure that information for the quarter end is available within 30 days so FSRs can be prepared and submitted. If necessary, we recommend that a draft FSR be submitted within the FTA's 30-day deadline, then subsequently revised if additional information is received that necessitates a change to the information submitted. Additionally, we suggest that management ensure that amounts reported are supportable and are

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Federal Transit Cluster*

*Finding 2009-24 (continued)*

*Federal Transit Administration, Department of Transportation*

*CFDA #20.500 Federal Transit Capital Investment Grants*

*CFDA #20.507 Federal Transit Formula Grants*

accurate prior to signing-off on the financial and non-financial information entered into the report prior to submission to the FTA.

**Auditee Response:**

*(1) Late report submissions:*

BRT staff agrees that 14 out of 32 reports were submitted late. As for the 14 late reports, BRT notes that 10 of the 14 late reports were for the 1<sup>st</sup> Quarter of Federal FY 2009—and that as we progressed into Calendar year 2009 BRT staff made a more concerted effort to submit reports on time. The timing of FY09 Q1 report submissions is within the timeframe that BRT noted as the implementation date for desired changes from KPMG's last audit...thus after implementing the Outlook reminders and more frequent schedule in early 2009, BRT only submitted 4 late reports and in the future, all quarterly reports will be submitted within FTA's prescribed timeframe and verification will be accessible via TEAM.

*(2) Financial data in reports not in agreement with reviewed expenditures:*

BRT staff is currently working with FTA Region I on revising the method by which it collects, reconciles and reports on grant expenditures. The inaccuracies noted are a result of the current method by which BRT tracks and enters data into FFRs in TEAM. BRT staff have been relying upon the Bureau of Finance & Contracts (BFC) monthly grant report which details funds drawn down from FTA. The issue, however, is that when a quarterly FFR is due, for instance for the period ending March 31, the latest monthly report available may be for the period ending January 31. Thus, BRT has used the most current monthly report available and thus has been reporting on funds drawn down from FTA instead of expenses incurred by the reporting date. Therefore, we could have instances where funds were expended in February or March, but didn't get drawn down until April, thus the expenditures and FFRs would not agree.

Currently, FFR financial data is taken from the monthly reports generated by the BFC. These reports indicate the expenditures by project and grant numbers that have been drawn down through Echo. Since the BFC monthly reports are not available until 30 –60 days after the month of report, the data reported in FFRs was not necessarily current with reporting quarter (Example: reporting period July 1 – Sept. 30, BFC monthly report used, BFC monthly report for period ending August 31. Therefore FFR data was accurate August 31 rather than Sept. 30.)

Through conversations with FTA Region I staff (James Marks) and review of FTA Circular C5010.1D, BRT understands that the financial data it has been reporting should not be reconciled with BFC monthly drawdown reports and should be reflective of the costs incurred during the actual reporting timeframe.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Federal Transit Cluster*

*Finding 2009-24 (continued)*

*Federal Transit Administration, Department of Transportation*

*CFDA #20.500 Federal Transit Capital Investment Grants*

*CFDA #20.507 Federal Transit Formula Grants*

In order to correct this process and to extract more current accrual-based accounting data, BRT will pull the financial data used for the FFR's from the Project Detail reports that BFC generates. The Project Detail report reflects the payments/expenditures as they are processed. The Project Detail report is available to transit staff within 30 days of month end. Utilizing the Project Detail report will allow for reports that are reflective of the appropriate report period.

Obligated amounts and unliquidated obligated amounts will be calculated using our Project Tracking records and amounts expended. These are cross-referenced with our Transit Project Coordinator's project management financial records.

The Transit Project Coordinator and Transit Grants Coordinator will work together to ensure accurate information that follows FTA's guidance is reported. If BRT staff receive written confirmation from FTA Region I staff (letter or email), a copy of this document supporting the above financial reporting process will be available in the BRT office.

*(3) Supervision over the reporting process:*

The Public Transportation Administrator (PTA) will ensure FFRs are submitted on time by reviewing a data query from TEAM on the quarterly due date to verify that all required reports have been submitted for the 5307 and 5309 grant programs.

To help ensure that the information entered into the FFR is accurate, the Transit Grants Coordinator will provide a report showing calculations used to generate data on expenditures that are entered on FFRs to the Public Transportation Administrator. The Public Transportation Administrator or Bureau Administrator will review the report to verify that the correct data is drawn from the Project Detail report to produce FFRs for active grants.

**Contact Person:**

Michelle Winters, Public Transit Administrator, Bureau of Rail and Transit

**Anticipated Completion Date:**

April 30, 2010 (next quarterly report due date for FTA grants). Completion date could be delayed if FTA Region I delays approval of financial data collection/reporting process.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>U.S. Department of Transportation</i>		<i>Finding 2009-25</i>
<i>CFDA # 20.205</i>	<i>Highway Planning and Construction</i>	
<i>Grant Awards and Years:</i>	<i>MGS-STP-X-5285-035</i>	<i>2009, 2008, 2007</i>
	<i>IM-T-0089-1-177</i>	
	<i>X-A000-744</i>	
	<i>HP-STP-F-X-0035-1-008</i>	
	<i>BRS-RS-X-0201-007</i>	
	<i>X-A000-526</i>	
	<i>X-A000-377</i>	
	<i>X-A000-398</i>	
	<i>X-A000-377</i>	

***Finding:*** *Allowable Costs-Payroll*

**Criteria:**

Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation that accounts for the total activity for which each employee is compensated (OMB Circular A-87, Attachment B Section 8 (H) (1) (2) and (3)).

**Condition:**

During our audit, we noted that for 10 out of 30 timesheets reviewed, the employee timesheet was not signed by the employee.

**Cause:**

Controls in place are not operating effectively.

**Questioned Costs:**

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*U.S. Department of Transportation*

*Finding 2009-25 (continued)*

*CFDA # 20.205*

*Highway Planning and Construction*

**Recommendation:**

We recommend that the Department ensure timesheets are completed and signed by each employee required to complete a timesheets each pay period.

**Auditee Response:**

We partially concur. Of the thirty (30) timesheets reviewed, only one (1) timesheet did not have either an employee nor a supervisor's signature. The other nine (9) time sheets, which were processed in the field, had a supervisor/manager's signature.

The department for some time has been transitioning to electronic time reporting and utilizing the Managing Assets for Transportation System (MATS). The MATS system includes extensive labor distribution functionality for our cost accounting needs. While this is a major business process change, the department has been diligent in this transition by printing the timesheets every payday for an extended period to verify time is being properly captured. Therefore, employee signatures and supervisory approval in the future will be electronic with two levels of supervisory approval.

One of the challenges DOT has is in the field frequently the supervisor is the source of entry into MATS. The foreman keys this information for the employee as a practical matter but also he/she is the one knowledgeable of the cost accounting process and the one to determine the appropriate projects to charge. The system is designed in an intelligent manner to minimize chance of errors by limiting views to various accounting codes that would most likely be used. The entry in MATS is based upon entries from the logbooks or other tracking tools where foremen record employee time as well as other pertinent information from the day's activities. The foreman/district manager's electronic signature provides the equivalent documentation to support the proper distribution of employees' time. All original data-entry whether by the employee or their supervisor, is subject to approval by another employee preferably at the supervisory level.

Despite the process whereby not all employees directly input their time worked in MATS, multiple levels of approvals are required as a control. The department will continue to seek out better techniques to verify the accuracy of employment compensation.

**Contact Person:**

Leonard Russell, Finance Administrator

**Anticipated Completion Date:**

March 1, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*U.S. Department of Transportation*

*Finding 2009-26*

*CFDA # 20.205*

*Highway Planning and Construction*

*Grant Award and Years: Various 2009, 2008, 2007, 2006, 2005, 2004*

**Finding:** *Cash Management*

**Criteria:**

The average clearance technique is defined such that the State requests funds such that they are deposited by the Treasury on the dollar weighted average day of clearance for the disbursement, in accordance with the clearance pattern specified in Exhibit II of the Treasury State Agreement (TSA).

**Condition:**

We noted that for three out of five drawdowns selected for testwork, the Department did not replicate the average clearance pattern technique defined in the TSA. The dollar weighted average day of clearance for the Highway Planning and Construction Program is five business days. These three drawdowns selected occurred in three, four, and two business days.

We did note that the drawdown process used by the Department for the Highway Planning and Construction program does not draw down funds in advance of disbursement of the dollar weighted average day of clearance.

**Cause:**

The Department is not in compliance with the Treasury State Agreement (TSA) and the Cash Management Improvement Act (CMIA).

**Questioned Costs:**

None

**Recommendation:**

We recommend that the Department strengthen its existing policies and procedures to ensure that the TSA drawdown techniques agree with the actual methods used to drawdown Federal funds.

**Auditee Response:**

We concur. We have discussed this issue with the State Treasurer's Office and an amendment to the TSA will be submitted by Treasury to more closely reflect the flow of funds and timing involved in the drawdown cycle associated with CFDA # 20.205. Agreements related to federal fund drawdowns will be reviewed at least annually with Treasury.

STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*U.S. Department of Transportation*

*Finding 2009-26 (continued)*

*CFDA # 20.205*

*Highway Planning and Construction*

**Contact Person:**

Leonard Russell, Finance Administrator

**Implementation Date:**

June 1, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>U.S. Department of Transportation</i>		<i>Finding 2009-27</i>
<i>CFDA # 20.205</i>	<i>Highway Planning and Construction</i>	
<i>Grant Award and Year:</i>	<i>Various</i>	<i>2009, 2008, 2007, 2006, 2005, 2004</i>

***Finding:*** *Subrecipient Monitoring*

**Criteria:**

OMB Circular A-133 states that a pass-through entity is responsible for:

- Monitoring the subrecipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and those performance goals are achieved.
- Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipients’ fiscal year as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipients’ audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipients audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

**Condition:**

We noted that the Department requests that all subrecipients submit A-133 audit reports regardless of the amount of federal expenditures. However, there is no formal mechanism in place to keep track of the submission and review of these reports.

A similar finding was identified in the prior year.

**Cause:**

The Department is not in compliance with the Subrecipient Monitoring requirement related to the Collection and Review of subrecipient A-133 reports.

**Questioned Costs:**

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*U.S. Department of Transportation*

*Finding 2009-27 (continued)*

*CFDA # 20.205*

*Highway Planning and Construction*

**Recommendation**

Audit reports should be requested and reviewed in a timely manner, and the Department should ensure that timely and appropriate corrective action is taken on all audit findings. Further, the Department should evaluate the impact of subrecipient activities on their ability to comply with applicable Federal regulations.

**Auditee Response:**

We concur. The two instances cited involved one contract with no expenditure activity and another with very little activity. The Department's approach was to request the audit reports at the conclusion of the project as part of the close out procedure. The DOT is reviewing the regulations and will revise procedures to make sure all required audit reports are received in a timely manner and to further follow-up on any compliance related issues. Further the DOT is reviewing other control procedures to manage risk when dealing with subrecipients to include:

- Improving specific contract language to reinforce and strengthen the recorded keeping requirements;
- Requesting vendor invoices and other supporting documentation at the time of reimbursement;
- Requiring the DOT Community Services staff, the DOT Internal Auditor, and other DOT Finance staff to educate and document responsibilities to insure efficiencies and accountabilities for the program and
- Reviewing the OMB Circular A-113 language and incorporating appropriate subrecipient requirements in the agreements between DOT and subrecipients.
- The A-133 audit report will be submitted by the subrecipient to DOT throughout the term of the award.

**Contact Person:**

Leonard Russell, Finance Administrator

**Implementation Date:**

May 1, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>U.S. Department of Transportation</i>		<i>Finding 2009-28</i>
<i>CFDA # 20.205</i>	<i>Highway Planning and Construction</i>	
<i>Grant Award and Year:</i>	<i>Various</i>	<i>2009, 2008, 2007, 2006, 2005, 2004</i>

***Finding:*** *Special Tests and Provisions-Contractor Recoveries*

**Criteria:**

When a State recovers funds from highway contractors for a project overcharges due to bid-rigging, fraud, or anti-trust violations or otherwise recovers compensatory damages, the Federal-aid project involved shall be credited with the Federal share of such recoveries (Tennessee v. Dole F.2d 331 (6<sup>th</sup> Cir. 1984); 57 Comp Gen. 577 (1978); 47 Comp. Gen. 309 (1967)).

**Condition:**

The Department does not have a systematic mechanism in place to identify and track recoveries from contractors to ensure that such amounts are properly credited against Federal billings.

**Cause/Effect:**

Controls are not adequately designed to identify and track recoveries; and therefore, contract recoveries may not be credited against Federal Billings in a timely and accurate fashion.

**Questioned Costs:**

Not able to determine

**Recommendation:**

The Department needs to implement a system of controls to identify and track recoveries to ensure that such amounts are properly credited against Federal billings.

**Auditee Response:**

We concur in part.

The Department has an effective system for tracking overcharges on contracts. The construction bureau reviews all construction projects during the final audit of the construction phase. The bureau then contacts the vendors with either an amount owed to the contractor or an amount owed to the DOT. For amounts owed to DOT, a memo is sent to the contractor indicating the amount due DOT. The Department follows up after 60 days if payment is not received. When the refund is received, the amount is credited back to the project expense account. Through, the current billing system, subsequent federal draws are then appropriately reduced. Projects do not move forward with closing actions until overcharges or amounts due are resolved.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*U.S. Department of Transportation*

*Finding 2009-28 (continued)*

*CFDA # 20.205*

*Highway Planning and Construction*

When DOT implements the billing module of the NH First system, these amounts due will be recorded as receivables on the state's books which formalizes the transaction and improves the documentation and control.

Although we understand that *no* system exists to detect all occurrences of possible contractor fraud, we believe the Department as a whole, has an effective bidding and contract process to mitigate such events. The Department, as with all State agencies, participates in an open, formal and rigorous contract bidding & approval process. All contracts greater than \$2,500 require the vendor to openly compete in a State bidding process, provide comprehensive insurance, Certificate of Authority (signature authority), Certificate of Good Standing (filed with Secretary of State), be subjected to Attorney General review and approval, and finally, if successful in the bidding process, obtain Governor and Council approval of the contract. Lastly, in the event that unlawful or compensatory type damages occur and recoveries are made, the Department will treat such recoveries in the same manner as contractor reimbursements and credit these transactions back to the project for purposes of federal billing.

**Contact Person:**

Leonard Russell, Finance Administrator

**Anticipated Completion Date:**

May 1, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>U.S. Fish and Wildlife Service</i>		<i>Finding 2009-29</i>
<i>NH Department of Fish and Game</i>		
<i>CFDA #15.605 Sport Fish Restoration Program</i>		
<i>CFDA #15.611 Wildlife Restoration</i>		
<i>Grant Awards and Years:</i>	<i>F63D1</i>	<i>5/7/07-12/31/2008</i>
	<i>F50R25</i>	<i>7/1/08 – 6/30/2009</i>

**Finding:** *Volunteer In-Kind Contributions (control)*

**Criteria:**

OMB Circular A-87 Subpart C - (d) Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

**Condition:**

A suggested audit procedure of the OMB Circular A-133 is to “test records to corroborate that the values placed on in-kind contributions (including third party in-kind contributions) are in accordance with the OMB cost principles circulars, the A-102 Common Rule, OMB Circular A-110, program regulations, and the terms of the award”. The number of hours volunteered has a direct impact on the overall value placed on the in-kind contribution. All volunteers are required to sign a Volunteer Instructor Activity Timesheet to attest that the hours volunteered are truly stated and the Program Coordinator is required to approve the timesheet via signature. During our testwork of a sample of 30, we noticed that 4 timesheets were not signed by the program coordinator.

A similar finding was noted in the fiscal 2008 audit.

**Cause:**

The control procedure established to ensure in-kind contributions are properly supported was not performed.

**Effect:**

The State match of Federal Aid (25%) may not be being met if in-kind contribution matches are not fairly stated.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*U.S. Fish and Wildlife Service  
NH Department of Fish and Game*

*Finding 2009-29 (continued)*

*CFDA #15.605 Sport Fish Restoration Program  
CFDA #15.611 Wildlife Restoration*

**Questioned Costs:**

None

**Recommendation:**

We recommend that the Department implement procedures to better enforce the control requirement of having volunteers sign the Volunteer Instructor Activity Timesheet. This will ensure that the Department remains in compliance with the Federal requirement regarding in-kind contributions.

**Auditee Response:**

To better enforce the control requirement, the Federal Aid Coordinator will review the format of all of the Department's volunteer timesheets to ensure there is a designated line for the Program Coordinator's signature. The Federal Aid Accountant will continue to check for Program Coordinator's signatures and those without signatures will not be used for the purpose of in-kind match.

**Contact Person:**

Kathy LaBonte, Business Administrator

**Anticipated Completion Date:**

February 5, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>U.S. Fish and Wildlife Service</i>	<i>Finding 2009-30</i>
<i>NH Department of Fish and Game</i>	
<i>CFDA #15.605 Sport Fish Restoration Program</i>	
<i>CFDA #15.611 Wildlife Restoration</i>	
<i>Grant Awards and Years: F50R25, F53E22, F60D16, FW17C34,</i>	
<i>FW25T15, FW28D14, FW30T10, W11D68,</i>	
<i>W66S37, W89</i>	<i>7/01/2008-6/30/2009</i>
<i>F63D1</i>	<i>5/7/07-12/31/2008</i>
<i>F100R25M</i>	<i>10/1/2007-9/30/08</i>
<i>F61R14</i>	<i>1/1/2009-12/31/2009</i>

***Finding:*** *Suspension & Debarment Not Monitored*

**Criteria:**

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. §\_\_.220 of the government wide nonprocurement debarment and suspension common rule contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (§\_\_.300).

**Condition:**

During our testing of the procurement requirements it was determined that the Department did not comply with requirements for suspension and debarment provision on contracts over \$25,000. It appeared that the Department did place into effect, during the grant-year, a new procurement contract which includes a certification of suspension and debarment for contractors. However, in one instance out of the 2 fiscal 2009 contracts tested, the Department did not request a suspension and debarment certificate or review the Federal Excluded Parties List System.

A similar finding was included in the prior audit.

**Cause:**

A lack of understanding on part of the Department regarding requirements related to suspension and debarment.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*U.S. Fish and Wildlife Service  
NH Department of Fish and Game*

*Finding 2009-30 (continued)*

*CFDA #15.605 Sport Fish Restoration Program  
CFDA #15.611 Wildlife Restoration*

**Effect:**

The Department may inappropriately use Federal Program Assistance to do business with contractors who have been suspended or debarred from working on projects paid for with Federal Aid.

**Questioned Costs:**

None

**Recommendation:**

The Authority should ensure that all federally funded procurements equal to or in excess of \$25,000 regardless of bidding requirements are monitored for suspension and debarment.

**Auditee Response:**

The Department began using language for certification of suspension and debarment in all of its contracts with vendors prior to execution of those contracts during state fiscal year 2009. This contract, being a renewal, was an oversight and the Department will be more cognizant of renewal contracts from this point forward.

The Department will institute a procedure in which the Business Administrator, who approves all requisitions for goods, will check the EPLS website to verify an entity is not suspended, debarred or otherwise excluded for all requisitions equal to or exceeding \$25,000.

**Contact Person:**

Kathy LaBonte, Business Administrator

**Anticipated Completion Date:**

Completed

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>U.S. Fish and Wildlife Service</i>	<i>Finding 2009-31</i>
<i>NH Department of Fish and Game</i>	
<i>CFDA #15.605 Sport Fish Restoration Program</i>	
<i>CFDA #15.611 Wildlife Restoration</i>	
<i>Grant Year and Award: F50R25, F53E22, F60D16, FW17C34,</i>	
<i>FW25T15, FW28D14, FW30T10, W11D68,</i>	
<i>W66S37, W89</i>	<i>7/01/2008-6/30/2009</i>
<i>F63D1</i>	<i>5/7/07-12/31/2008</i>
<i>F100R25M</i>	<i>10/1/2007-9/30/08</i>
<i>F61R14</i>	<i>1/1/2009-12/31/2009</i>

***Finding:*** *No Reconciliation of Department and State Accounting Systems (control)*

**Criteria:**

Federal regulations (43 C.F.R 12.60 Standards for Financial Management Systems) require each State’s accounting procedures to allow for sufficient preparation of grant reports and for the tracing of funds to a level of expenditure adequate to demonstrate compliance with grant provisions. Additionally C.F.R 225 OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments) specifies that allowable costs under federal awards must be necessary and reasonable, be allocable and authorized, and be adequately documented.

**Condition:**

The State’s accounting system is unable to provide the detail required for grant reporting purposes. The current process in place is dependent on a manual operation that one person controls using software (QuickBooks), that is not linked or reconciled to the State of New Hampshire’s financial management system. Without the ability to reconcile the two systems, the Department cannot be assured that it is not claiming duplicate costs.

A similar finding was noted in the prior year audit.

**Cause:**

The Departments utilizes a stand-alone accounting software that is not integrated with the State of New Hampshire financial management system and a reconciliation of the two systems is not performed.

**Effect:**

Without reconciling the two systems, the Department cannot be assured that it is not claiming duplicate costs.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*U.S. Fish and Wildlife Service  
NH Department of Fish and Game*

*Finding 2009-31 (continued)*

*CFDA #15.605 Sport Fish Restoration Program  
CFDA #15.611 Wildlife Restoration*

**Questioned Costs:**

None

**Recommendation:**

The Department should implement a process where records of Federal Expenditures and Revenues maintained in their stand-alone accounting system are reconciled in a timely manner to the State of New Hampshire's financial management system. Without such a control, the Department will be unable to determine if it is claiming duplicate costs.

**Auditee Response:**

Although the State has implemented the new ERP system partially, the human resources module has not been implemented and will not be for quite some time. We cannot reconcile the State's accounting system to our system until the ERP system contains both the federal grants module along with the human resources component. At that time the Department will have no need for a stand alone system (Quickbooks) as all data will be contained within the State's ERP system.

**Contact Person:**

*Kathy LaBonte, Business Administrator*

**Anticipated Completion Date:**

As soon as the entire ERP system is implemented.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>Office of Energy and Planning (OEP)</i>		<i>Finding 2009-32</i>
<i>Department of Health and Human Services</i>		
 <i>CFDA # 93.568 Low-Income Home Energy Assistance</i>		
<i>Grant Awards and Years:</i>	<i>G-07BINHLIEA</i>	<i>October 1, 2006 to September 30, 2008</i>
	<i>G-08BINHLIEA</i>	<i>October 1, 2007 to September 30, 2009</i>
	<i>G-09BINHLIEA</i>	<i>October 1, 2008 to September 30, 2010</i>

**Finding:** *OEP Did Not Comply With Subrecipient Monitoring Requirements of The LIHEAP Program*

**Criteria:**

Federal Office of Management and Budget (OMB) Circular A-133 §\_\_400 (d) requires a pass-through entity to perform the following for the Federal awards it makes:

- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients ...have met the audit requirements of this part for that fiscal year.

Section M. *Subrecipient Monitoring* of the A-133 Compliance Supplement describes a pass-through entity as responsible for:

***Award Identification*** – At the time of the award, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.

***During-the-Award Monitoring*** – Monitoring the subrecipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

***Subrecipient Audits*** – (1) Ensuring that subrecipients...have met the audit requirements of OMB Circular A-133...; (2) issuing a management decision on audit findings...; and (3) ensuring the subrecipient takes timely and appropriate corrective action on all audit findings.

***Pass-Through Entity Impact*** – Evaluating the impact of subrecipient activities on the pass-through entity’s ability to comply with applicable Federal regulations.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*Department of Health and Human Services*

*Finding 2009-32 (continued)*

*CFDA # 93.568 Low-Income Home Energy Assistance*

Section (10) of the Federal grant agreement for LIHEAP for program year 2009 provides that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that the State will comply with the provisions of Chapter 75 of Title 31, United State Code, commonly known as the “Single Audit Act”.

OEP’s 2008-2009 Fuel Assistance Program Manual under the heading of Monitoring states that OEP will conduct program and fiscal monitoring of the community action agencies (CAAs) for compliance with Federal and State rules and regulations. On-site monitoring will occur throughout the program year and a written report will be provided following each monitoring visit. OEP will also monitor energy suppliers on a random basis and OEP will issue the CAAs a written report containing all findings following each monitoring visit of a vendor in their territory. The Manual contains descriptions of areas subject to OEP monitoring and blank forms for documenting monitoring efforts.

**Condition:**

During fiscal year 2009, the OEP did not perform any formal monitoring site visits of CAAs or energy suppliers. According to the OEP, the last formal monitoring effort was performed during March 2008. That OEP review of an energy supplier was not documented by the OEP’s completion of standard forms or issuance of a monitoring report.

Complete copies of subrecipient audit reports are not maintained by the OEP. OEP LIHEAP program employees are not trained in A-133 audit requirements and do not have or retain CAA audit report information required to determine whether subrecipient audits contain control or compliance findings requiring timely and appropriate corrective action.

**Cause:**

Apparent lack of OEP management emphasis on OEP’s need to actively monitor subrecipients.

The OEP discontinued its CAA site-visit and energy vendor monitoring efforts due to OEP’s conclusion that these efforts were not productive.

OEP federal program personnel are not trained in monitoring subrecipient audit results.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)  
Department of Health and Human Services*

*Finding 2009-32 (continued)*

*CFDA # 93.568 Low-Income Home Energy Assistance*

**Effect:**

The OEP is not performing formal during-the-award monitoring procedures to ensure:

- Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements,
- Performance goals are achieved, and
- The proper disbursement of and accounting for Federal funds paid to the State under this federal program, including procedures for monitoring the assistance.

The OEP is not effectively monitoring and reacting to the results of subrecipient audit results.

Because of the above, the OEP cannot evaluate the impact of subrecipient activities on the OEP's ability to comply with applicable Federal regulations, including gaining reasonable assurance that program expenditures are allowable.

**Questioned Costs:**

Unable to determine.

**Recommendation:**

OEP should monitor subrecipient activities in accordance with federal requirements. At a minimum, OEP's subrecipient monitoring efforts must be sufficient to meet its Federal program requirements. OEP should also ensure that its during-the-award monitoring, as described in its Fuel Assistance Program Manual, is performed.

OEP should train its federal program employees in A-133 audit requirements. OEP employees responsible for reviewing and responding to subrecipient audits should have and retain complete copies of the audit reports and have the knowledge and experience to determine whether subrecipient audit reports indicate corrective actions are required by either or both the OEP and the CAA.

**Auditee Response:**

The OEP *partially concurs*.

The OEP acknowledges its responsibility for the design and implementation of programs and controls to prevent and detect fraud in the administration of federal programs.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*Department of Health and Human Services*

*Finding 2009-32 (continued)*

*CFDA # 93.568 Low-Income Home Energy Assistance*

The OEP recognizes that improved monitoring documentation and additional on-site monitoring of the Community Action Agencies' (CAA) Low-Income Home Energy Assistance programs (LIHEAP) are needed. Productivity and costs were previously monitored manually using the attachments/forms of the *Fuel Assistance Program Manual*. Some internal control is now being achieved electronically through the CAA's reporting software. Since the implementation of the software, the monitoring forms of the *Fuel Assistance Program Manual* have become obsolete.

While the LIHEAP program manager exercised controls over the program through its reporting software, OEP concurs that an identified area of monitoring weakness in fiscal year 2009 is detailed financial monitoring/review of the accounting systems of the Community Action Agencies, as well as appropriate documentation of program monitoring. Prior to 2005, the OEP business director conducted annual financial monitoring in coordination with program monitoring by the program staff at each CAA. A new business director was hired in May of 2005, approximately four months after the previous director had resigned. It appears that institutional knowledge was lost relative to the scope and timing of financial monitoring of the CAAs and inadequate procedures were in place to ensure their continuation. An additional factor was the reduction of staff from the merger of the Office of Energy and Community Services and the Office of State Planning in 2003 which resulted in the loss of a number of positions, including the program manager for the weatherization program and a director of community services which oversaw both the LIHEAP and weatherization programs. These changes put additional workload pressure on the business office staff over time and further eroded program staff focus on financial monitoring issues.

The LIHEAP program manager is currently in the process of updating The *Fuel Assistance Program Manual* to reflect the addition of its reporting software. However, comprehensive on-site monitoring needs to be conducted regularly and documented in addition to the electronic monitoring.

A comprehensive monitoring of each CAA will be performed on-site at least once per year and agencies at risk will be monitored more often. OEP is working with the NH Office of Economic Stimulus to develop a comprehensive program for all the CAAs by the end of this program year. Program monitoring of the CAAs will be coordinated with the weatherization program manager to avoid duplicate monitoring of the same financial accounting systems.

Historically, financial monitoring was done by the OEP business office, which did have A-133 audit knowledge. Financial monitoring was not a duty of the program manager. With changes in personnel and increased responsibilities there is now a need to expand knowledge of A-133 requirements to program managers so they can recognize what is needed for financial tracking and help perform this monitoring.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*Department of Health and Human Services*

*Finding 2009-32 (continued)*

*CFDA # 93.568 Low-Income Home Energy Assistance*

OEP is pursuing A-133 training options through the Office of Economic Stimulus and other State or Federal agencies or alternatively, using a “best practices” approach, OEP will develop its own training in cooperation with and input from sister States who currently provide the training for their staff. We anticipate training to be defined and developed by May 30, 2010. The OEP also recognizes that we may need additional resources and continued support, outside of our fiscal office, for on-site fiscal monitoring of the CAAs.

**Contact Person:**

Joanne O. Morin, Director

**Anticipated Completion Date:**

Beginning immediately and ongoing.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)  
U.S. Department of Energy*

*Finding 2009-33*

*CFDA # 81.042 Weatherization Assistance For Low-Income Persons*

*Grant Award and Years: DE-FG41-04R130436 April 1, 2008 - March 31, 2009*

**Finding:** *Required Weatherization (WXN) Report Not Filed*

**Criteria:**

The U.S. Department of Energy (USDOE) federal reporting checklist attached to OEP's WXN grant award documentation requires the OEP to submit a Property Certification Report at the end of each five-year grant period. The report is due within 90 days of the close of the grant period.

The Property Certification Report is intended to identify property purchased with WXN grant funds by the grantee and its subgrantees within the five-year grant period ended March 31, 2009.

**Condition:**

OEP did not file a Property Certification Report due by June 30, 2009.

**Cause:**

OEP does not have procedures in place to ensure its submittal of required DOE reports is both timely and complete.

OEP has not implemented procedures to ensure that information required to be included within the Property Certification Report is collected from subgrantees and tracked.

The WXN Program Manager was not aware of the requirement to file the report.

**Effect:**

OEP is not in compliance with the requirement for the submission of a timely Property Certification Report.

The USDOE does not have information that would be available on a timely filed Property Certification Report.

**Questioned Costs:**

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-33 (continued)*

*CFDA # 81.042 Weatherization Assistance For Low-Income Persons*

**Recommendation:**

OEP should establish policies and procedures to reasonably ensure the timely filing of required reports. Policies and procedures should be communicated to program managers and others responsible for federal program compliance, including filing required reports.

OEP should devise and maintain procedures that can be monitored, such as the use of a calendar or tickler file, to anticipate and perform required reporting activities in a timely manner.

**Auditee Response:**

We concur.

OEP will prepare office-wide procedures for managing and monitoring federal programs in accordance with the appropriate federal guidance and regulations. Procedures will include or provide reference to program specific procedures or procedure manuals as appropriate. One procedure will include an annual review of reporting requirements by the Grants Manager and reviewed by the Director. The WXN Program Manual will also be updated with this requirement.

Note that the Department of Energy (DOE) WXN Program Manager had, at first, indicated that the Property Certification Report was not due from OEP at the end of this program year. The correct due date will be indicated in the procedures manual to correct this error.

**Contact Person:**

Joanne O. Morin, Director

**Anticipated Completion Date:**

The Property Certification Report will be submitted by May 31, 2010.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-34*

*CFDA # 81.042 Weatherization Assistance For Low-Income Persons*

<i>Grant Awards and Years: FG41-04R130436</i>	<i>April 1, 2008 to March 31, 2009</i>
<i>EE00060</i>	<i>April 1, 2009 to March 31, 2010</i>
<i>EE00161 (ARRA)</i>	<i>April 1, 2009 to March 31, 2012</i>

**Finding** *OEP Did Not Comply With Significant Aspects of The Subrecipient Monitoring Requirements Of The Weatherization (WXN) Program*

**Criteria:**

Federal Office of Management and Budget (OMB) Circular A-133 §\_\_400 (d) requires a pass-through entity to perform the following for the Federal awards it makes:

- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients ...have met the audit requirements of this part for that fiscal year.

Section M. *Subrecipient Monitoring* of the A-133 Compliance Supplement describes a pass-through entity as responsible for:

***Award Identification*** – At the time of the award, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.

***During-the-Award Monitoring*** – Monitoring the subrecipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

***Subrecipient Audits*** – (1) Ensuring that subrecipients...have met the audit requirements of OMB Circular A-133...; (2) issuing a management decision on audit findings...; and (3) ensuring the subrecipient takes timely and appropriate corrective action on all audit findings.

***Pass-Through Entity Impact*** – Evaluating the impact of subrecipient activities on the pass-through entity’s ability to comply with applicable Federal regulations.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-34 (continued)*

*CFDA # 81.042 Weatherization Assistance For Low-Income Persons*

Section 4.0 of the Department of Energy (DOE) Program Year 2009 Weatherization Program Notice 09-1 grant guidance requires the Grantee to “conduct a comprehensive monitoring of each subgrantee at least once a year. The comprehensive monitoring must include review of client files and subgrantee records, as well as actual inspection of at least 5 percent of the completed units. By the close of the program year, the Grantee is expected to have completed a comprehensive review of each subgrantee, including review of its latest financial audit. Failure to comply with this requirement is sufficient cause to require special conditions to the grant under 10 CFR 600.212.” Exceptions to the annual subgrantee visit requirements can be made subject to documentation and approval by the Project Management Center. Exceptions provide for assessment visits no less often than every other year.

Program Year 2009 Weatherization Program Notice 09-1B grant guidance applicable to the 2009 American Recovery and Reinvestment Act (ARRA) WXN grant also requires, “The Grantee must conduct comprehensive monitoring of each subgrantee at least once a year.”

OEP Weatherization Program Administrative Manual provides, “Subgrantees will be monitored on a regular basis. OEP’s goal is to perform a technical monitoring visit quarterly with each subgrantee.... Monitoring includes, but is not limited to, the following areas:

1. Management Monitoring: OEP utilizes the “Management Monitoring Instrument” as defined by DOE and supplemented by OEP to evaluate a subgrantee’s program delivery and management effectiveness. An annual management assessment will be performed by OEP for each subgrantee....
2. Fiscal Monitoring: OEP Fiscal Office will perform subgrantee site visits to review accounting procedures and to verify the accuracy of financial reports as deemed necessary by OEP....
3. Technical Monitoring: Final inspections of all completed units for both the DOE WXN and LIHEAP WXN are required to be performed by WXN energy auditors. OEP’s Wxn Program Manager and/or Technical Manager will then monitor Ten (10) percent of these units....”

**Condition:**

During fiscal year 2009, the OEP did not perform any formal, comprehensive management or fiscal monitoring site visits of community action agency (CAA) weatherization programs. The OEP Weatherization Program manager did report that he performed several technical monitoring visits, however those visits included only a review of some costs related to the selected projects.

Complete copies of subrecipient audit reports are not maintained by the OEP. OEP Weatherization program employees are not trained in A-133 audit requirements and do not have or retain CAA audit report information required to determine whether subrecipient audits report control or compliance findings requiring timely and appropriate corrective action.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)  
U.S. Department of Energy*

*Finding 2009-34 (continued)*

*CFDA # 81.042 Weatherization Assistance For Low-Income Persons*

**Cause:**

Apparent lack of OEP management emphasis on OEP's need to actively monitor subrecipients.

OEP federal program personnel are not trained in monitoring subrecipient audit results.

**Effect:**

The OEP did not perform formal during-the-award monitoring procedures to ensure:

- Federal awards are used for authorized purposes in compliance with laws, regulations, contracts or grant agreements,
- Performance goals are achieved, and
- The proper disbursement of and accounting for Federal funds paid to the State under this federal program, including procedures for monitoring the assistance.

The OEP did not effectively monitor and react to the results of subrecipient audit results.

Because of the above, the OEP cannot evaluate the impact of subrecipient activities on the OEP's ability to comply with applicable Federal regulations, including gaining reasonable assurance that program expenditures are allowable.

**Questioned Costs:**

Unable to determine.

**Recommendation:**

OEP should restart its subrecipient monitoring efforts. At a minimum, OEP's subrecipient monitoring efforts must be sufficient to meet its Federal program requirements. OEP should also ensure that its during-the-award monitoring, as described in its Weatherization Program Administrative Manual, is performed.

OEP should train its federal program employees in A-133 audit requirements. OEP employees responsible for reviewing and responding to subrecipient audits should have and retain complete copies of the audit reports and have the knowledge and experience to determine whether subrecipient audit reports indicate corrective actions are required by either or both the OEP and the CAA.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-34 (continued)*

*CFDA # 81.042 Weatherization Assistance For Low-Income Persons*

**Auditee Response:**

The OEP partially concurs.

The OEP acknowledges its responsibility for the design and implementation of programs and controls to prevent and detect fraud in the administration of federal programs. Monitoring of the weatherization program has been an important aspect of our management of the program. OEP has a documented history of competent financial management and program administration in DOE audits conducted in 1995 of OEP's predecessor agency, Office of Energy and Community Services, and in 2003 and 2006 of the Office of Energy and Planning. A DOE audit conducted in 2007 reported no findings.

However, in recent years, OEP does recognize that some areas of monitoring need improvement, particularly related to the CAA's on-site monitoring visits, improved documentation of existing monitoring and increased and regular fiscal monitoring. OEP has been proactive in recent months to address these areas. OEP's recent monitoring for the weatherization program focused on program management and technical compliance. Program monitoring visits were made to the CAAs to review client files and subgrantee records. These visits were documented on the DOE Monitoring Tool; however, these visits should have been translated into formal monitoring reports.

While the weatherization technical manager was performing program monitoring, OEP concurs that an identified area of monitoring weakness in fiscal year 2009 is detailed financial monitoring/review of the accounting systems of the Community Action Agencies, as well as appropriate documentation of program monitoring. Prior to 2005, the OEP business director conducted annual financial monitoring in coordination with program monitoring by the program staff at each CAA. A new business director was hired in May of 2005, approximately four months after the previous director had resigned. It appears that institutional knowledge was lost relative to the scope and timing of financial monitoring of the CAAs and inadequate procedures were in place to ensure their continuation. An additional factor was the reduction of staff from the merger of the Office of Energy and Community Services and the Office of State Planning in 2003 which resulted in loss of a number of positions, including the program manager for the weatherization program and a director of community services which oversaw both the fuel assistance and weatherization programs. These changes put additional workload pressure on the business office staff over time and further eroded program staff focus on financial monitoring issues.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-34 (continued)*

*CFDA # 81.042 Weatherization Assistance For Low-Income Persons*

Prior to receipt of this draft audit finding, OEP management and weatherization program staff recognized areas within the program where monitoring practices and procedures needed improvement. A weatherization program manager was hired on May 7, 2009 to augment the work of the existing technical manager. The newly-hired program manager has already increased CAA oversight including: increased documentation for reimbursement, increased monitoring visits, and improved procedures. After review of a reimbursement request generated questions by the auditors, OEP initiated an in-depth financial audit of one CAA using auditors from the NH Office of Economic Stimulus and the Department of Revenue. This audit is still ongoing and resulted in suspension of ARRA weatherization for four months. Approval to restart ARRA work was recently granted contingent upon the CAA continuing to demonstrate complete and accurate accounting procedures in accordance with federal requirements.

A comprehensive monitoring of each CAA will be performed at least once per year and agencies at risk will be monitored more often. OEP will work with the NH Office of Economic Stimulus to develop a comprehensive monitoring program for all the CAAs by the end of this program year. Technical monitoring of actual weatherization will continue. Monitoring of the CAAs will be coordinated with the LIHEAP Program Manager to avoid duplicative effort.

Historically, financial monitoring was done by the OEP business office, which did have A-133 audit knowledge. Financial monitoring was not a duty of the program manager. With changes in personnel and increased responsibilities there is now a need to expand knowledge of A-133 requirements to program managers so they can recognize what is needed for financial tracking and help perform this monitoring.

OEP is pursuing A-133 training options through the Office of Economic Stimulus and other State or Federal agencies or alternatively, using a “best practices” approach, OEP will develop its own training in cooperation with and input from sister States who currently provide the training for their staff. OEP anticipates training to be defined and developed by May 30, 2010. In addition, financial monitoring procedures will be developed and documented to ensure continued institutional knowledge.

**Contact Person:**

Joanne O. Morin, Director

**Anticipated Completion Date:**

Beginning immediately and ongoing.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)  
US Department of Health and Human Services*

*Finding 2009-35*

*CFDA # 93.568 Low-Income Home Energy Assistance*

<i>Grant Award and Year:</i>	<i>G-08BINHLIEA</i>	<i>October 1, 2007 to September 30, 2009</i>
	<i>G-09BINHLIEA</i>	<i>October 1, 2008 to September 30, 2010</i>

**Finding:** *Low-Income Home Energy Assistance Program (LIHEAP) Drawdowns Not Performed Timely*

**Criteria:**

31 CFR part 205, which implements the Cash Management Improvement Act of 1990 (CMIA), as amended, requires state recipients to enter into agreements (Treasury-State Agreements) that prescribe specific methods of drawing federal funds for certain programs.

As it applies to OEP's operation of LIHEAP, the Treasury-State Agreement requires monthly draws for administrative costs and weekly draws for direct program costs.

**Condition:**

OEP did not consistently draw federal LIHEAP funds in accordance with the Treasury-State Agreement during fiscal year 2009. OEP performed federal draws on a quarterly basis during the period July 1, through December 31, 2008. During the second half of the fiscal year, OEP drew federal program funds on a biweekly or weekly basis.

A sample of 15 LIHEAP expenditures was reviewed for timeliness of federal reimbursement. OEP did not request reimbursements for four of the 15 transactions (27%) in the timeframe included in the Treasury-State Agreement. OEP drew federal reimbursement for one direct program expenditure three weeks after the expenditure was incurred and drew federal reimbursement for three administrative expenditures between six and 15 weeks after OEP incurred the program expenditure.

**Cause:**

OEP reported a lack of resources prevented it from performing drawdowns in the timeframe included in the Treasury-State Agreement.

**Effect:**

OEP did not draw federal reimbursement as soon as the program allowed, resulting in the State incurring an unnecessary cash flow cost, including lost interest income.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*US Department of Health and Human Services*

*Finding 2009-35 (continued)*

*CFDA # 93.568 Low-Income Home Energy Assistance*

**Questioned Costs:**

None

**Recommendation:**

OEP should draw federal reimbursements as soon as allowed by the Treasury-State agreement.

**Auditee Response:**

We partially concur.

OEP will make every attempt to improve its timeliness of drawing down federal reimbursements. OEP's standard procedure for contractual costs is to drawdown these costs upon disbursement. Due to loss of staff and the changeover to NH First, OEP fell behind on timely draw down of contractual payments for the last six months. With staffing levels returned to normal, we are in the process are getting back on schedule and anticipate more timely draw downs in the near future.

However, OEP has a small business office in comparison to the size and complexity of its federal grants. Given the increase in federal grants through the American Recovery and Reinvestment Act (ARRA) and the State restrictions on expanding staff, we may experience some additional delays to contractual draw downs as the ARRA programs ramp up with multiple contractual payments.

Administrative costs can only be drawn down quarterly because that's the frequency with which we reallocate time. When a new payroll system is implemented that allows time to be directly charged to multiple programs, we will be able to meet a monthly drawdown on administration costs.

**Contact Person:**

Joanne O. Morin, Director

**Anticipated Completion Date:**

June 1, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>Office of Energy and Planning (OEP)</i>		<i>Finding 2009-36</i>
<i>U.S. Department of Energy</i>		
<i>CFDA # 81.042</i>	<i>Weatherization Assistance For Low-Income Persons</i>	
<i>Grant Awards and Years: DE-FG26-04R130436</i>	<i>April 1, 2008 to March 31, 2009</i>	
	<i>EE00060</i>	<i>April 1, 2009 to March 31, 2010</i>
	<i>EE00161 (ARRA)</i>	<i>April 1, 2009 to March 31, 2012</i>

**Finding:** *Weatherization Assistance Program (WXN) Costs Should Be Adequately Supported*

**Criteria:**

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment A, paragraph C.1. Basic Guidelines, identifies the factors affecting the allowability of costs. Specifically, the Circular states, “To be allowable under Federal awards, costs must meet the following general criteria [excerpt only]:

- (a) Be necessary and reasonable for the performance and administration of Federal awards.
- (c) Be authorized or not prohibited under State or local laws or regulations.
- (j) Be adequately documented.”

OMB Circular A-122, *Cost Principles For Non-Profit Organizations*, (applicable to subgrantee community action agencies (CAA)), Attachment A, paragraph A.2. Basic Considerations, identifies the same factors affecting allowability of costs as OMB Circular A-87. In addition, OMB Circular A-122 defines reasonable costs as follows:

“A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions thereof which receive the preponderance of their support from awards made by Federal agencies. In determining the reasonableness of a given cost, consideration shall be given to:

- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
- b. The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, Federal and State laws and regulations, and terms and conditions of the award.
- c. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the Federal Government.
- d. Significant deviations from the established practices of the organization which may unjustifiably increase the award costs.”

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-36 (continued)*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

According to OMB Circular A-122, Attachment B, Section 8, m. *Support of salaries and wages*, the distribution of salaries and wages to awards must be supported by personnel activity reports and those reports “must reflect an **after-the-fact** determination of the actual activity of each employee.” [Emphasis added].

**Condition:**

The objective of the Weatherization Assistance Program is to reduce household energy use and costs in the homes of low-income persons by installing energy efficiency improvements. OEP contracts with CAAs to provide these energy efficiency improvements to eligible New Hampshire households. The CAAs determine client eligibility, inspect the housing units to determine what weatherization measures are needed, and install the needed improvements using private contractors or CAA work crews. The CAAs request reimbursement of direct WXN expenditures from OEP after the work has been completed and accepted by the client. CAAs generally request reimbursement of WXN administrative costs monthly.

We reviewed a sample of 15 OEP payments to five of the six CAAs for WXN program costs during fiscal year 2009. We also reviewed the CAA’s associated reimbursement requests and the support for those requests. Allowability concerns were noted for costs requested by four of the CAAs for reimbursement on 11 of the payments tested.

1. The requested reimbursement for personnel, fringe, or administrative costs for five CAA reimbursement requests were based on estimated percentages of time worked on the WXN program (including ARRA WXN). While apparently the percentages were either estimated or based on a time study conducted by the CAA, there was no documentation available at the CAA to support the accuracy or reasonableness of the percentages used in the allocations.
2. One CAA charged fringe costs to the personnel category and personnel costs to the administrative category, apparently due to the CAA having previously spent its entire fringe and personnel budgets.
3. One CAA included financing charges (at a rate of 19% for a period of 60 months) for the purchase of two laptop computers, a blower door, and a pickup truck in its WXN reimbursement request. In addition, the CAA did not obtain the required OEP approval prior to the purchase of the truck using WXN program funds. When the transaction was questioned by the auditors, the costs related to the laptop and blower door were subsequently transferred to another non-federal CAA program. The cost for the truck had been transferred prior to the auditor’s visit. The CAA reimbursed the WXN program for the costs previously charged for these items.
4. For one of the reimbursements selected for testing, the CAA was unable to support the \$13,100 difference between the amount requested for reimbursement and the lower program costs recorded in the CAA’s general ledger.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-36 (continued)*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

5. Indirect costs charged by one CAA were calculated using an outdated rate instead of the federally approved indirect rates in effect during the period. The CAA's use of the incorrect rate resulted in the CAA overcharging the WXN program by \$65 for the period.
6. For two reimbursement requests submitted by the same CAA, we were unable to agree the costs of materials reported on the project list to invoices or other documentation supporting the costs. We noted the following issues:
  - Some costs were not supported by invoices or other documentation,
  - Some materials costs were listed on the CAAs' project listings at prices different than those recorded on corresponding invoices,
  - In some instances, we were not able to determine how material costs for a specific job were calculated as there were no notations or other documentation of which costs comprised the reported amounts.
7. Health and safety labor costs reported by one CAA are calculated as estimated health and safety labor hours (estimated by WXN Director) multiplied by a \$40 rate. According to the CAA WXN Director, this rate represents an average crew hourly rate plus the costs of benefits, tools, and equipment maintenance. The CAA was not able to provide documentation to support how that rate was calculated or otherwise demonstrate whether the rate charged approximates the actual costs incurred.
8. Organization-wide financial audit costs on one CAA reimbursement request were allocated to the WXN program but the CAA was not able to provide documentation supporting how the amount was allocated and whether the allocation reflected a reasonable cost to the WXN program.

**Cause:**

OEP has not effectively communicated federal WXN program requirements related to allowable costs, including documentation of allowable costs.

OEP has not required CAAs to adequately support expenses charged to the WXN program.

OEP's monitoring of the CAAs has not been sufficient to detect and correct problems with the CAAs' documentation of WXN program activities.

**Effect:**

Unallowable costs related to the WXN program may be submitted by the CAA and OEP for federal participation. The lack of documentation noted above makes it difficult, if not impossible, to determine whether certain costs charged to the WXN program are allowable.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-36 (continued)*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

**Questioned Costs:**

\$13,165

We were unable to determine the amount of additional questioned costs due to the lack of supporting documentation for amounts allocated to the WXN program.

**Recommendation:**

OEP should ensure that it effectively communicates all WXN program requirements to the CAAs.

OEP should require CAAs to adequately support all expenses charged to the WXN program and submitted for federal participation.

OEP should establish effective monitoring of the CAAs to ensure that all costs charged to federal programs are allowable in accordance with federal regulations.

**Auditee Response:**

We concur.

Prior to receipt of this draft audit finding, OEP management and weatherization program staff recognized areas within the program where monitoring practices and procedures needed improvement. A weatherization program manager was hired on May 7, 2009 to augment the work of the existing technical manager. The newly hired program manager has already increased CAA oversight including: increased documentation for reimbursement, increased monitoring visits, and improved procedures. All program monitoring visits are documented in a timely manner in written reports. For example, an August 13<sup>th</sup> monitoring report to the Tri-County CAA indicated what cost documentation was missing or incomplete in their files.

In addition, OEP initiated an in-depth financial audit of two CAAs, considered at-risk, using auditors from the NH Office of Economic Stimulus and the Department of Revenue after more significant concerns were first flagged by LBA auditors and later confirmed by OEP staff. One of these CAA had been previously targeted by OEP and others for poor performance. Staff, including the Executive Director, were replaced in 2008 and another CAA took over its WXN program through a Memorandum of Agreement which is still in place. The audit findings highlighted in this report for this CAA were from this problem period. Auditing of program year 2010 for this restructured CAA shows significant improvement and substantial compliance with federal requirements. Note that the remaining four CAA, though still showing room for improvement, were also in substantial compliance with federal requirements for documentation and accounting procedures. The remaining at-risk CAA is still undergoing remedial measures.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-36 (continued)*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

A comprehensive monitoring of each CAA will be performed at least once per year and agencies at risk will be monitored more often. The two CAAs identified in 2009 as at-risk are still undergoing increased monitoring which will continue until all issues are resolved.

OEP had taken additional program-wide initiatives to improve CAA procedures and documentation. A mandatory financial accounting workshop was held with all CAAs on January 5th to review all federal requirements and procedures. The CAAs identified areas that they felt needed to be clarified with the Department of Energy (DOE). OEP has since received confirmation (with written confirmation expected shortly) from DOE contracting specialists on questions raised by the CAAs relative to allowable cost allocation procedures. OEP is in the process of revising its WXN Program Manual to reflect the clarifications from DOE. OEP has continued to review these procedures with the CAA WXN Directors on monthly conference calls. OEP will also continue to hold mandatory financing accounting workshops on a periodic, as needed basis.

**Contact Person:**

Joanne O. Morin, Director

**Anticipated Completion Date:**

Annual program monitoring, including verifying adequate documentation of costs, will be completed by the end of the program year as required, March 31, 2010. Continued monitoring of the two at-risk CAAs will continue until all issues are resolved.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-37*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

*Grant Awards and Years: DE-FG41-04R130436*  
*EE00060*

*April 1, 2008 to March 31, 2009*  
*April 1, 2009 to March 31, 2010*

**Finding:** *Controls Should Be Designed To Ensure Compliance With Weatherization Policies And Procedures*

**Criteria:**

Title 10 of the United States Code, Chapter II, Part 440.16 (a) states, “prior to the expenditure of any grant funds, each grantee shall develop, publish, and implement procedures to ensure that [excerpt only]:

- (a) No dwelling unit may be weatherized without documentation that the dwelling unit is an eligible dwelling unit...
- (g) No dwelling unit may be reported to DOE as completed until all weatherization materials have been installed and the subgrantee...has performed a final inspection(s) including any mechanical work performed and certified that the work has been completed in a workmanlike manner...”.

The OEP contracts with qualified New Hampshire community action agencies (CAAs) to provide direct weatherization program services at the local level.

In response to the above requirements and in order to provide guidance for the administration of the Weatherization Program (WXN), the OEP has authored the “State of New Hampshire Weatherization Program Administrative Manual (Manual)”. The Manual outlines administrative policies and procedures to be followed by the CAAs in the determination of eligibility for, and provision of, weatherization services to the citizens of New Hampshire.

The OEP Manual requires CAAs to maintain individual client files that contain specific documentation. This documentation includes:

- A completed and certified New Hampshire WXN/Fuel Assistance Program (FAP) application.
- A completed Building and Test Data Information Sheet (BTDI).
- A completed Unit Priority Scorecard.
- A Work Consent and Agreement Form with recipient signatures at all appropriate locations.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-37 (continued)*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

**Condition:**

Our testing of eligibility of WXN program recipients revealed instances where the CAAs did not follow the policies and procedures in the Manual for maintaining client files, including:

- A complete, certified WXN application was not included in 16 out of 63 (25%) client files reviewed.
- A complete BTDI was not included in three out of 59 (5%) client files reviewed which required BTDI forms. In six out of 59 (10%) of these client files reviewed, we were unable to determine if the BTDI was completed prior to the commencement of weatherization work, as the BTDI was not properly dated.
- The client satisfaction portion of the Work Consent and Agreement form had not been signed by the applicant in 11 out of 59 (19%) client files reviewed. In addition, in two other instances, the signatures indicating client satisfaction with the work performed were dated prior to the completion of the weatherization work.
- Twenty-eight out of 63 (44%) client files reviewed were missing required documents. A total of 40 required documents were not included in those 28 incomplete files.

**Cause:**

OEP has not required CAAs to document WXN client files in accordance with the WXN Manual.

OEP's monitoring of the CAAs has not been sufficient to detect and correct problems with the CAAs' documentation of WXN client files.

According to the Weatherization Program Manager, time constraints and workload have prevented the manager from keeping up with the program monitoring activities necessary to ensure that policies and procedures are adhered to.

**Effect:**

WXN client files may not be sufficiently complete to support the allowability of work performed and Federal participation in that work.

Noncompliance with WXN Manual policies and procedures reduces the likelihood that program objectives will be met.

**Questioned Costs:**

Unable to Determine

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-37 (continued)*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

**Recommendation:**

OEP should ensure that it effectively communicates all WXN program requirements to the CAAs, including the need to comply with client file documentation requirements in the WXN Program Manual.

OEP should require CAAs to comply with the WXN Program Manual.

OEP should establish effective monitoring of the CAAs to ensure that the CAAs are and remain in compliance with all significant requirements of the WXN Program Manual.

**Auditee Response:**

We concur.

The audit findings are not specific as to whether documents were completely missing from the files, or whether they were incomplete. Increased monitoring by OEP has found that the most common omissions with applications were that they were not signed by the responsible Certifier. This has already been addressed through monitoring visits and will continue to be reinforced.

Likewise, the most common problem with the BTDIS form is that fields are sometimes left blank. This has been caused in part by an outdated form that does not require all blanks to be completed. The Technical Manager is addressing this by re-designing the form, after which all fields will be required to be completed. OEP will continue to stress correctly completed forms in client files through increased monitoring visits to agencies as identified in our response to Finding 2009-34.

OEP also recognizes that omissions in client files should be corrected where they occur, at the job sites. To address this, the WXN technical manager has re-established an aggressive monitoring schedule of field visits for each CAA in accordance with federal requirements. OEP's goal is to monitor 10% of the units in each CAA by the end of the program year (March 31, 2010) exceeding the 5% minimum requirement. OEP has contracted with a qualified WXN monitor to assist in this effort. Monitoring reports, identifying where technical standards or procedures were not followed, are prepared in a timely manner. The WXN technical manager follows up with the appropriate CAA by phone shortly after providing a monitoring report. The results of monitoring reports are also discussed in monthly conference calls with the CAA WXN Directors. Finally, quarterly meetings of the WXN Directors, CAA auditors and crews will be held starting in April to discuss all technical issues, procedures, and requirements.

STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-37 (continued)*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

**Contact Person:**

Joanne O. Morin, Director

**Anticipated Completion Date:**

March 1, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-38*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

*Grant Award and Years: DE-FG41-04R130436 April 1, 2008 to March 31, 2009*

***Finding:*** *Required Number Of Weatherization (WXN) Site Inspections Not Performed*

**Criteria:**

U.S. Department of Energy (USDOE), Program Year 2008 Weatherization Grant Guidance, section 4.0, Grantee Program Oversight (Program Monitoring), paragraph A, ROLE, requires the State to “conduct a comprehensive monitoring of each subgrantee at least once a year. The comprehensive monitoring must include review of client files and subgrantees records, as well as **actual inspection of at least 5 percent of the completed units.**” [Emphasis added.]

**Condition:**

OEP could not provide evidence that it met the comprehensive monitoring requirements during the April 2008 through March 2009 program year. The OEP reported it performed monitoring at four of six subgrantees and completed inspections of 19 out of 637 (3%) completed units. OEP’s reported program monitoring met neither monitoring criteria. Also, while OEP reported it completed inspections of 19 out of 637 (3%) completed units, it could only document having inspected 13 units (2%).

**Cause:**

OEP reported lack of available staff time prevented compliance with WXN program monitoring requirements.

**Effect:**

OEP is not in compliance with USDOE WXN grant guidance regarding performing annual monitoring visits to each subgrantee and inspecting 5% of completed WXN program units annually.

**Questioned Costs:**

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-38 (continued)*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

**Recommendation:**

OEP should perform the annually required site monitoring visits and inspections of completed WXN units.

OEP should establish policies and procedures to promote the efficient documentation of the results of site monitoring visits and inspections of completed WXN units to ensure that the results of those monitoring efforts are documented and available for use in managing the program.

OEP should establish policies and procedures to monitor its performance of its monitoring responsibilities. OEP management should be advised when staff are not able to meet program requirements in a timeframe that would allow management to determine whether reallocation of effort or other resources are needed and also to advise federal program partners of difficulties with meeting or maintaining program compliance.

**Auditee Response:**

We concur. See OEP responses to findings 2009-36 and 2009-37.

**Contact Person:**

Joanne O. Morin, Director

**Anticipated Completion Date:**

March 1, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-39*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

*Grant Award and Years: DE-FG41-04R130436*

*April 1, 2008 to March 31, 2009*

**Finding:** *Noncompliance With Weatherization Assistance for Low Income Persons Program (WXN) Eligibility Requirements*

**Criteria:**

Title 10 of the United States Code, Chapter II, Part 440.18 (f)(2) states no grant funds shall be used to install or otherwise provide weatherization materials for a dwelling unit previously weatherized with grant funds. OEP's Weatherization Grant Guidance documentation, section 5.15 (Reweathering), clarifies that the final rule does permit State and local agencies to reweatherize homes previously weatherized prior to October 1, 1993.

**Condition:**

OEP does not have a system in place to limit weatherization assistance to dwelling units that have not been previously, (since October 1, 1993), weatherized by the WXN program.

The community action agencies (CAAs), in their administration of the WXN program under contract to OEP, use systems that are indexed by client/tenant name and not unit location. If a prospective client name does not match a previously assisted client name in the CAA's manual or spreadsheet information systems, the dwelling unit is assumed to be eligible for weatherization assistance. While the OEP receives certain information from the CAAs on clients served and dwellings weatherized, the information accumulated since 1993 by the OEP is generally regarded as incomplete and not reliable.

In one out of 63 WXN cases reviewed, a dwelling which had previously been weatherized was inadvertently weatherized a second time by a CAA. An error in the spelling of the tenant's name in the CAA's client information system did not allow for a match to identify the dwelling as having previously been weatherized.

The name-based information systems used by the CAAs depends upon information in several databases or other information systems that have recorded weatherization work performed since 1993. The reliance on information in multiple information systems, covering the period since 1993, further increases the risk that information available in the systems will not prove a reliable control. Audit testing also revealed in 10 out of 15 (67%) instances reviewed at one CAA, weatherization work subject to testing was not recorded in electronic spreadsheets used by the CAA to record and track the completion of weatherization work. This error was not evident at the other CAAs visited.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-39 (continued)*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

**Cause:**

OEP has not responded to a recognized WXN program risk. OEP reported it was aware of the risk related to weak CAA information systems reporting WXN program activity. The OEP has not required and assisted CAAs to build better information systems that would track units weatherized by the WXN program by location as well as client served.

**Effect:**

The lack of effective WXN client information systems increases the risk that dwelling units may be improperly reweatherized without detection.

**Questioned Costs:**

Known questioned costs \$790.

**Recommendation:**

OEP should strengthen its control environment by responding timely and effectively to recognized risks.

OEP should assist the CAAs to implement effective information systems that would allow the CAAs to track the dwelling units weatherized and to reasonably ensure that units previously weatherized are not reweatherized in noncompliance with WXN program rules.

**Auditee Response:**

We concur.

OEP will continue to work with the CAAs to establish an effective information system to track dwelling unit by address. Though OEP concurs with this finding, the new WXN program manager identified this issue last May and has been working on a resolution with the CAAs and the electric utilities, which provide additional WXN resources through a state-funded program. Resolution is hampered by a series of different tracking mechanisms at the CAAs over the years, sometimes starting with paper records, followed by a series of different unconnected databases. In addition, there are issues related to control of the information in existing databases used by the utilities that could result in the CAAs having to duplicate data entry of the needed information. Increased monitoring identified in OEP responses to finding 2009-34 will follow up on the system once in place.

STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-39 (continued)*

*CFDA # 81.042*

*Weatherization Assistance For Low-Income Persons*

**Contact Person:**

Joanne O. Morin, Director

**Anticipated Completion Date:**

December 31, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-40*

*CFDA # 93.568*

*Low-Income Home Energy Assistance Program*

*Grant Awards and Years: G-08BINHLIEA*  
*G-09BINHLIEA*

*October 1, 2007 to September 30, 2009*  
*October 1, 2008 to September 30, 2010*

**Finding:** *Noncompliance With Low-Income Home Energy Assistance (LIHEAP) Eligibility Requirements*

**Criteria:**

Title 42 of the United States Code (USC), Chapter 94, Subchapter II, Section 8624(b)(2)(B), requires that the State make payments only to households which do not exceed the greater of (i) an amount equal to 150 percent of the poverty level for the State; or (ii) an amount equal to 60 percent of the State median income.

The federal regulation is further reinforced by the OEP's guidance included in the 2008-2009 LIHEAP Procedures Manual which states that the New Hampshire fuel assistance program is based on the following four eligibility requirements:

- The [applicant] household resides in New Hampshire
- Household size
- Household income level, and
- [Applicant has] Responsibility for energy costs of \$100 or more.

The LIHEAP Procedures Manual specifies that the local community action agencies shall determine eligibility through the application and certification process and shall ensure that applicants have provided adequate and accurate documentation of gross income. The LIHEAP Procedures Manual further states that, "all applications must be complete, with all supporting documentation attached."

**Condition:**

The OEP is responsible for the statewide administration of LIHEAP. OEP contracts with six locally-based community action agencies (CAAs) to provide LIHEAP services to low-income households. OEP relies upon the CAAs to perform the direct client interactions including determining and certifying client eligibility for LIHEAP services.

Our testing of a sample of 120 LIHEAP clients revealed the following instances of noncompliance with LIHEAP requirements.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)  
U.S. Department of Energy*

*Finding 2009-40 (continued)*

*CFDA # 93.568*

*Low-Income Home Energy Assistance Program*

Household Income Not Calculated Correctly

- The household income of six out of 120 applicants (5%) was not calculated correctly resulting in \$1,125 of questioned costs.

Examples of errors noted included the use of gross profit instead of the required net profit for calculating self employment income, the use of a medical deduction as income instead of the pension income amount supported by applicant documentation, the use of net pay versus the required gross pay for calculating salaries and wages, not including all paychecks received by an applicant, and not including one applicant's social security income. The error in calculating self-employment income noted above resulted in the applicant receiving a lower benefit than he/she was eligible for.

Lack Of Documentation To Support Household Income

- Insufficient documentation was maintained in the client files to support the household income of four out of 120 applicants (3%) resulting in \$5,199 of questioned costs.

The spreadsheets documenting the self-employment income of three applicants did not have required source documentation necessary to support the reported amounts. The reported zero income of the fourth applicant was not supported by required verifications and the confirmation of the applicant's lack of unemployment income in a prior year was used to support a lack of unemployment income in the current year. Because of the lack of information in the files, we were unable to make a conclusion on the eligibility determination for the four applicants.

Energy Costs Not Calculated Correctly

- The CAAs appeared to have incorrectly calculated the energy costs for 22 of the 120 (18%) tested applicants.

In accordance with the Fuel Assistance Program (FAP) Manual, energy costs can be calculated by using the household's actual annual heating costs or by using heating cost tables prepared by the OEP for each CAA. However, the FAP Manual states that "the method used should be in the best interest of the applicant." Examples of errors noted in the tested applicants files included using the method that was not in the best interest of the applicant, the exclusion of supplemental electric costs to the energy costs of applicants with power hot air and forced hot water systems, and including a supplemental electric cost to the energy costs of applicants who use electric heat as a primary heating source. While none of the errors in calculating energy costs resulted in questioned costs, one error in calculating energy costs resulted in the applicant receiving a lower benefit than he/she was eligible for.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-40 (continued)*

*CFDA # 93.568*

*Low-Income Home Energy Assistance Program*

Improper Segregation Of Duties Over Eligibility Process

- The client fuel assistance application was missing one of the required two CAA signatures (either the intake worker’s signature or the certifier’s signature) for nine out of the 120 (8%) applications tested.
- The FAP Manual states “the intake process [performed by an intake worker] begins by assessing a household’s eligibility for a 30 day time period” and “a certifier reviews all applications for accuracy and completeness and determines eligibility or ineligibility based on the provided information.”

CAAs also determine client eligibility for LIHEAP services as precondition to clients being qualified for Weatherization Program (WXN) participation.

Our testing of CAA eligibility determinations for 63 WXN applicants noted the following instances of noncompliance with OEP requirements.

- The household income of one applicant out of the 63 (2%) applications tested lacked sufficient supporting documentation, resulting in \$1,050 of LIHEAP questioned costs.
- The energy costs of 10 out of 63 (16%) WXN program applicants were calculated incorrectly by the CAAs. However, these errors had no effect on the applicant’s Fuel Assistance benefit amount.

**Cause:**

OEP has not established appropriate controls for client eligibility determinations performed on its behalf by the CAAs. OEP has not established the proper control environment, performed an appropriate risk assessment or established control activities, information sharing and monitoring efforts to reasonably ensure its programs are operating as intended.

OEP income verification policies and procedures in the LIHEAP Manual may appear more as general guidance than required compliance activity, in light of perceived client needs.

**Effect:**

OEP cannot be reasonably certain that its LIHEAP program is operating in compliance with OEP and federal guidance. Based on audit testing, during the fiscal year ended June 30, 2009, certain LIHEAP payments have been made based on unsupported CAA client eligibility determinations.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-40 (continued)*

*CFDA # 93.568*

*Low-Income Home Energy Assistance Program*

**Questioned Costs:**

\$7,374

**Recommendation:**

OEP should re-establish appropriate controls for monitoring the CAAs operation of LIHEAP. The OEP should review the errors noted with the CAAs to determine the likely cause of the errors and the appropriate response. OEP should determine whether additional program guidance and/or training is needed to improve CAA compliance with LIHEAP policies and procedures.

OEP should consider the need to more fully develop its policies and procedures addressed in the LIHEAP Manual for client income determination to ensure that the directives are clear and consistent with LIHEAP rules and regulations and program objectives.

The OEP should ensure the CAAs understand that, if in using the LIHEAP Manual a CAA Fuel Assistance Program (FAP) Manager determines that the LIHEAP Manual does not appropriately cover a client's unusual or emergency situation, the CAA FAP Manager should use the waiver process allowed by the Manual prior to taking action not otherwise provided by the LIHEAP Manual.

**Auditee Response:**

We concur.

OEP is revising its LIHEAP Program Manual and will hold a mandatory workshop for CAA LIHEAP program managers on eligibility and financial accounting procedures similar to the workshop held for the WXN program. This will include intake workers up through program management staff to review all procedures. An on-site program monitoring schedule will be re-established to review the CAAs' compliance with procedures. The frequency of monitoring has been hampered by limited resources as a LIHEAP assistant position remains unfilled. OEP will need to use resources from other programs to assist the LIHEAP program manager in returning to required monitoring scope and frequency.

Though OEP concurs with this finding, we would like to point out that audit findings did vary greatly by CAA. The most significant findings related to one of the at-risk CAAs described in an earlier response. Auditors noted, in fact, that one CAA had no findings.

**Contact Person:**

Joanne O. Morin, Director

STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-40 (continued)*

*CFDA # 93.568*

*Low-Income Home Energy Assistance Program*

**Anticipated Completion Date:**

June 30, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>Office of Energy and Planning (OEP)</i>		<i>Finding 2009-41</i>
<i>US Department of Health and Human Services</i>		
<i>CFDA # 93.568</i>	<i>Low-Income Home Energy Assistance Program</i>	
<i>Grant Awards and Years:</i>	<i>G-08B1NHLIEA</i>	<i>October 1, 2007 to September 30, 2009</i>
	<i>G-09B1NHLIEA</i>	<i>October 1, 2008 to September 30, 2010</i>

***Finding:*** *Low-Income Home Energy Assistance Program (LHEAP) Costs Not Adequately Supported*

**Criteria:**

OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, Attachment A, paragraph C.1. Basic Guidelines, identifies the factors affecting the allowability of costs. Specifically, the Circular states, “To be allowable under Federal awards, costs must meet the following general criteria [excerpt only]:

(b) Be allocable to Federal awards under the provisions of A-87. Section C.3.a. of Attachment A of the Circular further states that, “A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with the relative benefits received.”

(j) Be adequately documented.”

OMB Circular A-122, Cost Principles For Non-Profit Organizations (applicable to subgrantee community action agencies (CAA’s)), Attachment A, paragraph A.2. Basic Considerations, identifies the same factors affecting the allowability of costs as OMB Circular A-87. In addition, in accordance with OMB Circular A-122, Attachment B, Section 8, m. *Support of salaries and wages*, the distribution of salaries and wages to awards must be supported by personnel activity reports and those reports “must reflect an **after-the-fact** determination of the actual activity of each employee.” [Emphasis added.]

**Condition:**

The OEP contracts with six community action agencies (CAAs) to provide LIHEAP fuel assistance services to eligible New Hampshire households. The CAAs are responsible for accepting client applications, determining eligibility, and making fuel assistance payments directly to the clients, energy vendors, or landlords, depending upon the client’s situation. The CAAs recover both the direct costs for energy paid to or on behalf of the clients and an administrative overhead amount from the LIHEAP program administered by the OEP.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)  
US Department of Health and Human Services*

*Finding 2009-41 (continued)*

*CFDA # 93.568*

*Low-Income Home Energy Assistance Program*

We reviewed a sample of 27 energy and energy-related and seven non-energy payments made by OEP to five of the six CAAs for fiscal year 2009 LIHEAP program costs. We also reviewed the CAAs' associated reimbursement requests and the support for those requests. Allowability concerns were noted for costs requested by each of the CAAs for reimbursement on one of 27 energy and six of the seven non-energy payments tested.

Energy and Energy Related Costs:

1. For one CAA reimbursement request submitted for LIHEAP Heating System Repair and Replacement (HRRP) costs, we were unable to agree the costs of materials reported on the project list in the client file to actual invoices or other documentation supporting the costs. We noted the following issues:
  - Some costs were not supported by invoices or other documentation,
  - Some materials costs were listed on the CAA's project listings at prices different than those recorded on corresponding invoices, and
  - In some instances, we were not able to determine how material costs for a specific job were calculated, as the files did not identify which costs comprised the reported amounts.
2. For one reimbursement request submitted for LIHEAP Heating System Repair and Replacement (HRRP) costs, HRRP paid labor costs reported by one CAA are calculated as HRRP labor hours (estimated by Weatherization (WXN) Director) multiplied by a \$40 per hour rate. According to the CAA WXN Director, this rate represents an average crew hourly rate plus the costs of benefits, tools, and equipment maintenance. The CAA was not able to document how that rate was calculated and demonstrate that the rate charged reasonably reflected the actual LIHEAP costs incurred.

Administrative Costs:

1. One CAA charged \$5,528 of Electric Assistance Program costs to the LIHEAP program, reportedly due to insufficient funding being available in the non-federal EAP program. The Electric Assistance Program is administered by another State agency.
2. Multiple instances were noted where the CAA was unable to adequately document the allocation of costs charged to LIHEAP, resulting in unallowable costs:
  - a. All CAAs have access to and utilize the Fuel Assistance Program System (FAPS), an information system used by the CAAs and OEP to administer LIHEAP. FAPS is also used by the CAAs to administer the Electric Assistance Program. One CAA maintains FAPS and allocates the cost of operating FAPS based on each CAA's relative share of LIHEAP and Electric Assistance Program activity. While we don't question the methodology of the allocation, no documentation was available at the CAA to support the actual calculation of the allocated costs.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*US Department of Health and Human Services*

*Finding 2009-41 (continued)*

*CFDA # 93.568*

*Low-Income Home Energy Assistance Program*

- b. One CAA reported its allocation of the salary costs for the executive director to LIHEAP (six hours per two-week pay period) was derived from a time study conducted several years ago. The CAA did not have documentation to support the completion of the original time study or the appropriateness of continuing to use the results of that prior time study.
- c. One CAA reported \$5,797 of LIHEAP postage expense during one reporting period. While the CAA could document it had purchased and used \$1,797 of that amount, the CAA could not document the purchase and or use of the remaining \$4,000 amount claimed for LIHEAP reimbursement.
- d. One CAA allocated \$4,000 of its \$14,835 annual financial statement and federal compliance audit costs to LIHEAP. The CAA was not able to document how the amount was determined or whether the costs allocated to LIHEAP was reasonable.
- e. The \$80,544 in administrative costs claimed by one CAA did not agree to amounts on supporting documentation provided by the CAA to the auditors. When asked about the difference, the CAA employee responsible for preparing the reimbursement request stated the reimbursement request includes estimates of costs, partly based on original budget amounts.
- f. Indirect costs for one CAA were calculated using an outdated indirect cost rate rather than the federally approved indirect rate in effect for the period. The use of the incorrect cost rate resulted in the CAA overcharging the OEP by \$425.
- g. For one of the reimbursements selected for testing, the CAA was unable to support the \$20,163 difference between the amount requested for reimbursement and the program costs recorded in the CAA's general ledger.
- h. One CAA was unable to provide support for administrative, fringe, and vehicle operation costs or allocated percentages on one LIHEAP reimbursement request.

**Cause:**

OEP has not established effective control activities, including obtaining and reviewing relevant LIHEAP data to support CAA activities and requests for LIHEAP funds.

OEP has not effectively monitored to determine whether CAAs are charging OEP for LIHEAP costs according to federal program requirements, including maintaining required documentation to support the allowability of LIHEAP activities and costs incurred. OEP has not taken effective action to require compliance.

**Effect:**

OEP has increased risk that it is paying CAAs for unallowable LIHEAP costs.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)  
US Department of Health and Human Services*

*Finding 2009-41 (continued)*

*CFDA # 93.568*

*Low-Income Home Energy Assistance Program*

**Questioned Costs:**

\$30,116 (\$20,163 costs not supported; \$4,000 postage costs; \$5,528 EAP costs charged to LIHEAP; \$425 indirect costs overcharged to OEP). We were unable to determine the amount of additional questioned costs due to the lack of supporting documentation for amounts allocated to the LIHEAP program.

**Recommendation:**

OEP must establish controls to reasonably ensure that all costs charged to LIHEAP are allowable in accordance with federal regulations. OEP should establish appropriate control activities, information systems, and monitoring efforts that will reasonably ensure that the CAAs are operating LIHEAP in compliance with program rules and regulations.

**Auditee Response:**

We concur.

See OEP response to finding 2009-34. OEP had made it clear to the CAA Executive Directors that the financing accounting procedures that we have focused on in the WXN program are also applicable to the LIHEAP program. As indicated in our response to finding 2009-40, we will follow up with a mandatory workshop with the CAA LIHEAP program managers to review these procedures in order to complete CAA staff re-training. A re-established schedule for on-site program monitoring will ensure compliance.

**Contact Person:**

Joanne O. Morin, Director

**Anticipated Completion Date:**

June 30, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>Office of Energy and Planning (OEP)</i> <i>U.S. Department of Energy</i>	<i>Finding 2009-42</i>
<i>CFDA # 81.042</i>	<i>Weatherization Assistance for Low-Income Persons</i>
<i>Grant Award and Years:</i>	<i>DE-FG41-04R130436 April 1, 2008 to March 31, 2009</i>

***Finding:*** *Indirect Costs Charged To The Weatherization Assistance For Low-Income Persons (WXN) Program Not Properly Calculated*

**Criteria:**

The indirect cost rate agreement (ICRA) entered into between the OEP and the U.S. Department of Energy provides the OEP with a rate that can be applied to direct program costs to determine the level of reimbursement OEP is entitled to for indirect costs associated with the various Federal programs administered by the OEP.

According to Section III – Special Remarks, paragraph, h 3, of the ICRA, the indirect cost rate “includes:

- a. Applicable central service costs allocated through the DHHS-approved State-wide Cost Allocation Plan.”

According to the ICRA in place for state fiscal year 2009, the approved indirect cost rate is intended to provide reimbursement for the applicable central service costs allocated through the US Department of Health and Human Services (USDHHS) approved State-wide Cost Allocation Plan (SWCAP).

**Condition:**

A review of OEP’s application of the ICRA to the WXN program revealed that indirect costs were not charged to the program in accordance with the ICRA.

The OEP requested reimbursement for \$1,638 of SWCAP charges for the WXN program as a direct program charge, contrary to the requirements of the ICRA. As stated above, the ICRA specifically instructs the OEP to include the SWCAP charges in the indirect cost rate and not to charge them to the program as a direct cost.

In addition, the OEP could not support the basis for an additional \$1,530 of indirect costs charged to the WXN program.

**Cause:**

The OEP employee responsible for drawing federal program funds was not sufficiently knowledgeable and trained in charging SWCAP and other indirect costs to the WXN program.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-42 (continued)*

*CFDA # 81.042*

*Weatherization Assistance for Low-Income Persons*

During fiscal year 2009, there was no effective review and approval process for SWCAP and other indirect costs charged to the WXN program at OEP.

**Effect:**

Lack of compliance with the ICRA resulting in questioned costs.

**Questioned Costs:**

Known questioned costs of \$3,168. The improper treatment of SWCAP costs could, if uncorrected, cause additional questioned costs for program years active during State fiscal year 2009 which end after June 30, 2009.

**Recommendation:**

OEP should ensure that indirect cost rates are applied in accordance with the approved ICRA's.

OEP should ensure that employees responsible for charging direct and indirect costs to the WXN program are trained in, and knowledgeable about, that activity, including the provisions of the ICRA's. The OEP's controls should include appropriate control activities and monitoring efforts to promote the accurate charging of costs to the WXN program, in accordance with the ICRA in place.

**Auditee Response:**

We partially concur.

The OEP Business Director has sought clarification from the Department of Administrative Services. OEP will now include the SWCAP costs within its indirect cost rate.

We believe the indirect costs questioned above were due the OEP. Therefore, we are confident that we will not be required to reimburse the U.S. Department of Energy for amounts classified as questioned costs.

OEP will prepare office-wide procedures for managing and monitoring federal programs in accordance with the appropriate federal guidance and regulations. One procedure will include the procedure for establishing OEP's indirect cost rate to be reviewed by the Grants Manager and Director.

STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*U.S. Department of Energy*

*Finding 2009-42 (continued)*

*CFDA # 81.042*

*Weatherization Assistance for Low-Income Persons*

**Contact Person:**

Joanne O. Morin, Director

**Anticipated Completion Date:**

June 30, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>Office of Energy and Planning (OEP)</i>		<i>Finding 2009-43</i>
<i>US Department of Health and Human Services</i>		
<i>CFDA # 93.568</i>	<i>Low-Income Home Energy Assistance Program</i>	
<i>Grant Award and Years:</i>	<i>G-08B1NHLIEA</i>	<i>October 1, 2007 to September 30, 2009</i>

***Finding:*** *Low-Income Home Energy Assistance Program (LIHEAP) Reports Not Adequately Supported*

**Criteria:**

Title 45 of the United States Code, Part 96, Subpart H, section 96.82 (b) requires each grantee to submit data annually on the number of households receiving LIHEAP assistance. The regulation requires the data to be reported separately for LIHEAP heating, cooling, crisis, and weatherization assistance on a LIHEAP Household Report.

US Department of Health and Human Services (U.S. DHHS) LIHEAP Action Transmittal AT-2009-02 requires State grantees to submit a LIHEAP Grantee Survey on an annual basis which includes data on the sources and uses of funds, average benefits, and maximum income cutoff for 4-person households for each type of assistance provided by the State.

The 2009 OMB Circular A-133 Compliance Supplement, compliance requirement L - Reporting, requires reports of federal awards “include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with program requirements.”

**Condition:**

The LIHEAP Household Report and LIHEAP Grantee Survey for federal fiscal year 2008 submitted by OEP included data that was not supported by the OEP’s accounting or performance records.

The reported 354 households assisted with winter crisis benefits, where at least one member is age five or under, on the LIHEAP Household Report was an estimated amount that could not be supported by database records or other alternative OEP records. Although OEP explained the methodology used to estimate the reported amount, this methodology did not recalculate. In addition, the number of households that were reported by OEP as having been assisted with weatherization assistance benefits was not supported by OEP’s information systems.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*US Department of Health and Human Services*

*Finding 2009-43 (continued)*

*CFDA # 93.568*

*Low-Income Home Energy Assistance Program*

Other data reported by OEP that also did not appear to be supported by OEP's information systems include:

- Of the \$29,344,682 Estimated Sources of Funds reported on the LIHEAP Grantee Survey, \$51,945 representing funds carried over from Federal Fiscal Year (FFY) 2007 was unsupported. These carry over funds agreed to the OEP's FFY 2007 *Carryover and Reallocation Report* submitted to the U.S. DHHS, however, this 2007 federal report was not supported.
- Of the \$29,344,682 Estimated Uses of Funds reported in the *LIHEAP Grantee Survey*, \$25,584,827 was unsupported.
- The reported \$629 average household heating assistance benefits and \$363 average winter crisis benefit amounts were unsupported.
- The reported \$48,913 and \$38,203 maximum annual income amounts for heating assistance benefit and weatherization assistance benefits, respectively, were unsupported.

**Cause:**

OEP has not established policies and procedures and other controls to ensure that data included in the electronically filed LIHEAP Grantee Survey reports is documented and verifiable.

The Fuel Assistance Program Software (FAPS) used by OEP does not capture data related to the number of households assisted with winter crisis benefits where at least one member is age five or under. As a result, OEP reports estimated information. OEP has not established policies and procedures and other controls to ensure that data included in its filed reports, including methods used in estimating data, is documented and verifiable.

**Effect:**

Data included in LIHEAP reports may not be properly supported and verifiable.

**Questioned Costs:**

None.

**Recommendation:**

The OEP should maintain adequate documentation, whether paper or electronic, to support all required report submittals. The OEP should also consider implementing a review and approval control procedure to ensure federal reports: include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with program requirements.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Office of Energy and Planning (OEP)*  
*US Department of Health and Human Services*

*Finding 2009-43 (continued)*

*CFDA # 93.568*

*Low-Income Home Energy Assistance Program*

**Auditee Response:**

We concur.

Back up documentation for the Carryover and Reallotment Report is not filed and retained. OEP will correct the collection of data for the Household Report to include the missing category.

OEP will prepare office-wide procedures for managing and monitoring federal programs in accordance with the appropriate federal guidance and regulations. Procedures will include or provide reference to program specific procedures or procedure manuals as appropriate. One procedure will include an annual review of reporting requirements by the Grants Manager and reviewed by the Director.

**Contact Person:**

Joanne O. Morin, Director

**Anticipated Completion Date:**

July 31, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>NH Department of Labor</i>		<i>Finding 2009-44</i>
<i>U.S. Department of Labor</i>		
<i>CFDA # 17.258</i>	<i>Workforce Investment Act Adult Program</i>	
<i>CFDA # 17.259</i>	<i>Workforce Investment Act Youth Activities</i>	
<i>CFDA # 17.260</i>	<i>Workforce Investment Act Dislocated Workers</i>	
<i>Grant Award and Year:</i>	<i>AA15493VCO 2006, 2007</i> <i>AA15493WNO 2006, 2007</i> <i>AA15493WLCO 2006, 2007</i> <i>EM169424FO 2009, 2010</i> <i>AA16043YEO 2008, 2009</i> <i>AA171362JO 2009, 2010, 2011</i> <i>AA160432DO 2008, 2009, 2010, 2011</i> <i>AA171362LO 2009, 2010, 2011</i> <i>AA171363YO 2009, 2010, 2011</i> <i>AA171364AO 2009, 2010, 2011</i> <i>AA16043XWO 2008, 2009</i> <i>EM16942YWO 2008, 2009, 2010</i> <i>AA171362FO 2009, 2010, 2011</i> <i>EM17006YWO 2008, 2009</i> <i>AA15493VEO 2006, 2007</i> <i>MII75201T 2009, 2010, 2011</i> <i>AA16043ZMO 2008, 2009</i>	

**Finding:** *The Department of Labor (DOL) Did Not Comply with Subrecipient Monitoring Requirements of the WIA Program*

**Criteria:**

Federal Office of Management and Budget (OMB) Circular A-133 Section \_\_\_400(d) requires a pass through entity to perform the following for the Federal Awards it makes:

- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients ...have met the audit requirements of this part for that fiscal year.

In addition, the Workforce Investment Act (WIA) section 184(a)(4) stipulates that each State must obtain A-133 reports from each subrecipient and that any and all findings will be inquired of immediately and necessary actions related to the findings will be taken within 6 months of the report date.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Labor  
U.S. Department of Labor*

*Finding 2009-44 (continued)*

<i>CFDA # 17.258</i>	<i>Workforce Investment Act Adult Program</i>
<i>CFDA # 17.259</i>	<i>Workforce Investment Act Youth Activities</i>
<i>CFDA # 17.260</i>	<i>Workforce Investment Act Dislocated Workers</i>

This same section also stipulates that each State must have a subrecipient monitoring system which provides for annual on-site monitoring reviews of a subrecipient in compliance with U.S. Department of Labor uniform administrative requirements. Further, each State must have a subrecipient monitoring system that ensures established policies to achieve program quality and outcomes meet the WIA objectives and, enable the Governor to determine if subrecipients are in substantial compliance with WIA requirements.

**Condition:**

Based on testwork performed, we determined that an annual on-site monitoring review was not performed for the sole subrecipient during the state fiscal year 2009. This subrecipient received both ARRA and Non-ARRA funds from the State Department of Labor. The last on-site review was performed in August of 2008, relating to the 2008 fiscal audit year. Additionally, documentation does not exist to support the detail and effectiveness of the auditing performed by DOL. It does not appear the allowability of costs or eligibility of recipients is being tested in a systematic, well documented manner.

Further, through review of the most recent A-133 of the Department’s sole subrecipient, it was discovered that the subrecipient’s auditors had noted a control finding and an overall significant deficiency over internal control in the audit report. The Department was not aware of the auditors findings and had not requested explanations from the subrecipient or taken any other actions.

**Cause:**

Apparent lack of DOL management emphasis on DOL’s need to actively monitor its subrecipient.

**Effect:**

The DOL is not performing formal during the award monitoring procedures to ensure:

- Federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of contracts or grant agreements,
- All ARRA requirements are met, and
- Performance goals are achieved.

The DOL is not effectively monitoring and reacting to the results of the subrecipient.

Because of the above, the DOL cannot evaluate the impact of its subrecipient activities on the Department’s ability to comply with applicable Federal regulations, including gaining reasonable assurance that program expenditures are allowable.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Labor  
U.S. Department of Labor*

*Finding 2009-44 (continued)*

<i>CFDA # 17.258</i>	<i>Workforce Investment Act Adult Program</i>
<i>CFDA # 17.259</i>	<i>Workforce Investment Act Youth Activities</i>
<i>CFDA # 17.260</i>	<i>Workforce Investment Act Dislocated Workers</i>

**Questioned Costs:**

Unable to determine

**Recommendation:**

We recommend that the Department implement procedures to ensure the subrecipient’s annual A-133 report is not just obtained but is thoroughly reviewed. In addition, we recommend the Department follow the provisions of the WIA compliance supplement to the extent any violations are identified through their review of the subrecipient’s A-133 audit report.

Further, we recommend that the Department implement procedures to ensure that an annual on-site monitoring review of their subrecipient is performed annually and documented formally to support the results of the review.

**Auditee Response:**

The Department of Labor agrees that on-site monitoring of its sub-recipient for program year 2009 did not take place. The 2009 annual on-site monitoring was scheduled for August, but due to the intensive training requirements for the NH First (Lawson) financial system, the scheduled on-site monitoring was delayed. The Department stresses that this agency performed annual on-site monitoring for the WIA in August 2006, October 2007 and August 2008, and thus has a history of due diligence in performing its subrecipient monitoring activities. Further, while the sub-recipient’s 2008 A-133 audit was not immediately obtained, subsequent review revealed that there were no questioned costs, and that the organization’s Board was notified of the identified internal control issue and took appropriate action.

Of significant importance, the Workforce Investment Act (WIA) funding was transferred to the Department of Resources & Economic Development (DRED) on October 1, 2009. This transfer meant that the Department of Labor was no longer responsible for the oversight and management of this program. The transfer further resulted in the Workforce Opportunity Council (WOC) merging into DRED with the WOC employees becoming State of New Hampshire employees. Thus there is no longer a separate entity performing the daily administration of these funds.

Should the Department of Labor assume oversight of sub-recipients in the future, the Department will implement procedures to ensure that an annual on-site monitoring will be performed in a timely manner. In addition, Department of Labor will encourage Department of Resources & Economic Development (DRED) to be diligent in this matter.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Labor  
U.S. Department of Labor*

*Finding 2009-44 (continued)*

<i>CFDA # 17.258</i>	<i>Workforce Investment Act Adult Program</i>
<i>CFDA # 17.259</i>	<i>Workforce Investment Act Youth Activities</i>
<i>CFDA # 17.260</i>	<i>Workforce Investment Act Dislocated Workers</i>

**Contact Person:**

Bonnie Sweatt, Business Administrator

**Anticipated Completion Date:**

Not Applicable as the Workforce Investment Act funding has been transferred to DRED.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Labor  
U.S. Department of Labor*

*Finding 2009-45*

*CFDA # 17.258 Workforce Investment Act Adult Program - ARRA  
CFDA # 17.259 Workforce Investment Act Youth Activities - ARRA  
CFDA # 17.260 Workforce Investment Act Dislocated Workers - ARRA*

<i>Grant Award and Year:</i>	<i>AA171365J0</i>	<i>February 17, 2009 – September 30, 2011</i>
	<i>AA171365L0</i>	<i>February 17, 2009 – September 30, 2011</i>
	<i>AA171365P0</i>	<i>February 17, 2009 – September 30, 2011</i>

**Finding:** *The Department did not comply with the Subrecipient monitoring compliance requirements applicable to all major programs with expenditures of ARRA awards.*

**Criteria:**

Pursuant to the OMB Circular A-133 Compliance Supplement and Section 1512(h), ARRA, and 2 CFR 176.50 (c) requires entities receiving ARRA federal funding to identify to its subrecipient both the requirement to register in the Central Contractor Registration, including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and maintain the currency of that information and to separately identify to its subrecipient at the time of the ARRA subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds. Further, the Department should require the subrecipient to provide appropriate identification of these ARRA expenditures in their SEFA and Data Collection Form (SF-SAC).

**Condition:**

During our audit of the ARRA subrecipient monitoring requirements for the WIA program, the following deficiencies were noted:

- There did not appear to be any formal identification to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a Dun and Brad Street Data Universal Numbering System (DUNS) number, and the requirement to maintain the currency of that information.
- When disbursement of ARRA funds was made to the Department’s subrecipient, the Department did not separately identify the Federal award number, CFDA number, and the amount of ARRA funds; and as part of the award, require the subrecipients to provide appropriate identification in their SEFA and SF-SAC.

**Cause:**

There appears to be lack of understanding over the federal ARRA subrecipient monitoring requirements.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Labor  
U.S. Department of Labor*

*Finding 2009-45 (continued)*

*CFDA # 17.258 Workforce Investment Act Adult Program - ARRA  
CFDA # 17.259 Workforce Investment Act Youth Activities - ARRA  
CFDA # 17.260 Workforce Investment Act Dislocated Workers - ARRA*

**Effect:**

The Department did not comply with federal ARRA subrecipient monitoring requirements.

**Questioned Costs:**

None

**Recommendation:**

The Department should ensure that it fully understands the federal ARRA subrecipient monitoring requirements and establish a control structure that would ensure these requirements are being met when ARRA disbursements are made to subrecipients.

**Auditee Response:**

The Department of Labor does not concur with this finding or recommendation. The Department has had a long and close working relationship with the prime sub-recipient, the Workforce Opportunity Council (WOC). Over the years, and due to the WOC's extensive experience in administering federal grants, the Department's formal notification of grant administration requirements has been shortened to consistently providing that organization with copies of all federal award documents, to include signed Grant Agreements and Notice of Obligations (NOO).

The Grant Agreements include all instructions and directives applicable to the administration of the grant funds. In this particular case, the Grant Award document included instructions around the DUNS requirement and separate accounting functions (SEFA and SF-SAC). The NOO provides exact funding amounts, CFDA numbers, as well as the actual grant award number. The Department is able to document that it followed its consistent practice in providing the WOC with the ARRA documentation, thus giving formal notice of the funding requirements to its first-tier sub-recipient. Subsequent review of the WOC's A-133 filings indicates that the WOC did separately identify and report the ARRA funding as required.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*NH Department of Labor  
U.S. Department of Labor*

*Finding 2009-45 (continued)*

*CFDA # 17.258 Workforce Investment Act Adult Program - ARRA  
CFDA # 17.259 Workforce Investment Act Youth Activities - ARRA  
CFDA # 17.260 Workforce Investment Act Dislocated Workers - ARRA*

The Department notes that, as with the WIA formula funding, the ARRA funding was transferred to the Department of Resources and Economic Development (DRED) effective October 1, 2009. Thus the Department of Labor no longer provides oversight and management of these funds. The Department will, however, encourage DRED to be diligent in its oversight responsibilities around sub-recipient monitoring.

**Contact Person:**

Bonnie Sweatt, Business Administrator

**Anticipated Completion Date:**

Not applicable as the Workforce Investment Act funding has been transferred to DRED.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Department of Employment Security  
U.S. Department of Labor*

*Finding 2009-46*

*CFDA # 17.225 Unemployment Insurance*

*CFDA # 17.207 Employment Service/Wagner – Peyser Funded Activities*

<i>Grant Year and Award:</i>	<b>UI-18035-09-55</b>	<b>2009</b>
	<b>ES-17576-08-55</b>	<b>2009</b>

**Finding:** *Insufficient Verification Process for Review of Vendor Suspension Or Debarment Status*

**Criteria:**

29 CFR 97.35 states in part, “Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs....”

**Condition:**

The State’s fiscal year 2008 Single Audit report contained a finding related to the Department’s lack of policies and procedures to prevent contractors and vendors that are suspended or debarred from participating in federal programs managed by the Department. The Department’s corrective action plan in response to the comment added a provision requiring a suspension and debarment certification to be completed by program contractors. The certification was added to contracts beginning January 2009.

In September of 2009, the Department received notification from the U.S. Department of Labor (USDOL) that a certification within the contract by itself was not sufficient verification that the contractor or vendor was not suspended or debarred. Subsequent to that notice, the Department verifies federal program contractors and vendors have not been suspended or debarred by checking the Excluded Parties List System (EPLS).

**Cause:**

A lack of complete understanding of federal program requirements resulted in an incomplete corrective action plan and Department response to a fiscal year 2008 audit comment.

**Effect:**

There is the potential for the Department to contract with or make subawards to suspended or debarred parties.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Department of Employment Security  
U.S. Department of Labor*

*Finding 2009-46 (continued)*

*CFDA # 17.225 Unemployment Insurance  
CFDA # 17.207 Employment Service/Wagner – Peyser Funded Activities*

**Questioned Costs:**

None.

**Recommendation:**

The Department should establish policies and procedures to document and support its new practice of reviewing the EPLS for contractors and vendors that may be suspended or debarred from participating in the federal program.

Policies and procedures should include searching the EPLS for the contractor or vendor and principals of those firms, evidence that is to be retained from the search, frequency and timing of the EPLS reviews, and how to ensure that all federal program contractors and vendors, including those contracting with the Department of Information Technology or other related organizations that provide direct services to the Department, are included in the suspension and debarment process.

**Auditee Response:**

The Department responded immediately to the above-mentioned notice from USDOL. Approval was received by the Department from the assigned USDOL Audit Resolution Specialist, Avery Malone, to continue our current practice of querying the Excluded Parties List System (EPLS) website prior to entering into a contract as well as requiring the vendor to certify: (1) they are not currently suspended, debarred, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal department or agency, and (2) they will inform the Department if their status changes. The Department will also include printed evidence of our query of EPLS website in our contract files. Furthermore, the Department will query EPLS at least once per year for multi-year contracts.

**Contact Person:**

Jill Revels, Business Administrator

**Anticipated Completion Date:**

October 2009

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Department of Employment Security  
U.S. Department of Labor*

*Finding 2009-47*

*CFDA # 17.225 Unemployment Insurance*

*Grant Year and Award:    UI-18035-09-55            2009*

**Finding:    *Benefits Accuracy Measurement (BAM) Reports Included Open Case Files***

**Criteria:**

20 CFR Section 602.11(d) requires the Department to operate a Benefit Accuracy Measurement (BAM) program to assess the accuracy of Unemployment Insurance benefit payments and denied claims. The BAM unit is required to draw a weekly sample of claims paid and denied claims and conduct a review of the records as well as new “fact finding” to determine whether the claims were correct, overpaid, underpaid, or erroneously denied.

ET Handbook No. 395, 4<sup>th</sup> Edition, Benefit Accuracy Management State Operations Handbook, Chapter VI describes the investigative procedures required by a BAM quality control review. One of these requirements is that each case must contain a Summary of Investigation which includes at a minimum, a narrative that explains the facts of the case including the basis for any decision related to errors, complexity of the case, difficulty obtaining information, reasons for delay, etc.

According to the ET Handbook No. 395, a case is complete when the investigation has been concluded as required, all official actions for the key week (except appeals) have been completed, the supervisor has signed off, and the results have been entered into the computer

A minimum of 98% of cases for the year must be completed within 120 days of the ending date of the Calendar Year.

**Condition:**

The Department did not consistently complete all associated work within a case file reviewed by its Benefits Accuracy Measurement (BAM) program prior to reporting the case as closed to the U.S. Department of Labor (USDOL).

In three cases out of a sample of 37 (8%) cases reviewed, significant documentation of the BAM review was completed after the date the case was reviewed by a BAM manager and submitted to USDOL as complete. In one other sample case reviewed, one document was not completed, even after the case was reviewed by a BAM manager and submitted as complete.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Department of Employment Security  
U.S. Department of Labor*

*Finding 2009-47 (continued)*

*CFDA # 17.225 Unemployment Insurance*

**Cause:**

When the issue of the dating of the documents and the missing document was discussed with employees in the BAM program, it became apparent there was some question as to what documents were required to be completed and filed as part of the BAM review.

**Effect:**

Inaccurate reporting of BAM activity.

**Questioned Costs:**

None.

**Recommendation:**

The Department should resolve questions related to the completion and filing of BAM documentation with the USDOL to ensure that the Department's BAM program is operating as intended by the federal program. Department employees responsible for the BAM program should be knowledgeable of, and trained in, all pertinent aspects of the USDOL BAM program requirements.

Cases that are not complete should not be reported as closed.

**Auditee Response:**

We concur with the recommendation. In December 2008 and January 2009, the Department's Quality Control Investigators were reassigned to assist with the adjudication of UI benefit claims in response to the rising workload. At that time, all of 2008 BAM Program sample cases had been pulled and assigned and the investigations were in various stages of completion. The Unit was well on track to meet the USDOL BAM Program time-lapse requirements of 60 and 90 days. The USDOL also requires that 98 % of 2008 cases be completed within 120 days of the ending date of the calendar year.

After the QC Investigators were reassigned to assist with adjudication, the BAM Manager made a good faith effort to assist the QC Unit with meeting its BAM Program time-lapse requirements by reviewing each investigator's case load to identify cases in which the investigations were complete and the parties had returned all of the information requested. The BAM manager pulled these cases, completed the required coding sheet based on the information in the case file and entered the data into the SUN system as a completed case. The only document that was not included in the case file at that time was a completed Summary of Investigation. After entering the data into the SUN System, the BAM Manager returned the case files to the individual investigators with written instructions to complete a summary of investigation at their earliest convenience when they returned to their BAM Program duties.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Department of Employment Security  
U.S. Department of Labor*

*Finding 2009-47 (continued)*

*CFDA # 17.225 Unemployment Insurance*

It had been the BAM Manager's understanding that narrative summaries were not a program requirement as previous USDOL Regional BAM Reviewers had commented that NH was one of the few states that actually completed narrative summaries of its cases.

When the question regarding the Summary of Investigation documentation was raised during the October 2009 meeting with LBA staff, the BAM Manager reviewed Handbook 395 and contacted the USDOL Regional Office for clarification. The BAM Manager agrees with the findings and understands that summaries are indeed a required document in every completed investigation file. This information has been communicated to all of the Quality Control Investigators.

**Auditee Response:**

New Hampshire's BAM Program cases will not be considered complete without all required documentation in the case file.

**Contact Person:**

Theresa Murphy, Supervisor, Quality Control

**Anticipated Completion Date:**

After consulting with the USDOL Regional Office, the Quality Control Unit's BAM Program staff was immediately notified that a BAM Program case file must include all required documentation, including the Summary of Investigation, to be considered complete. As this had been the Unit's standard practice prior to the suspension of BAM Program activities to assist with adjudication, effective with their return to their BAM Program duties on November 2, 2009, QC Investigators are once again completing a Summary of Investigation for each BAM Program case file.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

<i>Department of Employment Security</i>		<i>Finding 2009-48</i>
<i>U.S. Department of Labor</i>		
<i>CFDA # 17.225 Unemployment Insurance</i>		
<i>CFDA # 17.207 Employment Service/Wagner – Peyser Funded Activities</i>		
<i>Grant Year and Award:</i>	<b>UI-18035-09-55</b>	<b>2009</b>
	<b>ES-17576-08-55</b>	<b>2009</b>

**Finding:** *Benefit Accuracy Measurement Program Not On Task*

**Criteria:**

20 CFR Section 602.11(d) requires the Department to operate a Benefit Accuracy Measurement (BAM) program to assess the accuracy of Unemployment Insurance benefit payments and denied claims. The Quality Control (QC) Unit operates the BAM program and is required to draw a weekly sample of payments and denied claims and conduct a review of the records as well as new “fact finding” to determine whether the claims were correct, overpaid, underpaid, or erroneously denied. Unlike the Unemployment Insurance (UI) fraud investigator who tries to identify specific cases of fraud and recapture any overpayments, the BAM investigator looks at a sample of cases to produce statistics for the UI program in general. The primary purpose of the BAM program is to identify system-wide problems, so that when corrected, future errors can be prevented.

The U.S. Department of Labor’s ET Handbook No. 395, 4<sup>th</sup> Edition, Benefit Accuracy Measurement State Operation Handbook, Chapter VI, notes the importance of the prompt completion of investigations to ensure the integrity of the information being collected by the questioning of claimants and employers is not adversely affected by the passage of time.

20 CFR Section 602.20 requires each BAM program be organizationally independent of, and not accountable to, any unit performing functions subject to evaluation by the BAM program. The program must be organizationally positioned to maintain its objectivity, have access to necessary information, and minimize organizational conflict of interest. The QC Unit’s adjudication of claims would appear to be an organizational conflict of interest.

**Condition:**

The Department’s Quality Control (QC) Unit was performing quality control reviews during 16 of the 39 weeks (41% of the time) between January 5 and October 2, 2009. During the remainder of the period, the QC Unit was assigned to adjudicating benefit claims.

The Department requested and received permission from USDOL to reduce the annual sample of 360 paid claims down to 270 for Calendar Year 2009. There was no waiver on the sample of denied claims granted and USDOL explicitly indicated that all other BAM requirements remained in place.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Department of Employment Security  
U.S. Department of Labor*

*Finding 2009-48 (continued)*

*CFDA # 17.225 Unemployment Insurance  
CFDA # 17.207 Employment Service/Wagner – Peyser Funded Activities*

During the 39 weeks between January 5, 2009 and October 2, 2009, the QC Unit was adjudicating claims 59% of the time for a total of 23 weeks and performing BAM case reviews 41% of the time for 16 weeks. During this 39 week period, the QC Unit last performed a BAM case review on June 25, 2009.

**Cause:**

Management's reallocation of BAM resources to other activities.

**Effect:**

The Department is at increased risk that a systematic error will go undetected resulting in a material misstatement to the Unemployment Compensation Fund. The risk is further aggravated by the implementation of a new benefit computer system that significantly changed the way claims are processed and how claimants interact with the Department. Although the Department is in compliance with BAM requirements for the timely completion of cases during calendar year 2008, the Department has not met its requirements related to the timely completion of BAM cases for calendar year 2009. Upon resumption of BAM reviews, the QC Unit is also at risk of reviewing a BAM sample item that was adjudicated by a member of the QC Unit.

**Questioned Costs:**

None.

**Recommendation:**

The Department should resume the performance of BAM case reviews by the Quality Control Unit. Controls required by federal programs and should not be paused to improve the efficiency of the program they were designed to control. The Department should direct the Quality Control Unit to resume BAM case reviews and maintain compliance with federal requirements related to the timeliness of case completion. The Quality Control Unit should establish controls to ensure that cases adjudicated by the Unit are not subsequently reviewed by the Unit for BAM purposes.

**Auditee Response:**

We concur with the recommendation. In 2008 and 2009, the state experienced a significant increase in our UI claims workload, particularly in the area of adjudication. The Department's Quality Control (QC) Unit currently includes four BAM Program Investigators. These investigators are former adjudicators with extensive UI Program knowledge and many years of experience taking and adjudicating claims. Because of this experience, the Unit is frequently called upon for assistance during periods of peak workload.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Department of Employment Security  
U.S. Department of Labor*

*Finding 2009-48 (continued)*

*CFDA # 17.225 Unemployment Insurance  
CFDA # 17.207 Employment Service/Wagner – Peysner Funded Activities*

In addition to the increased workload caused by the economic downturn, the Department was challenged by the implementation of a new UI Benefit System in August 2009. All UI program staff, including the BAM investigators, were called upon to process and adjudicate as many claims as possible in the weeks leading up to the implementation of the new system in an effort to ease the transition from the old system to the new system. As a result, BAM investigators processed and adjudicated unemployment compensation claims for 23 out of the first 39 weeks in 2009. With this in mind, the Department anticipates the BAM Unit will not meet its time lapse requirements for CY 2009.

**Corrective Action Plan:**

The BAM Unit returned to its duties of auditing paid and denied UI benefit claims on November 2, 2009 and is currently working overtime to address the backlog of cases pending adjudication. The Unit has controls in place to mitigate the risk that a QC Investigator will be reviewing a BAM sample case that was adjudicated by the QC Unit. The QC Unit's staff includes one Tax Performance System (TPS) Investigator, who is responsible for examining the quality of state procedures for collecting and processing Unemployment Insurance (UI) taxes. This individual has prior BAM Program experience and will be called upon to investigate any cases that were adjudicated by the QC Unit.

**Contact Person:**

Theresa Murphy, Supervisor, Quality Control

**Anticipated Completion Date:**

The BAM Unit returned to full operation effective November 2, 2009.



FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Department of Employment Security  
U.S. Department of Labor*

*Finding 2009-49 (continued)*

*CFDA # 17.225 Unemployment Insurance  
CFDA # 17.207 Employment Service/Wagner – Peyser Funded Activities*

Also, according to the Department, the weekly “Long Term Claimant List” generated by the New Hampshire Unemployment System (NHUS), which provides claimant data for those claiming benefits for longer than 13 weeks had not been monitored since January of 2009 when ES was preparing for the implementation of the new Job Matching System in March 2009. Starting in mid-April, ES employees were tasked to “clean” claims prior to the implementation of the new Unemployment Insurance (UI) system in August 2009.

**Cause:**

Allocation of Department resources to assist with processing claims and transition to a new information system.

**Effect:**

Benefit payments may be made that should not be made.

**Questioned Costs:**

Overpayment of Federal Additional Compensation (FAC) benefits: \$1,925

**Recommendation:**

The Department should reestablish its employment services controls as soon as practical to reduce the risk of claimant errors and frauds. While the Department has reasonably reacted with a reallocation of employee efforts in response to the increase in claims during fiscal year 2009, loosening controls during a period of increased activity increases the risk of errors and frauds not being detected and corrected in a timely manner.

The Department should consider whether there are alternative controls that could be implemented to provide some risk mitigation during the period that ES controls are not in place.

**Auditee Response:**

The New Hampshire Department of Employment Security concurs with the above mentioned finding and the resultant effect of some inappropriate unemployment compensation benefit payments. The economic conditions during calendar year 2009 increased the agency’s workload considerably. The implementation of two new computer applications, one for Employment Service (Job Match System) and one for Unemployment Compensation, required some of the staff of the agency to be reassigned to other than their regular duties for part of the calendar year. These two items led to the NH Administrative Rule, Emp 501.02 not being administered as it had been in the past.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

*Department of Employment Security  
U.S. Department of Labor*

*Finding 2009-49 (continued)*

*CFDA # 17.225 Unemployment Insurance  
CFDA # 17.207 Employment Service/Wagner – Peyser Funded Activities*

The corrective action plan for this finding is the implementation of an automated registration system that is as follows. The new Unemployment Compensation application is collecting the information needed, from the potential claimant, to complete a registration in our new Job Match System. The computer programmers are working on an interface application that will transfer the appropriate data elements from the unemployment system to the Job Match System on a daily basis creating an active registration. This interface is expected to be operational by mid to late June 2010. Once implemented, the agency will be in compliance with Emp 501.02, as new claimants without a return to work date will have an active registration.

For claimants who continue to collect benefits beyond their return to work date, the agency is working with the programming staff for the new unemployment system to produce a “Claimants Paid List”. This report will indicate the needed data elements to track those claimants who are continuing to file for benefits beyond their return to work date. Staff in the offices will then track these claimants and take appropriate action, up to and including stopping the payment of benefits until the claimant complies with the regulations.

**Contact Person:**

Doris Lachance, Director Employment Service Bureau

**Anticipated Completion Date:**

June 2010

**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT**

**SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006**

<b>FINDING NUMBER</b>	<b>STATE AGENCY</b>	<b>CFDA NUMBER</b>	<b>DESCRIPTION</b>	<b>QUESTIONED COSTS</b>	<b>CURRENT STATUS</b>
<b>FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</b>					
2008-6	<i>NH Department of Health and Human Services</i>	93.778	Incomplete Review of DSH Information Submitted by General Hospitals	Not able to determine	<i>Unresolved</i> See G-9
2008-7	<i>NH Department of Health and Human Services</i>	93.778	DSH Calculation Methodology Noncompliant with Federal and State Requirements	\$35,325,468	<i>Unresolved</i> See G-11
2008-8	<i>NH Department of Health and Human Services</i>	93.778	Noncompliant Participant Eligibility Files	Not able to determine	<i>Resolved</i>
2008-9	<i>NH Department of Health and Human Services</i>	93.778	Provider Eligibility/Licensing Documentation Not Kept Current	Not able to determine	<i>Resolved</i>
2008-10	<i>NH Department of Health and Human Services</i>	93.778	Ineffective Reconciliation Procedures between NHAIM and FirstHealth	Not able to determine	<i>Resolved</i>
2008-11	<i>NH Department of Health and Human Services</i>	93.778	Expired Administrative Rules Governing Residential Care and Home Health Care Facilities	Not able to determine	<i>Partially Resolved</i> See G-13
2008-12	<i>NH Department of Health and Human Services</i>	93.778	Noncompliance with Medicaid Long Term Care Facility Audit Requirement	None	<i>Resolved</i>
2008-13	<i>NH Department of Health and Human Services</i>	93.778	Client Liability for Home-Based HCBC-ECI Clients Not Collected	Not able to determine	<i>Resolved</i>
2008-14	<i>NH Department of Health and Human Services</i>	93.778	Evidence of Medical Eligibility Determination Not Consistently Retained	None	<i>Resolved</i>

**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT**

**SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006**

<b>FINDING NUMBER</b>	<b>STATE AGENCY</b>	<b>CFDA NUMBER</b>	<b>DESCRIPTION</b>	<b>QUESTIONED COSTS</b>	<b>CURRENT STATUS</b>
2008-15	<i>NH Department of Health and Human Services</i>	93.778	Provider Disclosures Are Not Obtained From All Required Providers	Not able to determine	<i>Unresolved</i> See G-16 and related finding 2009-13 on F-33
2008-16	<i>NH Department of Health and Human Services</i>	93.778	HCBS Waiver Financial Income Standards and Eligibility Determination Process Not In Accordance With Federal Requirements	Not able to determine	<i>Resolved</i>
2008-17	<i>NH Department of Health and Human Services</i>	93.778	No Evidence of Preparer Signoff	None	<i>Resolved</i>
2008-18	<i>NH Department of Health and Human Services</i>	93.778	Monitoring of Quality Improvement Organization Reviews not Performed	None	<i>Resolved</i>
2008-19	<i>NH Department of Health and Human Services</i>	93.778	Lack of Sampling Plan for Utilization Reviews	Not able to determine	<i>Resolved</i>
2008-20	<i>NH Department of Health and Human Services</i>	93.778	SURS Case Tracking Mechanism Discrepancies	None	<i>Resolved</i>
2008-21	<i>NH Department of Health and Human Services</i>	93.778	Insufficient Amount of Medical Eligibility Quality Control Reviews Performed	Not able to determine	<i>Resolved</i>
2008-22	<i>NH Department of Health and Human Services</i>	10.561 93.069 93.268 93.563	Failure to Perform Payroll Certifications	None	<i>Resolved</i>
2008-23	<i>NH Department of Employment Security</i>	17.225 17.207	Suspension/Debarment Certifications not Obtained	None	<i>Resolved</i>

**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT**

**SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006**

<b>FINDING NUMBER</b>	<b>STATE AGENCY</b>	<b>CFDA NUMBER</b>	<b>DESCRIPTION</b>	<b>QUESTIONED COSTS</b>	<b>CURRENT STATUS</b>
2008-24	<i>NH Department of Transportation</i>	20.500 20.507	Federal Approval Was Not Received and a Cost or Price Analysis was not Performed for Procurements When Only One Bid Was Received	Not able to determine	<i>Partially Resolved</i>  See G-18
2008-25	<i>NH Department of Transportation</i>	20.500 20.507	Reports Were Not Filed With the Federal Transit Administration (FTA) and Financial Information Reported Did Not Agree to Support	None	<i>Partially Resolved</i>  See related finding 2009-24 on F-60
2008-26	<i>NH Department of Transportation</i>	20.500 20.507	Sufficient Sub-Recipient Monitoring Procedures For Sub-Recipients Were Not Performed	None	<i>Resolved</i>
2008-27	<i>NH Department of Transportation</i>	20.500 20.507	The Bureau of Rail and Transit (BRT) Did Not Monitor Spending of 5307 Funds	None	<i>Resolved</i>
2008-28	<i>NH Department of Health and Human Services</i>	10.561 93.563 93.778 93.069	Public Assistance Cost Allocation Plan Needs Updating	Not able to determine	<i>Partially Resolved</i>  See G-20 and related finding 2009-15 on F-39
2008-29	<i>NH Department of Health and Human Services</i>	93.563	Information Incorrectly Recorded in the New England Child Support Enforcement System (NECSES)	None	<i>Resolved</i>
2008-30	<i>NH Department of Health and Human Services</i>	95.563	Interstate Case Activities Not Performed Within Required Timeframes	None	<i>Unresolved</i>  See related finding 2009-12 on F-31

**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT**

**SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006**

<b>FINDING NUMBER</b>	<b>STATE AGENCY</b>	<b>CFDA NUMBER</b>	<b>DESCRIPTION</b>	<b>QUESTIONED COSTS</b>	<b>CURRENT STATUS</b>
2008-31	<i>NH Department of Health and Human Services</i>	93.268	Reconciliation of Vaccine Records Not Performed	None	<i>Resolved</i>
2008-32	<i>NH Department of Health and Human Services</i>	93.268	Noncompliance with Control, Accountability, and Safeguarding of Vaccine Requirement	None	<i>Resolved</i>
2008-33	<i>NH Department of Environmental Services</i>	66.605	Administrative and Direct Program Cost Drawdowns are Not in Accordance With The Treasury-State Agreement	None	<i>Partially Resolved</i> See G-23
2008-34	<i>NH Department of Fish and Game</i>	15.605 15.611	Volunteer In-Kind Contributions (Control)	None	<i>Unresolved</i> See related finding 2009-29 on F-72
2008-35	<i>NH Department of Fish and Game</i>	15.605 15.611	Suspension and Debarment Not Monitored	None	<i>Partially Resolved</i> See G-26 and related finding 2009-30 on F-74
2008-36	<i>NH Department of Fish and Game</i>	15.605 15.611	Volunteer In-Kind Contributions	None	<i>Resolved</i>
2008-37	<i>NH Department of Fish and Game</i>	15.605 15.611	No Reconciliation of Department and State Accounting Systems	None	<i>Partially Resolved</i> See G-28 and related finding 2009-31 on F-76
2008-38	<i>NH Department of Fish and Game</i>	15.605 15.611	Inadequate Controls Over Real Property	None	<i>Partially Resolved</i> See G-30

**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT**

**SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006**

<b>FINDING NUMBER</b>	<b>STATE AGENCY</b>	<b>CFDA NUMBER</b>	<b>DESCRIPTION</b>	<b>QUESTIONED COSTS</b>	<b>CURRENT STATUS</b>
2008-39	<i>NH Department of Fish and Game</i>	15.605 15.611	Assent Legislation	None	<i>Resolved</i>
2008-40	<i>NH Department of Education</i>	84.010 84.027 84.048 84.126 84.369	Administrative Cost Drawdowns not in Accordance with the Treasury-State Agreement	None	<i>Partially resolved</i>  See G-32 and related finding for CFDA # 84.126 at 2009-18 on F-47
2008-41	<i>NH Department of Education</i>	84.126	Direct Program Cost Drawdowns not in accordance with the Treasury-State Agreement	None	<i>Unresolved</i> See G-34
2008-42	<i>Community College System of New Hampshire</i>	84.032	Satisfactory Academic Progress Policies and Procedures Should Be Adhered to	\$1,077	<i>Resolved</i>
2008-43	<i>Community College System of New Hampshire</i>	84.032 84.038 84.063	Cost of Attendance Should Be Applied In Accordance With Federal Regulations	Not able to determine	<i>Unresolved</i> See related finding 2009-22 on F-55
2008-44	<i>Community College System of New Hampshire</i>	84.063	Pell Grant Awards Should Be Properly Calculated	\$1,139	<i>Resolved</i>
2008-45	<i>Community College System of New Hampshire</i>	84.063	Pell Grant Disbursement Data Not Reported in Timely Manner	None	<i>Unresolved</i> See related finding 2009-21 on F-53
2008-46	<i>Community College System of New Hampshire</i>	84.032 84.038	Sufficient, Verifiable Audit Evidence Should Be Maintained For Loan Disbursement Notifications	None	<i>Resolved</i>

**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT**

**SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006**

<b>FINDING NUMBER</b>	<b>STATE AGENCY</b>	<b>CFDA NUMBER</b>	<b>DESCRIPTION</b>	<b>QUESTIONED COSTS</b>	<b>CURRENT STATUS</b>
2008-47	<i>Community College System of New Hampshire</i>	84.007 84.033 84.038	Inaccurate Federal Reporting	Not able to determine	<i>Resolved</i>
2008-48	<i>Community College System of New Hampshire</i>	84.007 84.032 84.033 84.038 84.063 84.375	The CCSNH Should Comply With Federal Requirements For Expanding Institutional Eligibility And Certification	\$1,009,328	<i>Resolved</i>
2007-12	<i>NH Department of Health and Human Services</i>	93.268	Special Tests and Provisions – Vaccine Inventory	Not able to determine	<i>Resolved</i>
2007-18	<i>NH Department of Health and Human Services</i>	93.778	No Review of DSH Information Submitted by General Hospitals	Not able to determine	<i>Resolved</i>
2007-19	<i>NH Department of Health and Human Services</i>	93.778	DSH Calculation Methodology noncompliant with Federal and State Requirements	\$35,325,468	<i>Unresolved. See G-36</i>
2007-21	<i>NH Department of Health and Human Services</i>	93.778	Insufficient Amount of Medicaid Eligibility Quality Control Reviews Performed	Not able to determine	<i>Resolved</i>
2007-23	<i>NH Department of Health and Human Services</i>	93.778	Noncompliant Participant Eligibility Files	Not able to determine	<i>Resolved</i>
2007-25	<i>NH Department of Health and Human Services</i>	93.778	Provider Eligibility/Licensing Documentation Not Kept Current	Not able to determine	<i>Resolved.</i>

**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT**

**SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006**

<b>FINDING NUMBER</b>	<b>STATE AGENCY</b>	<b>CFDA NUMBER</b>	<b>DESCRIPTION</b>	<b>QUESTIONED COSTS</b>	<b>CURRENT STATUS</b>
2007-26	<i>NH Department of Health and Human Services</i>	93.778	Expired Administrative Rules Governing Residential Care and Home Health Care Facilities	Not able to determine	<i>Partially Resolved.</i>  See G-38
2007-28	<i>NH Department of Environmental Services</i>	66.605	Allocation and Classification of Indirect Costs	Not able to determine	<i>Unresolved</i>  See G-42
2007-29	<i>NH Department of Administrative Services</i>	Various	Errors Noted in the Calculation of the 2007 Cost Allocation Plan	\$218,530	<i>Partially Resolved</i>  See G-44
2007-30	<i>NH Department of Administrative Services</i>	Various	Internal Control over the Statewide Cost Allocation Plan needs Improvement	Not able to determine	<i>Partially Resolved</i>  See G-48
2007-31	<i>NH Department of Health and Human Services</i>	Various	Public Assistance Cost Allocation Plan Needs Updating	Not able to determine	<i>Partially Resolved</i>  See G-51 and finding 2009-15 on F-39
2007-32	<i>Community College System of New Hampshire</i>	84.007 84.032 84.033 84.038 84.063	Inaccurate Federal Reporting	Not able to determine	<i>Resolved</i>
2007-35	<i>NH Department of Health and Human Services</i>	93.778	Client Liability for Home-Based HCBC-ECI Clients Not Collected	\$19,000	<i>Resolved</i>
2007-36	<i>NH Department of Health and Human Services</i>	93.778	Evidence of Medical Eligibility Determination not Consistently Retained	None	<i>Resolved</i>

**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT**

**SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006**

<b>FINDING NUMBER</b>	<b>STATE AGENCY</b>	<b>CFDA NUMBER</b>	<b>DESCRIPTION</b>	<b>QUESTIONED COSTS</b>	<b>CURRENT STATUS</b>
2007-37	<i>NH Department of Health and Human Services</i>	93.778	Provider Disclosures are Not Obtained from all Required Providers	Not able to determine	<i>Unresolved.</i> See G-54 and finding 2009-13 on F-33
2007-38	<i>NH Department of Health and Human Services</i>	93.044 93.045 93.053	Lack of Formal Policies and Procedures for Administering Title III and Title XX Programs	Not able to determine	<i>Resolved</i>
2006-24	<i>NH Department of Health and Human Services</i>	<i>None</i>	Public Assistance Cost Allocation Plan Needs Updating	None	<i>Partially Resolved</i> See G-57 and finding 2009-15 on F-39
<b>TOTAL UNRESOLVED QUESTIONED COSTS AS OF FEBRUARY 26, 2010:</b>				<b>\$36,574,542</b>	

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

NH Department of Health and Human Services  
US Department of Health and Human Services

Finding 2008-6

CFDA # 93.778 Medical Assistance Program

Grant Award and Year: 0805NH5028, 0805NH5048 2008

**Finding:** *Incomplete Review of Disproportionate Share Hospital Information Submitted by General Hospitals*

**Criteria:**

Pursuant to the approved Medicaid State Plan (Plan) Federal financial participation is available for aggregate payments to hospitals that serve a disproportionate number of low-income patients with special needs. The Plan specifically defines a disproportionate share hospital and the method of calculating the rate for these hospitals.

**Condition:**

The N.H. Department of Health and Human Services (Department) performs a limited review of information submitted by general hospitals for purposes of performing the annual disproportionate share (DSH) calculation, which annually totals approximately \$220 million.

Under State statute, the State assesses a 6% (5.5% effective January 1, 2008) tax on the hospitals' gross patient service revenue. The hospital is then reimbursed for the lesser of the tax or uncompensated care, which is defined in the Plan, for which the Department requests 50% reimbursement under the Medicaid grant. A non-profit organization, the New Hampshire Hospital Association (NHHA), assists the State's general hospitals in submitting their annual tax return and uncompensated care calculations. During our review of the annual tax return worksheets, we noted that much of the information submitted by the hospitals could not be substantiated to audited financial statements.

The Department performs a limited review of the information submitted for purposes of the DSH calculation. We noted that the Department did not obtain audited financial statements or any other source of external verification for three of the largest hospitals. Additionally, variances between the information reported to the Department and the audited financial statements were not investigated or resolved.

A similar finding was noted in the prior year single audit report.

**Cause:**

The Department does not perform reviews of information submitted by all of the hospitals for purposes of the DSH calculation.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2008-6 (continued)*

*CFDA # 93.778 Medical Assistance Program*

**Effect:**

The lack of review can result in over or under reimbursement from the Federal government, and has in the past.

**Questioned Costs:**

Not able to determine.

**Recommendation:**

We recommend that the Department implement policies and procedures to perform reviews of information submitted by all of the hospitals. The reviews should, at a minimum, include a comparison of information submitted to the hospitals' annual financial statements with any variances reviewed and documented.

**Auditee Corrective Action Plan:**

Do not concur, with respect to the audit recommendation that "the Department implement policies and procedures to perform reviews of information submitted by the hospitals." The Department maintains its position that the Department of Revenue Administration (DRA) is solely responsible for implementing, directing and enforcing tax policy in the State of New Hampshire. The tax is written into legislation in RSA84-A:9 which states that the commissioner of DRA shall adopt rules relative to the administration of the Medicaid enhancement tax; and the recovery of any tax, interest on tax, or penalties imposed by this chapter or by RSA 21-J. DHHS does have an obligation to cooperate with DRA in this process.

**Contact Person:**

James Fredyma, Controller

**Status:**

See Corrective Action Plan above.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

NH Department of Health and Human Services  
US Department of Health and Human Services

Finding 2008-7

CFDA # 93.778 Medical Assistance Program

Grant Award and Year: 0805NH5028, 0805NH5048 2008

**Finding:** DSH Calculation Methodology Noncompliant with Federal and State Requirements

**Criteria:**

In accordance with Section 1923 of the Social Security Act, as amended, the New Hampshire Department of Health and Human Services (the “Department”) must calculate Medicaid disproportionate share hospital (DSH) payments to hospitals that serve disproportionately large numbers of low-income patients. The methodology for calculating DSH payments must follow the requirements as set forth by the Omnibus Budget Reconciliation Act of 1993, Centers for Medicare and Medicaid Services (CMS), and the State Plan.

According to the State plan, hospitals receive DSH payments for the lesser of their calculated DSH limit or 6% (5.5% effective January 1, 2008) of “gross patient services [revenue].” The New Hampshire Department of Revenue Administration imposes a 6% (5.5% effective January 1, 2008) Medicaid Enhancement Tax on the gross patient services revenue of each DSH (New Hampshire State Statute, Title V, Chapter 84-A).

**Condition:**

The Department underwent a review by the Office of Inspector General (OIG), with the objective of determining whether the DSH payments that the State agency claimed for Federal fiscal year 2004 complied with the hospital-specific DSH limits imposed by Federal requirements and the State plan. The OIG issued a report in July of 2007 entitled “Review of New Hampshire’s Medicaid Disproportionate Share Hospital Payments During Federal Fiscal Year 2004”, which noted the following:

The State agency claimed DSH payments for Federal fiscal year 2004 that did not comply with the hospital-specific DSH limits imposed by Federal requirements and the State plan. Of the \$194,145,507 that the State agency claimed, \$123,494,571 was allowable. However, the remaining \$70,650,936 (\$35,325,468 Federal share) was unallowable. The State agency did not comply with the hospital-specific DSH limits for 24 of the 28 DSHs because it did not properly determine the hospitals’ allowable costs in accordance with the Medicare principles of cost reimbursement, as CMS guidance requires. Specifically, the cost-to-charge ratios that the State agency used in determining allowable costs were inflated because they (1) overstated costs by including unallowable costs and (2) understated charges by using net, rather than gross, patient services revenue.

A similar finding was noted in the prior year single audit report.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2008-7 (continued)*

*CFDA # 93.778 Medical Assistance Program*

**Cause:**

The report stated that the excess DSH payments were attributed to the State agency's lack of policies and procedures to ensure that its methodology for developing the cost-to-charge ratios used to calculate hospital-specific DSH limits complied with Federal requirements and the State plan.

**Effect:**

Non-compliance with Federal requirements.

**Questioned Costs:**

\$35,328,468

**Recommendation:**

We recommend the Department continue to work with DHHS-CMS to resolve whether the DSH payments that the State claimed complied with the hospital-specific DSH limits imposed by Federal requirements and the State plan.

**Auditee Corrective Action Plan:**

Do Not Concur with OIG findings, but do concur with single audit recommendation.

The State believes the OIG auditors made incorrect findings using procedures not formally adopted in law or administrative rule, misapplied Medicare principles to the Medicaid program, and ignored long standing federal Centers for Medicare and Medicaid Services guidance to the State on how the program should be administered and payments calculated. The OIG report is a review with findings and recommendations. Remedial action, if any, is left to the federal Centers for Medicare and Medicaid Services through its action official to determine and implement in conjunction with the State.

**Contact Person:** James Fredyma, Controller

**Status as of February 2010:**

In October 2009, the State received notice from CMS that they concurred with the auditors' findings. The notice indicates that CMS is disallowing \$35,325,468 in federal funds for FFY 2004. The State, on behalf of its Department of Health and Human Services, filed a formal Notice of Appeal on December 18, 2009 with the United States Department of Health and Human Services, Departmental Appeals Board. The State submitted a request for discovery of documents on January 14, 2010. As a result of the likely timeline for federal response to the discovery request, the deadline for the submission of the State's opening brief and appeal file has been extended to May 17, 2010. The State has elected to retain the funds pending the appeal.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2008-11*

*CFDA # 93.778 Medical Assistance Program*

*Grant Award and Year: 0805NH5028, 0805NH5048 2008*

**Finding:** *Expired Administrative Rules Governing Residential Care and Home Health Care Facilities*

**Criteria:**

The federal and state governments jointly finance the Medicaid program. Within broad federal rules, the State is authorized to establish detailed and more restrictive program requirements. The legal basis for the establishment of the Medicaid program in New Hampshire is codified in state statutes. The Commissioner of Health and Human Services is required to adopt, per state statute RSA 151:9 and 9-a, administrative rules necessary for the administration of the Medicaid program.

**Condition:**

A number of administrative rules related to licensing and classifying residential care and health facilities including home health care providers have expired and have not been formally readopted by the Department. These rules (Chapter He-P 801 – 829) expired in 1999 and 2000. The rules detailed the regulations for licensure of various types of providers of medical services. Therefore, with the expiration of the aforementioned rules, the Department does not have a legal basis with which to enforce these requirements. This finding has been noted in the State's Single Audit Report since 1999.

**Cause:**

Unknown.

**Effect:**

The State may have difficulty enforcing administrative rules that have expired.

**Questioned Costs:**

Not able to determine.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2008-11 (continued)*

*CFDA # 93.778 Medical Assistance Program*

**Recommendation:**

We recommend that the Department update the administrative rules over the Medicaid program to properly reflect the requirements and current practices of the program. This will ensure that the Department remains in compliance with the Federal requirements.

**Auditee Corrective Action Plan:**

The Department has been methodically working on development of rules.

**Contact Person:** John B. Martin, Manager, Bureau of Licensing and Certification

**Status as of February 2010:**

Item deemed partially resolved. Corrective Action Plan in Progress.

The following rules have been formally adopted:

- He-P 802, General and Specialty Hospitals, eff. 10/24/09
- He-P 804, Assisted Living Residence, residential Care, eff. 4/3/08
- He-P 806, Non-Emergency Walk-In Care Clinics, approved by JLCAR 2/5/10
- He-P 805, Assisted Living Residence-Supported Residential Health Care Licensing, eff 10/25/06
- He-P 808, Laboratories and Laboratory Services, eff 8/19/06 and readopted with amendments eff. 3/24/07
- He-P 809, Home Health Care, eff 5/2/09
- He-P 810, Birthing Centers, eff. 7/27/07
- He-P 813, Adult Family Care Residences, eff 4/1/07
- He-P 814, Licensed Community Residences, eff 10/3/08
- He-P 816, Educational Health Centers, eff 6/26/08
- He-P 817, Collection Stations, eff 8/19/06 and readopted with amendments eff. 3/24/07
- He-P 818, Adult Day Care, eff. 3/18/08
- He-P 822, Home Care Service Providers (formerly Homemakers), eff 7/25/09
- He-P 823, Home Hospice, eff 10/3/08
- He-P 824, Hospice House eff 11/08/08

Note regarding He-P 802: He-P 802 became effective on October 24, 2009. This one rule consolidates five previously expired rules:

- He-P 802, GENERAL HOSPITALS
- He-P 825 SPECIAL HOSPITAL - SUBSTANCE ABUSE
- He-P 826 SPECIAL HOSPITAL - PSYCHIATRIC
- He-P 827 SPECIAL HOSPITAL – REHABILITATION
- He-P 828 FREESTANDING HOSPITAL EMERGENCY FACILITIES

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2008-11 (continued)*

*CFDA # 93.778 Medical Assistance Program*

Currently In Process:

He-P 812, Ambulatory Surgical Centers

The drafting of this rule is now complete. A Fiscal Impact Statement is currently being drafted. The rule should be filed with the Office of Legislative Services sometime the week of February 15, 2010. The drafting of this rule entailed many meetings with providers which somewhat delayed the completion of the final draft. It is anticipated that this rule will be heard by JLCAR in May 2009.

He-P 803, Nursing Homes

This rule is in the initial drafting stage.

Rules that will not be readopted:

- He-P 801, General Requirements for All Facilities. Once all of the rules in the He-P 800 series have been readopted this rule will be obsolete and will be phased out.
- He-P 815, Intermediate Care Facility (ICF/MR). The determination has been made that this rule is no longer necessary. There is only one licensed ICF/MR in the State and no additional ICF/MR's will be established. The one existing ICF/MR is certified and all of its regulatory oversight is done by the Health facility Certification Unit, not the Health facility Licensing Unit. Hence, a licensing rule is not needed.
- He-P 821, EQUIPMENT MANAGEMENT. The determination has been made that this rule is no longer necessary and it will not be readopted.
- He-P 819, Case Management. The Department is currently considering whether it should be licensing case management agencies. If the decision is made to continue licensing case management agencies He-P 819 will be phased out and case management will be merged into the Home Health Care rule, He-P 809.

Rules remaining to be adopted:

In addition to He-P 812 and He-P 803 the following rules remain to be drafted and readopted:

- He-P 807, Residential Treatment and Rehabilitation Facilities
- He-P 811, End Stage Renal Dialysis Centers
- He-P 830, Acute Psychiatric Residential Treatment Programs

The process being used by HFA-L to readopt the rules is designed to maximize the amount of provider/stakeholder input in the process including visiting programs, meeting with providers and stakeholders and holding Public Forums. While this is not required under the formal process for adopting administrative rules, the Department believes that these efforts are helpful. The process will continue until all rules have been reestablished.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2008-15*

*CFDA # 93.778 Medical Assistance Program*

*Grant Award and Year: 0805NH5028, 0805NH5048 2008*

**Finding: Provider Disclosures Are Not Obtained From All Required Providers**

**Criteria:**

The Federal Medicaid Program rules require that payments cannot be made to providers who have been suspended or excluded from Program participation.

Federal administrative rules 42 CFR 445.104 through 42 CFR 445.106 provide requirements for provider disclosure of ownership and control information to ensure that state Medicaid agencies are aware of provider identity for consideration of continued eligibility.

While the Department's State Plan is in accordance with Medicaid Program (Program) disclosure requirement, Department practices do not include activities to ensure that State Plan provisions required by 42 CFR 445.104 through 42 CFR 445.106 are met.

**Condition:**

The Department cannot ensure that certain of its enrolled Medicaid providers are, and remain, eligible for participation in the Program.

The Department uses the provider enrollment process to collect required disclosure information for providers not subject to the Department's survey process. Because the Department does not require enrolled Medicaid providers to re-enroll after their initial application, the enrollment of some providers occurred years ago, prior to the disclosure requirement. As a result, the enrollment applications for some providers do not include the ownership and control disclosures. For example, one provider selected as a sample test item had an enrollment application that was completed in 1985.

While the Department's current provider enrollment application requires disclosure of information pertaining to ownership or control interests, adverse legal actions against the provider, and disclosure of ownership of subcontractors with whom the provider had done business with, the Department has not taken any steps to obtain the required disclosures from the providers that continue to operate without having made the required disclosures.

According to the Department, all providers will need to re-enroll and required disclosures will be obtained when the State implements its new MMIS system.

A similar finding was noted in the prior year single audit report.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2008-15 (continued)*

*CFDA # 93.778 Medical Assistance Program*

**Cause:**

Department has not required regular reenrollment of all providers and has not obtained disclosures from providers that were not required to make disclosures upon enrollment.

**Effect:**

The Department is not able to use the disclosure information in its fraud detection and investigation program as intended by the federal administrative law.

The Department cannot be certain it is preventing individuals that are suspended or excluded from participating in the Program.

**Questioned Costs:**

Not able to determine

**Recommendation:**

The Department should implement practices that promote the timely receipt and consideration of provider ownership, control, and other information necessary to ensure enrolled providers remain eligible for continued Program participation.

**Auditee Corrective Action Plan:**

Concur. BEAS has incorporated enrollment validation procedures to monitor each provider's license status. SURS monitors CMS and licensing notifications regarding vendor status and provides internal notifications. The issue will be resolved with the implementation of the new Medicaid Management Information System.

**Contact Person:**

Kerri Coons, BEAS, Business Systems Analyst

**Status as of February 2010:**

Corrective action on hold. This is still dependent on MMIS implementation.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

<i>Federal Transit Cluster</i>		<i>Finding 2008-24</i>	
<i>Federal Transit Administration, Department of Transportation</i>			
<i>CFDA #20.500 Federal Transit Capital Investment Grants</i>			
<i>CFDA #20.507 Federal Transit Formula Grants</i>			
<i>Federal Award Number:</i>	<i>Grant 03-0018</i>	<i>Award Year:</i>	<i>2004</i>
	<i>Grant 03-0019</i>		<i>2005</i>
	<i>Grant 03-0022</i>		<i>2005</i>
	<i>Grant 90-X116</i>		<i>2005</i>
	<i>Grant 90-X121</i>		<i>2005</i>
	<i>Grant 90-X001</i>		<i>2006</i>

***Finding:*** *Federal approval was not received and a cost or price analysis was not performed for procurements when only one bid was received. (Procurement)*

**Criteria:**

Pursuant to 49 CFR §18.36(f)(1), grantees must perform a cost or price analysis in connection with every procurement action. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals. A cost analysis is necessary when adequate price competition is lacking, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation.

Additionally, per 49 CFR §18.36(d)(4), a cost analysis must be performed if a number of sources are solicited, but competition is determined to be inadequate.

**Condition:**

We examined the procurement procedures performed for several of the major contracts held by the Bureau of Rail and Transit (BRT) at the New Hampshire Department of Transportation (DOT). We noted that the BRT could not provide cost analyses to substantiate the agreed price for the contracts with Motor Coach Industries, the provider of fifteen coach busses during FY2008, and Boston Express, a bus operating service that operates two routes under two separate contracts. In each case, it appears the contractors noted above were the only bidders. Additionally, written federal approval over the awarding of the contracts to the sole bidders was not received. Further, with regard to the operating service contract, the Department does not have documented procurement policies and procedures in place to ensure that the procurement practices used are in accordance with federal and state regulations.

**Cause:**

Breakdown in internal controls.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*Federal Transit Cluster*

*Finding 2008-24 (continued)*

*Federal Transit Administration, Department of Transportation*

*CFDA #20.500 Federal Transit Capital Investment Grants*

*CFDA #20.507 Federal Transit Formula Grants*

**Effect:**

Increased risk of paying too much money for equipment and services and not procuring contracts in accordance with Federal and State policies and procedures.

**Questioned Costs:**

Unable to Determine

**Recommendation:**

The BRT is at risk of paying too much for capital assets and operating services. We recommend that the BRT formalize their procurement procedures to ensure that policies are thoroughly documented in accordance with federal and state regulations.

Additionally, we recommend that the BRT enhance the existing review process for procurements over \$100,000. A DOT employee at the management level who is well-versed in procurement requirements should review all procurements over \$100,000 to ensure that a proper cost analysis was performed and documented. The reviewer should also ensure that a competitive bidding process was carried out or, if the bidding process results in only one bidder, that documentation of proper federal approval was obtained. This reviewer should sign off on the procurement file to indicate that the procurement meets FTA and state guidelines. Appropriate and auditable documentation of the procurement process and relevant approvals should be maintained by the BRT.

**Auditee Corrective Action Plan:**

For the MCI procurement, a price analysis was performed but not documented. In the future the Bureau will document cost or price analysis for procurements in which only one bid is received and maintain this information in project files. For one Boston Express contract, the Bureau initially received three proposals that included detailed budgets, and analyzed the Boston Express cost relative to the other proposals. In the second contract, the cost was compared to other intercity and commuter bus costs on a per-mile basis and found to be comparable. In the future, such cost analyses will be documented and maintained in project files. The Bureau has been advised verbally by FTA that its approval is not required in such procurements, but it will request written clarification and will comply with FTA's instructions.

**Contact Person:**

Michelle Winters, Public Transportation Administrator, Bureau of Rail and Transit

**Status as of February 2010:**

Corrective Action in Progress. No additional procurements exceeding the threshold have arisen since audit.

**SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006**

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2008-28*

*CFDA # 10.561 Food Stamps  
CFDA # 93.563 Child Support Enforcement  
CFDA # 93.778 Medical Assistance Program  
CFDA # 93.069 Public Health Emergency Preparedness*

*Grant Award and Year:           4NH400403 2008  
  75-X-1501 2008  
  0805NH5028, 0805NH5048 2008  
  9-117011BIOT, TP 1107011BIOT 2007, 2008*

**Finding: Public Assistance Cost Allocation Plan Needs Updating**

**Criteria:**

Under federal requirements, New Hampshire Department of Health and Human Services (the Department) is considered a public assistance agency. As such, it must prepare and negotiate a Public Assistance Cost Allocation Plan (PACAP). A PACAP describes the procedures used to identify, measure, and allocate all costs to each of the programs administered by the Department. According to Title 45 of the *Code of Federal Regulations*, Part 95.509(a), “the State shall promptly amend the cost allocation plan and submit the amended plan to the Director, DCA” (Division of Cost Allocation of the U.S. Department of Health and Human Service) “if ...the following ... occur(s): ... The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes in Federal law or regulations, or significant changes in program levels, affecting the validity of the approved cost allocation procedures.”

**Condition:**

The Department has not updated its Public Assistance Cost Allocation Plan since June 2003. Subsequent to that time there have been organizational and allocation methodology changes. The most notable change occurred in state fiscal year 2004 when the Department’s Office of Information Systems began merging with other information technology units within the State and became a part of the new Office of Information Technology (OIT), a separate department not under the Department of Health and Human Services. The Department’s PACAP has not been updated for these changes. Costs from the PACAP are used to charge Department administrative costs to federal programs. This was the same finding included in the 2007 Single Audit report.

**Cause:**

Not known.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2008-28 (continued)*

*CFDA # 10.561 Food Stamps  
CFDA # 93.563 Child Support Enforcement  
CFDA # 93.778 Medical Assistance Program  
CFDA # 93.069 Public Health Emergency Preparedness*

**Effect:**

A delay in amending the cost allocation plan on a timely basis could result in disallowed costs.

In addition to amending the PACAP to reflect organizational changes, there are some other areas that should be modified to further clarify and enhance the description of the PACAP as follows:

- The PACAP does not currently describe the timekeeping methods for all employees. Timekeeping and allocations are described for those in the time studies as well as those who fill out personal activity reports. Time recording for individuals in administrative functions who sign in and out on an office log in accordance with state policies and procedures are not described in the PACAP.
- The Department makes roughly 45 routine adjusting entries each month. Only a few of those entries, such as depreciation, are described in the PACAP. The PACAP should include a description of each of the routine adjusting entries.
- Finally, methods for allocating costs to each job number are described in the PACAP. Those methods are subsequently coded alpha-numerically. Since coding does not appear in the plan document, it was difficult to identify and test whether the method used to allocate a specific job number was in accordance with the approved cost allocation plan. In order to accomplish testing, the Department provided other guidance and an intermediary worksheet consisting of 247 “allocation measurables”. The current Appendix to the PACAP provides users with a listing of job numbers, the name of the allocation method used for each job number, and a reference to the PACAP Section where the executive, programmatic, administrative or support unit is discussed. The PACAP Section narrative indicates the allocation method(s) that apply to the job numbers that fall under its control. There is no presentation showing the specific alpha-numeric code of the allocation method which should be used for each job number. That information should be added to the Appendix.

The impact on federal programs can only be determined when the PACAP is amended.

**Questioned Costs:**

Unable to determine.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services*  
*US Department of Health and Human Services*

*Finding 2008-28 (continued)*

*CFDA # 10.561 Food Stamps*  
*CFDA # 93.563 Child Support Enforcement*  
*CFDA # 93.778 Medical Assistance Program*  
*CFDA # 93.069 Public Health Emergency Preparedness*

**Recommendation:**

The Department should develop procedures to submit amendments to the Public Assistance Cost Allocation Plan on a timely basis. In addition, modification should be made to the PACAP to fully describe the actual processes in place.

**Auditee Corrective Action Plan:**

The Department of Health and Human Services, Reporting and Analysis Services Unit will complete the updated PACAP for submittal to the division of Cost Allocation by February 27, 2009.

**Contact Person:**

Adrian Wayland, Administrator III, Reporting and Analysis Services

**Status as of February 2010:**

Corrective Action in Process. The updated PACAP was mailed on May 27, 2009. The updated PACAP includes additional information/exhibits addressing the issues of timekeeping, routine adjusting entries, and allocation method codes as discussed in the audit.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

<i>U.S. Environmental Protection Agency</i>		<i>Finding 2008-33</i>	
<i>Department of Environmental Services</i>			
<i>Performance Partnership Grant 66.605</i>			
<i>Federal Award Number:</i>	<i>BG99127303</i>	<i>Award Year:</i>	<i>2003</i>
	<i>BG99127303</i>		<i>2004</i>
	<i>BG99127304</i>		<i>2005</i>
	<i>BG99127304</i>		<i>2006</i>
	<i>BG99127307</i>		<i>2007</i>
	<i>BG99127307</i>		<i>2008</i>

***Finding:*** *Administrative and Direct Program Cost Drawdowns are not in accordance with the Treasury-State Agreement*

**Criteria:**

The Secretary of the Treasury, United States Department of the Treasury and the State enter into a Treasury-State Agreement (Agreement) in order to implement Section 5 of the Cash Management Improvement Act of 1990, as amended. The Agreement documents the accepted funding techniques and methods for calculating interest and identifies the Federal assistance programs governed by this subpart A. In the event of any of any inconsistency between the Agreement and Subpart A, 31 CFR Part 205, the regulations shall govern. The authority of the Agreement is the Cash Management Improvement Act of 1990 (Public Law 101-453), as amended by the Cash Management Improvement Act of 192 (Public Law 102-589), codified at 31 U.S.C. 6501 and 31 U.S.C. 6503.

The Authorized Official(s) for the State shall be the State Treasurer in all matters concerning the Agreement. The Assistant Commissioner, Federal Finance, Financial Management Service (FMS), U.S. Department of Treasury, shall act as the Secretary’s representative in all matters concerning the Agreement.

The Agreement may be amended at any time by written, mutual consent of the State and the FMS. The Agreement shall be amended annually to incorporate new programs that qualify as major Federal assistance programs and remove programs that no longer qualify as major Federal assistance programs. A State must notify FMS in writing within 30 days of the time the State becomes aware of a change that involves additions or deletions of programs subject to Subpart A, changes in funding techniques, and/or changes in clearance patterns.

**Condition:**

The Department performs cash draw downs on a semi-monthly basis for both administrative and direct program costs. During our audit, we noted that the Agreement stated that for payments for administrative costs and direct program costs the State must drawdown funds from the United States Treasury using the payment technique as defined in the Agreement.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*U.S. Environmental Protection Agency  
Department of Environmental Services*

*Finding 2008-33 (continued)*

*Performance Partnership Grant 66.605*

The technique is defined such that the State shall request funds for direct administrative costs such that they are deposited on the dollar-weighted average date of clearance of payroll. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in the Agreement. The amount of the funds requested shall be based on the amount of liabilities recorded for direct administrative costs since the last request for funds. This funding technique is interest neutral. The U.S. Environmental Protection Agency's (Agency) cut-off time is four days as included in the Agreement.

The technique is defined such that the State shall request funds for direct program costs such that they are deposited by ACH in a State account on the settlement date of payments issued by the State. The request shall be made in accordance with the appropriate Federal Agency cut-off time specified in the Agreement. The amount of the request shall be for the exact amount of the disbursement. This funding technique is interest neutral. The Agency's cut-off time is five days.

Our audit procedures noted that the drawdown process used by the Department to draw down funds were not consistent with techniques prescribed by the Agreement.

**Cause:**

No policies and procedures in place to ensure that the Treasury-State agreement agrees with actual drawdown methods used.

**Effect:**

Based on the above, the Department was not fully in compliance with the above stated requirement.

**Questioned Costs:**

None

**Recommendation:**

We recommend that the Office of the Treasurer working with the Department establish polices and procedures to ensure that the Treasury-State agreement drawdown techniques agree with the actual methods used to drawdown Federal funds.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*U.S. Environmental Protection Agency  
Department of Environmental Services*

*Finding 2008-33 (continued)*

*Performance Partnership Grant 66.605*

**Auditee Corrective Action Plan:**

Treasury agrees and will work with the agency to better understand current processes and collaborate on establishing procedures to ensure that appropriate funding techniques are identified and utilized. Environmental Services agrees and will work with Treasury to ensure that appropriate funding techniques are identified and utilized.

**Contact Person:**

Susan Carlson, Department of Environmental Services, Chief Operating Officer  
Rachel Miller, Chief Deputy State Treasurer

**Status as of February 2010:**

The Department of Environmental Services has met with the NH Treasury Department on this issue. Corrective Action is in Progress.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*U.S. Fish and Wildlife Service  
NH Department of Fish and Game*

*Finding 2008-35*

*CFDA #15.605 Sport Fish Restoration Program  
CFDA #15.611 Wildlife Restoration*

*Grant Year and Award: 7/01/2007-6/30/2008 – F50R24, F53E21, F60D15, FW17C33, FW25T14,  
FW28D13, FW30T9, W11D67, W66S36, W89R8  
5/7/2007 – 12/31/2008 – F63D1*

**Finding: Suspension & Debarment Not Monitored**

**Criteria:**

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. §\_\_.220 of the governmentwide nonprocurement debarment and suspension common rule contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (§\_\_.300).

**Condition:**

During our testing of procurement requirements it was determined that the Department does not comply with requirements for suspension and debarment provision on contracts over \$25,000. The Department indicated that they have placed into effect (after the grant-year) a new procurement contract which includes a certification of suspension and debarment for contractors.

**Cause:**

A lack of understanding on part of the Department regarding requirements related to suspension and debarment.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*U.S. Fish and Wildlife Service  
NH Department of Fish and Game*

*Finding 2008-35 (continued)*

*CFDA #15.605 Sport Fish Restoration Program  
CFDA #15.611 Wildlife Restoration*

**Effect:**

The Department may inappropriately use Federal Program Assistance to do business with contractors who have been suspended or debarred from working on projects paid for with Federal Aid.

**Questioned Costs:**

None

**Recommendation:**

The Authority should ensure that all federally funded procurements equal to or in excess of \$25,000 regardless of bidding requirements are monitored for suspension and debarment.

**Auditee Corrective Action Plan:**

The Department, on its own, recognized this deficiency during state fiscal year 2009. The Department began using language for certification of suspension and debarment in all of its contracts with vendors prior to execution of those contracts and will continue to do so.

**Contact Person:**

Kathy LaBonte, Business Administrator

**Status as of November 2009:**

Partially implemented. The department fully implemented this last fiscal year, however, while being audited for the single audit this year, it was found that two items were overlooked. A similar finding was identified in the 2009 single audit report. See finding and corrective action plan at 2009-30

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*U.S. Fish and Wildlife Service  
NH Department of Fish and Game*

*Finding 2008-37*

*CFDA #15.605 Sport Fish Restoration Program  
CFDA #15.611 Wildlife Restoration*

*Grant Year and Award: 7/01/2007-6/30/2008–F50R24, F53E21, F60D15, FW17C33, FW25T14, FW28D13,  
FW30T9, W11D67, W66S36, W89R8*

*5/7/2007 – 12/31/2008 – F63D1*

**Finding: No Reconciliation of Department and State Accounting Systems**

**Criteria:**

Federal regulations (43 C.F.R 12.60 Standards for Financial Management Systems) require each State's accounting procedures to allow for sufficient preparation of grant reports and for the tracing of funds to a level of expenditure adequate to demonstrate compliance with grant provisions. Additionally C.F.R 225 OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments) specifies that allowable costs under federal awards must be necessary and reasonable, be allocable and authorized, and be adequately documented.

**Condition:**

The State's accounting system is unable to provide the detail required for grant reporting purposes. The current process in place is dependent on a manual operation that one person controls in software (QuickBooks), that is not linked nor reconciled to the State of New Hampshire's financial management system. Without the ability to reconcile the two systems; the Department cannot assure that it is not claiming duplicate costs.

**Cause:**

The Departments utilizes accounting software (QuickBooks) that is autonomous from the State of New Hampshire financial management system and the Department does not attempt to reconcile the two systems.

**Effect:**

Without reconciling the two systems, the Department cannot assure that it is not claiming duplicate costs.

**Questioned Costs:**

None

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*U.S. Fish and Wildlife Service  
NH Department of Fish and Game*

*Finding 2008-37 (continued)*

*CFDA #15.605 Sport Fish Restoration Program  
CFDA #15.611 Wildlife Restoration*

**Recommendation:**

The Department must implement a process where records of Federal Expenditures and Revenues maintained in their autonomous accounting system (QuickBooks) are reconciled in a timely manner to the State of New Hampshire's financial management system. Without such implementation it will be difficult to distinguish if the Department is claiming duplicate costs. We also recommend that the Department institute all of the corrective actions steps outlined by the U.S Department of the Interior in their audit report dated March, 2008.

**Auditee Corrective Action Plan:**

The Department, upon implementation of the State's new ERP system, will have an accounting system that is capable of reconciling labor costs on Federal Assistance grants to the State's new system or eliminates the need for a separate accounting system for Federal Assistance program grants. In addition, the Department will provide the Fish and Wildlife Service with periodic updates on the implementation of the State's new Enterprise Resource Planning (ERP) system.

**Contact Person:**

Kathy LaBonte, Business Administrator

**Status as of November 2009:**

Partially Resolved. The department continues to update US Fish and Wildlife Service on the status of an ERP system, however until there is an ERP system in place we cannot reconcile grant information to the state's system.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*U.S. Fish and Wildlife Service  
NH Department of Fish and Game*

*Finding 2008-38*

*CFDA #15.605 Sport Fish Restoration Program  
CFDA #15.611 Wildlife Restoration*

*Grant Year and Award: 7/01/2007-6/30/2008 – F50R24, F53E21, F60D15, FW17C33, FW25T14,  
FW28D13, FW30T9, W11D67, W66S36, W89R8*

*5/7/2007 – 12/31/2008 – F63D1*

**Finding: Inadequate Controls over Real Property**

**Criteria:**

Under 50 C.F.R 80.19 each State must maintain current and complete property records in accordance with the requirements contained in the FWS Manual (522 FW 1.16) which requires each State to be responsible for the accountability and control of all assets acquired with Federal Assistance Program grant funds to assure that they are used for the purpose for which they were acquired throughout their useful life. Finally, C.F.R 80.4 extends the same accountability and control requirements to those assets acquired with license revenues.

**Condition:**

Federal regulations require States to maintain control over land purchased with Federal Assistance Program funds and license revenues. To help maintain control over the use of its land, the Departments Land Resources Bureau uses a database to maintain all of its land records. Within the database the Department does not indicate whether or not purchases are funded with Federal Aid. Therefore it is difficult for the Department to determine over a historical period what land purchases have been made with federal funds. As a consequence, it is difficult for the Department to determine what funds may be owed to the government when income is generated through the sale of land held by the Department. Based on this information the Departments current system is not adequate to assure effective control over lands acquired with Federal Assistance Program grant funds and with license revenues.

**Cause:**

The Departments computer database lacks information on the source of funding for land purchases. This is central to maintaining a current complete property record in compliance with Federal requirements.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*U.S. Fish and Wildlife Service  
NH Department of Fish and Game*

*Finding 2008-38 (continued)*

*CFDA #15.605 Sport Fish Restoration Program  
CFDA #15.611 Wildlife Restoration*

**Effect:**

The Department is unable to identify real property purchases made with Federal Aid Assistance.

**Questioned Costs:**

None

**Recommendation:**

We recommend that the Department institute a process for tracking and recording land purchased with federal funds in order to meet the requirements of the U.S Fish and Wildlife Service. Additionally, we recommend the Department review its entire land inventory and determine what items were purchased using Federal Aid Assistance and institute all of the corrective actions steps outlined by the U.S Department of the Interior in their audit report dated March, 2008.

**Auditee Corrective Action Plan:**

The Department has agreed to a Corrective Action Plan with the U.S. Fish and Wildlife Service (Service), Division of Wildlife and Sport Fish Restoration, and is working to complete the corrective action steps outlined in the audit report dated March 2008. The Department will submit a current updated land inventory with identified funding source to the Service for review. The Department will reconcile its land records with those of the Service and submit the reconciled land inventory to the Service for review

**Contact Person:**

Kathy LaBonte, Business Administrator

**Status as of November 2009:**

Partially Resolved. The department is currently in the process of updating the lands database.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*U.S. Department of Education*  
*Department of Education*

*Finding 2008-40*

*CFDA #84.010, 84.027, 84.048, 84.126 & 84.369*

**Federal Award:** Title I – Grants to Local Educational Agencies  
Special Education – Grants to States  
Vocational Education – Basic Grants to States  
Rehabilitation Services – Vocational Rehabilitation Grants to States  
Grants for State Assessments and Related Activities

***Finding:*** *Administrative Cost Drawdowns not in accordance with the Treasury-State Agreement*

**Criteria:**

The Secretary of the Treasury, United States Department of the Treasury and the State enter into a Treasury-State Agreement (Agreement) in order to implement Section 5 of the Cash Management Improvement Act of 1990, as amended. The Agreements documents the accepted funding techniques and methods for calculating interest and identifies the Federal assistance programs governed by this subpart A. In the event of any of any inconsistency between the Agreement and Subpart A, 31 CFR Part 205, the regulations shall govern. The authority of the Agreement is the Cash Management Improvement Act of 1990 (Public Law 101-453), as amended by the Cash Management Improvement Act of 192 (Public Law 102-589), codified at 31 U.S.C. 6501 and 31 U.S.C. 6503.

The Authorized Official(s) for the State shall be the State Treasurer in all matters concerning the Agreement. The Assistant Commissioner, Federal Finance, Financial Management Service (FMS), U.S. Department of Treasury, shall act as the Secretary's representative in all matters concerning the Agreement.

The Agreement may be amended at any time by written, mutual consent of the State and the FMS. The Agreement shall be amended annually to incorporate new programs that qualify as major Federal assistance programs and remove programs that no longer qualify as major Federal assistance programs. A State must notify FMS in writing within 30 days of the time the State becomes aware of a change that involves additional or deletions of programs subject to Subpart A, changes in funding techniques, and/or changes in clearance patterns.

**Condition:**

The Department performs cash draw downs on a semi-monthly basis for administrative costs. During our audit, we noted that the Agreement stated that for payments for administrative costs the State must drawdown funds from the United States Treasury using the payment technique as defined in the Agreement.

The technique is defined such that the State shall request funds for all direct administrative costs such that they are deposited on the dollar-weighted average date of clearance of payroll. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in the Agreement. The amount of the funds requested shall be based on the amount of liabilities recorded for direct administrative costs since the last request for funds. This funding technique is interest neutral. The U.S. Department of Education's cut-off time is four days as included in the Agreement.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*U.S. Department of Education*  
*Department of Education*

*Finding 2008-40 (continued)*

*CFDA #84.010, 84.027, 84.048, 84.126 & 84.369*

**Federal Award:** Title I – Grants to Local Educational Agencies  
Special Education – Grants to States  
Vocational Education – Basic Grants to States  
Rehabilitation Services – Vocational Rehabilitation Grants to States  
Grants for State Assessments and Related Activities

Our audit procedures noted that the drawdown process used by the Department to drawdown program funds were not consistent with techniques prescribed by the Agreement.

**Cause:**

No policies and procedures in place to ensure that the Treasury-State agreement agrees with actual drawdown methods used.

**Effect:**

Based on the above, the Department was not fully in compliance with the stated requirement.

**Questioned Costs:** None

**Recommendation:**

We recommend that the Office of the Treasurer working with the Department establish polices and procedures to ensure that the Treasury-State agreement drawdown techniques agree with the actual methods used to drawdown Federal funds.

**Auditee Corrective Action Plan:**

We concur. The New Hampshire Department of Education will work with the Treasury Department to align payment draw downs with the “Agreement” in force between the US Department of Treasury and the New Hampshire State Treasurer.

Treasury agrees and will work with the agency to better understand current processes and collaborate on establishing procedures to ensure that appropriate funding techniques are identified and utilized.

**Contact Person:**

Michael Bieniek, Department of Education  
Rachel Miller, Chief Deputy Treasurer

**Status as of February 2010:**

Corrective Action still in Progress.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

U.S. Department of Education  
Department of Education

Finding 2008-41

CFDA # 84.126

Federal Award: Rehabilitation Services – Vocational Rehabilitation Grants to States

**Finding: Direct Program Cost Drawdowns not in accordance with the Treasury-State Agreement**

**Criteria:**

The Secretary of the Treasury, United States Department of the Treasury and the State enter into a Treasury-State Agreement (the “Agreement”) in order to implement Section 5 of the Cash Management Improvement Act of 1990, as amended. The Agreements documents the accepted funding techniques and methods for calculating interest and identifies the Federal assistance programs governed by this subpart A. In the event of any of any inconsistency between the Agreement and Subpart A, 31 CFR Part 205, the regulations shall govern. The authority of the Agreement is the Cash Management Improvement Act of 1990 (Public Law 101-453), as amended by the Cash Management Improvement Act of 192 (Public Law 102-589), codified at 31 U.S.C. 6501 and 31 U.S.C. 6503.

The Authorized Official(s) for the State shall be the State Treasurer in all matters concerning the Agreement. The Assistant Commissioner, Federal Finance, Financial Management Service (FMS), U.S. Department of Treasury, shall act as the Secretary’s representative in all matters concerning the Agreement.

The Agreement may be amended at any time by written, mutual consent of the State and the FMS. The Agreement shall be amended annually to incorporate new programs that qualify as major Federal assistance programs and remove programs that no longer qualify as major Federal assistance programs. A State must notify FMS in writing within 30 days of the time the State becomes aware of a change that involves additional or deletions of programs subject to Subpart A, changes in funding techniques, and/or changes in clearance patterns.

**Condition:**

The Department performs cash draw downs using the State’s CMIA system for direct program costs (payments to subrecipients or other vendors). The CMIA system establishes the technique in which the Department draws federal funding. During our audit, we noted that the Agreement stated that for payments for direct costs, the State must drawdown funds from the United States Treasury using the payment technique as defined in the Agreement.

The technique is defined such that the State shall request funds for direct program costs such that they are deposited by ACH in a State account on the settlement date of payments issued by the State. The request shall be made in accordance with the appropriate Federal Agency cut-off time specified in the Agreement. The amount of the request shall be for the exact amount of the disbursement. This funding technique is interest neutral. The U.S. Department of Education’s cut-off time is four days.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*U.S. Department of Education  
Department of Education*

*Finding 2008-41 (continued)*

*CFDA # 84.126*

*Federal Award: Rehabilitation Services – Vocational Rehabilitation Grants to States*

Our audit procedures noted that the CMIA system used by the Department to draw down direct program funds were not consistent with techniques prescribed by the Agreement. The CMIA system included a clearance pattern of five days.

**Cause:**

No policies and procedures in place to ensure that the Treasury-State agreement agrees with actual drawdown methods used.

**Effect:**

Based on the above, the Department was not fully in compliance with the stated requirement.

**Questioned Costs:**

None

**Recommendation:**

We recommend that the Office of the Treasurer working with the Department establish policies and procedures to ensure that the Treasury-State agreement drawdown techniques agree with the actual methods used to drawdown Federal funds.

**Auditee Corrective Action Plan:**

We concur. The New Hampshire Department of Education will work with the Treasury Department to align payment draw downs with the “Agreement” in force between the US Department of Treasury and the New Hampshire State Treasurer.

Treasury agrees and will work with the agency to better understand current processes and collaborate on establishing procedures to ensure that appropriate funding techniques are identified and utilized.

**Contact Person:**

Michael Bieniek, Department of Education  
Rachel Miller, Chief Deputy Treasurer

**Status as of February 2010:**

Corrective Action Still in Progress.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-19*

*CFDA # 93.778 Medical Assistance Program*

**Finding:** *DSH Calculation Methodology Noncompliant with Federal and State Requirements*

**Criteria:**

In accordance with Section 1923 of the Social Security Act, as amended, the New Hampshire Department of Health and Human Services (Department) must calculate Medicaid disproportionate share hospital (DSH) payments to hospitals that serve disproportionately large numbers of low-income patients. The methodology for calculating DSH payments must follow the requirements as set forth by the Omnibus Budget Reconciliation Act of 1993, Centers for Medicare and Medicaid Services (CMS), and the State Plan.

According to the State plan, hospitals receive DSH payments for the lesser of their calculated DSH limit or 6 percent of “gross patient services [revenue].” The New Hampshire Department of Revenue Administration imposes a 6-percent Medicaid Enhancement Tax on the gross patient services revenue of each DSH (New Hampshire State Statute, Title V, Chapter 84-A).

**Condition:**

The Department underwent a review by the Office of Inspector General (OIG), with the objective of determining whether the DSH payments that the State agency claimed for Federal fiscal year 2004 complied with the hospital-specific DSH limits imposed by Federal requirements and the State plan. The OIG issued a report in July of 2007 entitled “Review of New Hampshire’s Medicaid Disproportionate Share Hospital Payments during Federal Fiscal Year 2004”, which noted the following:

The State agency claimed DSH payments for Federal fiscal year 2004 that did not comply with the hospital-specific DSH limits imposed by Federal requirements and the State plan. Of the \$194,145,507 that the State agency claimed, \$123,494,571 was allowable. However, the remaining \$70,650,936 (\$35,325,468 Federal share) was unallowable. The State agency did not comply with the hospital-specific DSH limits for 24 of the 28 DSHs because it did not properly determine the hospitals’ allowable costs in accordance with the Medicare principles of cost reimbursement, as CMS guidance requires. Specifically, the cost-to-charge ratios that the State agency used in determining allowable costs were inflated because they (1) overstated costs by including unallowable costs and (2) understated charges by using net, rather than gross, patient services revenue.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-19 (continued)*

*CFDA # 93.778 Medical Assistance Program*

**Condition:**

The excess DSH payments were attributed to the State agency's lack of policies and procedures to ensure that its methodology for developing the cost-to-charge ratios used to calculate hospital-specific DSH limits complied with Federal requirements and the State plan.

**Effect:**

Non-compliance with Federal requirements.

**Questioned Costs:**

\$35,325,468

**Recommendation:**

We recommend the Department continue to work with DHHS-CMS to resolve whether the DSH payments that the State claimed complied with the hospital-specific DSH limits imposed by Federal requirements and the State plan.

**Auditee Corrective Action Plan:**

We concur.

The Department submitted additional information to the CMS action official on August 8, 2007.

**Contact Person:**

James P. Fredyma, Controller

**Status as of February 2010:**

The same finding was included in the 2008 single audit report. See finding and corrective action plan at 2008-7.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-26*

*CFDA # 93.778 Medical Assistance Program*

**Finding:** *Expired Administrative Rules Governing Residential Care and Home Health Care Facilities*

**Criteria:**

The federal and state governments jointly finance the Medicaid program. Within broad federal rules, the State is authorized to establish detailed and more restrictive program requirements. The legal basis for the establishment of the Medicaid program in New Hampshire is codified in state statutes. The Commissioner of Health and Human Services is required to adopt, per state statute RSA 151:9 and 9-a, administrative rules necessary for the administration of the Medicaid program.

**Condition:**

A number of administrative rules related to licensing and classifying residential care and health facilities including home health care providers have expired and have not been formally readopted by the Department. These rules (chapter He-P 801 – 829) expired in 1999 and 2000. The rules detailed the regulations for licensure of various types of providers of medical services. Therefore, with the expiration of the aforementioned rules, the Department does not have a legal basis with which to enforce these requirements. This finding has been noted in the State's Single Audit Report since 1999.

**Cause:**

Unknown.

**Effect:**

The State may have difficulty enforcing administrative rules that have expired.

**Questioned Costs:**

Not able to determine.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-26 (continued)*

*CFDA # 93.778 Medical Assistance Program*

**Recommendation:**

We recommend that the Department update the administrative rules over the Medicaid program to properly reflect the requirements and current practices of the program. This will ensure that the Department remains in compliance with the Federal requirements.

**Auditee Corrective Action Plan:**

Concur.

Prior to 1992 there were nine sets of licensing rules promulgated under RSA 151. It was recognized that these nine rules had not kept pace with changes that were occurring in the health care system. Consequently, the decision was made to develop a set of rules that would more accurately reflect the diversification that was occurring in the health care industry. Between 1992-1995 nineteen new rules were adopted for a total of 28 sets of rules.

In the late 1990s, HFA-L began revising He-P 801 “General Requirements for all Facilities.” This rule contained the administrative requirements common to all facilities and entities including the application process and other pre-licensure requirements. That rule was set to expire in 2000. The plan was to have all of the administrative requirements common to the various facilities and entities licensed under RSA 151 contained within 801. The remaining sets of rules would contain only those licensing requirements that were unique to each facility and entity falling under each rule. The drafting of He-P 801 proved to be extremely difficult and it was the subject of considerable public debate and controversy. The problem centered around the difficulty in drafting one rule that was general enough to apply to all of the diverse facilities and entities licensed under RSA 151. In April 2001 the rule came before the Joint Legislative Committee on Administrative Rules (JLCAR), which voted to support a Joint Resolution. Over the course of the next year HFA-L worked on redrafting the rule, and in September 2002 a revised rule was submitted to JLCAR. Concerns remained and ultimately HFA-L made the decision to withdraw the rule. Ultimately, the decision was made to abandon the attempt to readopt He-P 801. Rather, the decision was made to merge the requirements set forth in He-P 801 into each of the other rules in the He-P 800 series as those rules were readopted. By the time that decision was made all of the rules in the He-P 800 series had expired.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-26 (continued)*

*CFDA # 93.778 Medical Assistance Program*

HFA-L continues to use all of the expired rules in the He-P 800 series. It is able to do this as it has specific statutory authority under RSA 151 for its licensing and oversight authority. For several reasons, however, it is essential that the rules be redrafted and readopted and the Department has been working toward that end. The following rules were implemented:

- He-P 805, Assisted Living Residence-Supported Residential Health Care Licensing, eff 10/25/06
- He-P 808, Laboratories and Laboratory Services, eff 8/19/06 and readopted with amendments eff. 3/24/07
- He-P 810, Birthing Centers, eff. 7/27/07
- He-P 813, Adult Family Care Residences, eff 4/1/06 (in process of being repealed and reserved b/c program is being reassigned to He-E under BEAS)
- He-P 817, Collection Stations, eff 8/19/06 and readopted with amendments eff. 3/24/07

Currently In Process are:

- He-P 804, Assisted Living Residences which was submitted to the Office of Legislative Services in October 2007. A hearing before JLCAR is scheduled for February 15, 2008. It is anticipated that the rule will be formally adopted or conditionally approved on that date. Either way, it should be finalized by the end of February of this year.
- He-P 818, Adult Day Programs was submitted to OLS in October 2007. It is currently pending before JLCAR and should be by JLCAR on February 15, 2008. It is anticipated that the rule will be formally adopted or conditionally approved on that date. Either way, it should be finalized by the end of February of this year.
- He-P 816, Educational Health Centers- An Initial Proposal is ready for submission to OLS. As soon as the Fiscal Impact Statement is completed, the rule can be submitted. It is hoped that the FIS will be completed by the end of January. It is also hoped that the rule will be formally adopted by May 2008.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-26 (continued)*

*CFDA # 93.778 Medical Assistance Program*

Several rules are expected to be formally adopted by the end of 2008. These include:

He-P 823, He-P 824, He-P 809, He-P 822, He-P 811, He-P 802, He-P 807, He-P 825.

The process being used by HFA-L to readopt the rules is designed to maximize the amount of provider/stakeholder input in the process including visiting programs and holding Public Forums. While this is not required under the formal process for adopting administrative rules, the Department believes that these efforts are helpful. The process will continue until all rules have been reestablished.

**Contact Person:**

John B. Martin, Manager of the Bureau of Licensing and Certification

**Status as of February 2010:**

Partially Resolved. A similar finding was identified in the 2008 single audit report. See finding and corrective action plan at 2008-11.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Environmental Services  
US Environmental Protection Agency*

*Finding 2007-28*

*CFDA # 66.605 Performance Partnership Grant*

**Finding:** *Allocation and Classification of Indirect Costs*

**Criteria:**

The New Hampshire Department of Environmental Services (DES) has a fixed indirect cost rate that is negotiated annually with the United States Environmental Protection Agency (EPA). This indirect cost rate is then allocated to the DES grants based on total payroll. DES submits an annual indirect cost allocation plan to EPA; however it is not clear which costs are included as indirect.

**Condition:**

During our testwork of the Performance Partnership Grant, we determined that costs which appear to meet the definition of indirect costs are charged directly to the grant and are not included in this indirect cost rate. Specifically, DES receives monthly invoices from the Office of Information Technology for computer maintenance and support. These invoices allow for the costs to be classified as direct or allocated costs. However, DES classifies these costs as direct in their accounting system. Per review of the allocated costs, it appears that some of these costs should be considered indirect, such as the Chief Information Officer's salary. Additionally, DES summarizes its central service functions, such as accounting and human resources, and allocates these costs to each grant as direct costs. It appears that these costs may also meet the definition of an indirect cost.

**Cause:**

Breakdown in controls over identification and charging of costs as either direct or indirect.

**Questioned Costs:**

Not able to determine.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Environmental Services  
US Environmental Protection Agency*

*Finding 2007-28 (continued)*

*CFDA # 66.605 Performance Partnership Grant*

**Recommendation:**

We recommend that DES review and contact the U.S EPA to determine if they are in agreement with its classification of costs as direct and indirect. This will help ensure that only allowable indirect costs are being charged back to the federal government.

**Auditee Corrective Action Plan:**

The Department has been in contact with EPA Region 1 to determine whether these OIT costs are within the classification of costs as either direct or indirect. We are still awaiting a response from EPA Region 1.

**Contact Person:** Susan Carlson, Department of Environmental Services

**Status as of February 12, 2009:**

The Department of Environmental Services has contacted the EPA regarding this finding but is still awaiting a response.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Administrative Services  
US Department of Health and Human Services*

*Finding 2007-29*

*CFDA # Various*

**Finding:** *Errors Noted in the Calculation of the 2007 Cost Allocation Plan*

**Criteria:**

OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, as stated in the Appendix C to Title 2 of the Code of Federal Regulations Part 225 states that “most governmental units provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefited activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards.”

**Condition:**

The NH Department of Administrative Services (the Department) is responsible for preparing the State’s central service or Statewide Cost Allocation Plan (Plan), which is certified as complying with OMB Circular A-87 by the Department’s Commissioner. The Plan contains two sections. Section I of the Plan identifies certain departments known as Central Service Agencies (cSA), which provide administrative services on behalf of other departments. The allowable costs of these CSAs are computed and allocated on a variety of equitable bases to user departments. The total of the applicable approved CSA allocations, which approximated \$14.2 million for the 2007 Plan, can be incorporated into a department’s indirect cost rate proposal or cost allocation plan, used to charge Federal programs for administrative costs. Section II of the Plan lists those fringe benefits and other services that are directly billed by seller departments to user departments based on either actual or estimated costs for those services. The US Department of Health and Human Services, Division of Cost Allocation (DCA) negotiates and approves the Plan for use.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Administrative Services  
US Department of Health and Human Services*

*Finding 2007-29 (continued)*

*CFDA # Various*

Costs as shown in the State's accounting system allocable to CSAs and/or seller departments in accordance with OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* were used to prepare the 2007 Plan based on 2005 actual costs, which was prepared in 2006. During the audit of the 2007 Plan, the following was noted:

- Revenue of \$184,864 should have been deducted against expense in computing the allowable costs for two central services agencies (\$178,560 for the Attorney General's Office and \$6,304 for Archives.) This is a questioned cost.
- There was \$247,712 in costs that were incorrectly distributed between twenty-three departments due to a misposting of the units used to allocate Accounting's services. In addition, errors were made in computing the percentage of services Accounting performed for two other departments, resulting in \$2,830 of excess costs. The total of \$250,542 in over and undercharge errors related to 25 departments, some of which administered federal awards. This is a questioned cost for some departments and an under recovery for others. There was no change to the approved costs of the Plan.
- The State's policy is to compute building use allowance only on the capital improvements made to a facility. The use allowance becomes part of the occupancy costs billed to departments for rent. In seven (7) of 14 instances a building use allowance was not added to occupancy costs. For seven (7) other facilities the use allowances were added but computed incorrectly. Two of the seven computations resulted in under recoveries of \$24,493 and the rest resulted in over recoveries of \$193,833. This resulted in a net over charge of \$169,340 for building use allowances. A further comparison was made of the rent collected versus occupancy costs after recomputing building use allowances. In 10 of the instances rent was under charged by \$249,530. In three additional instances rent was over charges by \$283,196. The occupancy cost for one building could not readily be determined since it was part total General Services costs allocated in Section I. The net over recovery for 13 buildings resulted in an overcharge of \$33,666 for rent. This is a questioned cost.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Administrative Services  
US Department of Health and Human Services*

*Finding 2007-29 (continued)*

*CFDA # Various*

- Costs for the Office of Information Technology (OIT) were not presented in accordance with ASMB-C10, *Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government*, the implementation guide (Guide) for Circular A-87. That Guide specifies certain minimum documentation in Sections 4.5.2 that must be prepared for internal service funds and other Section II billed services, which are charged to federal awards with an operating budget in excess of \$5 million. It could not be readily determined whether the costs for OIT excluded depreciable assets or systems development as defined by OMB Circular A-87. Also, OIT's billing methodology shown in the Plan is in draft format and has not been finalized or formally approved by DCA as is required by Section III Condition D of the Plan agreement with DCA. During fiscal year 2005 OIT collected approximately \$38 million in revenue, 91% of which was received from central service agencies or those departments directly administering federal awards.

**Cause:**

Failure to adhere to federal cost allocation requirements.

**Effect:**

Non-compliance with federal requirements and identification of questioned costs.

**Questioned Cost:**

\$218,530

**Recommendation:**

The Department of Administrative Services should carefully review all Statewide Cost Allocation Plans to ensure costs are complete, accurate and net of applicable credits prior to submission. In addition, the Plan should explain how any variances from the over or under charging of Section II costs will be handled in the future. Presentation of financial data for the Office of Information Technology should comply with OMB Circular A-87 and the Guide. Lastly, OIT should be instructed to finalize its cost allocation methodology and separately submit it to the Division of Cost Allocation for formal approval.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Administrative Services  
US Department of Health and Human Services*

*Finding 2007-29 (continued)*

*CFDA # Various*

**Corrective Action Plan:**

We concur.

We agree that certain errors have occurred in the calculations that have resulted in questioned costs, however we feel that materiality should also have been addressed by the auditor. These costs in question, after distribution to agencies and departments, and further allocation to federal awards, may not make a material difference to the amounts billed to the federal government under any given program or award. We shall specifically state on our next SWCAP submission, the amounts and reasons for any adjustments originating in a prior year. Department of Administrative Services will provide guidance to OIT in the presentation of the Plan.

**Contact Person:** Karen Hammond, Program Specialist IV

**Status as of February, 2010:**

Corrective Action in Progress.

The State is currently reviewing the method of calculating and applying the Building Use Allowance, and any changes in methodology will be implemented upon completion of the review.

Accounting Services will be reviewing OIT's Cost Allocation Plan prior to submission. The plan does not address how OIT will handle variances from over or under charging of Section II costs because there are no variances when billing; the bills are based only on actual costs. In addition, OIT has been instructed to submit its cost allocation methodology to the Division of Cost Allocation.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Administrative Services  
US Department of Health and Human Services*

*Finding 2007-30*

*CFDA # Various*

**Finding:** *Internal Control over the Statewide Cost Allocation Plan Needs Improvement*

**Criteria:**

OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, as stated in the Appendix C to Title 2 of the Code of Federal Regulations Part 225 states that “most governmental units provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefited activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards.”

**Condition:**

The NH Department of Administrative Services (the Department) is responsible for preparing the Statewide Cost Allocation Plan (Plan), which is certified as complying with OMB Circular A-87, by the Department’s Commissioner. The Plan contains two sections. Section I of the Plan identifies certain departments known as Central Service Agencies (cSA), which provide administrative services on behalf of other departments. The total of the applicable approved CSA allocations, which approximated \$14.2 million for the 2007 Plan, can be incorporated into a department’s indirect cost rate proposal or cost allocation plan, used to charge Federal programs for administrative costs. Section II of the Plan lists those fringe benefits and other services that are directly billed by seller departments to user departments based on either actual or estimated costs for those services. These costs can be directly billed to federal programs.

During the audit, we noted the following:

- Periodic reconciliations have not been made between the Real Property Summary schedule and the information used to compute building use allowances.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Administrative Services  
US Department of Health and Human Services*

*Finding 2007-30 (continued)*

*CFDA # Various*

- The State's handling of building use allowances was inconsistent in determining the amount of rent charged to state agencies. Occupancy costs for some buildings included a use allowance, while others did not.
- The presentation of some Section II information, such as for the Office of Information Technology, is not in accordance with OMB Circular A-87 and ASMB-C10, *Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government*, the implementation guide (Guide) for Circular A-87.

**Cause:**

The Department has assigned one individual the responsibility for preparing and negotiating the Plan. Formal training in Plan preparation was not provided. In addition, policies and procedures have not been established to ensure a supervisor becomes familiar with the requirements of OMB Circular A-87 and performs a thorough review prior to Plan submission.

**Effect:**

Non-compliance with Federal requirements.

**Questioned Costs:**

Not able to determine.

**Recommendation:**

The Department of Administrative Services should establish policies and procedures to ensure staff preparing the Plan and the supervisor responsible for reviewing it are formally trained in the requirements of Circular A-87. The supervisor should be allowed sufficient time to perform an adequate review of the Plan prior to submission.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Administrative Services  
US Department of Health and Human Services*

*Finding 2007-30 (continued)*

*CFDA # Various*

**Corrective Action Plan:**

We concur.

The position of Program Specialist IV was established in 2006 in order to concentrate the activities of preparation and review of the Plan within the Bureau of Accounting, Division of Accounting Services. Prior to this, the task was administered by the Business Office, Dept. of Administrative Services by one individual in the position of Accountant IV. The vision for the future of this new position includes establishment of Policies and Procedures based on OMB A-87, training of associate staff and supervisors and review of the Plan by the appropriate Administrative Services personnel.

**Contact Person:** Karen Hammond, Program Specialist IV

**Status as of February 2010:**

Corrective Action in Progress. The Program Specialist IV is working with the new State Comptroller to develop and maintain the Policies and Procedures manual. The manual will be in accordance with OMB Circular A-87. In addition, the Comptroller will be reviewing the methodology and preparation of the plan prior to submission.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-31*

*CFDA # 93.563 Child Support Enforcement*

**Finding: Public Assistance Cost Allocation Plan Needs Updating**

**Criteria:**

Under federal requirements, New Hampshire Department of Health and Human Services (Department) is considered a public assistance agency. As such, it must prepare and negotiate a Public Assistance Cost Allocation Plan (PACAP). A PACAP describes the procedures used to identify, measure, and allocate all costs to each of the programs administered by the Department. According to Title 45 of the *Code of Federal Regulations*, Part 95.509(a), “ the State shall promptly amend the cost allocation plan and submit the amended plan to the Director, DCA” (Division of Cost Allocation of the U.S. Department of Health and Human Services) “if ...the following ... occur(s): ... The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes in Federal law or regulations, or significant changes in program levels, affecting the validity of the approved cost allocation procedures.”

**Condition:**

The Department has not updated its Public Assistance Cost Allocation Plan since June 2003. Subsequent to that time there have been organizational and allocation methodology changes. The most notable change occurred in state fiscal year 2004 when the Department’s Office of Information Systems began merging with other information technology units within the State and became a part of the new Office of Information Technology (OIT), a separate department not under the Department of Health and Human Services. The Department’s PACAP has not been updated for these changes. Costs from the PACAP are used to charge Department administrative costs to federal programs.

A similar finding was noted in the prior year as 2006-24.

**Cause:**

Not known.

**Effect:**

A delay in amending the cost allocation plan on a timely basis could result in disallowed costs. The Department has been working on an amendment.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-31 (continued)*

*CFDA # 93.563 Child Support Enforcement*

In addition to amending the PACAP to reflect organizational changes, there are some other areas that should be modified to further clarify and enhance the description of the PACAP as follows:

- The PACAP does not currently describe the timekeeping methods for all employees. Timekeeping and allocations are described for those in the time studies as well as those who fill out personal activity reports. Time recording for individuals in administrative functions who sign in and out on an office log in accordance with state policies and procedures are not described in the PACAP.
- The Department makes roughly 45 routine adjusting entries each month. Only a few of those entries, such as depreciation, are described in the PACAP. The PACAP should include a description of each of the routine adjusting entries.
- Finally, methods for allocating costs to each job number are described in the PACAP. Those methods are subsequently coded alpha-numerically. Since coding does not appear in the plan document, it was difficult to identify and test whether the method used to allocate a specific job number was in accordance with the approved cost allocation plan. In order to accomplish testing, the Department provided other guidance and an intermediary worksheet consisting of 247 “allocation measurables”. The current Appendix to the PACAP provides users with a listing of job numbers, the name of the allocation method used for each job number, and a reference to the PACAP Section where the executive, programmatic, administrative or support unit is discussed. The PACAP Section narrative indicates the allocation method(s) that apply to the job numbers that fall under its control. There is no presentation showing the specific alpha-numeric code of the allocation method which should be used for each job number. That information should be added to the Appendix.

The impact on federal programs can only be determined when the PACAP is amended.

**Questioned Costs:**

Not able to determine.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-31 (continued)*

*CFDA # 93.563 Child Support Enforcement*

**Recommendation:**

The Department should develop procedures to submit amendments to the Public Assistance Cost Allocation Plan on a timely basis. In addition, modification should be made to the PACAP to fully describe the actual processes in place.

**Auditee Corrective Action Plan:**

Concur.

This finding was noted in the prior year. The Department reassigned staff to prepare the updated and expanded PACAP. It is anticipated that the new document will be completed by the end of SFY 2008.

**Contact Person:** Adrian Henderson, Administrator III, Reporting and Analysis Services

**Status as of February 2010:**

Unresolved. A similar finding was identified in the 2008 single audit report. See finding and corrective action plan at 2008-28.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-37*

*CFDA # 93.778 Medical Assistance Program*

**Finding: Provider Disclosures Are Not Obtained From All Required Providers**

**Criteria:**

The Federal Medicaid Program rules require that payments cannot be made to providers who have been suspended or excluded from Program participation.

Federal administrative rules 42 CFR 445.104 through 42 CFR 445.106 provide requirements for provider disclosure of ownership and control information to ensure that state Medicaid agencies are aware of provider identity for consideration of continued eligibility.

While the Department's State Plan is in accordance with Medicaid Program (Program) disclosure requirement, Department practices do not include activities to ensure that State Plan provisions required by 42 CFR 445.104 through 42 CFR 445.106 are met.

**Condition:**

The Department cannot ensure that certain of its enrolled Medicaid providers are, and remain, eligible for participation in the Program.

The Department uses the provider enrollment process to collect required disclosure information for providers not subject to the Department's survey process. Because the Department does not require enrolled Medicaid providers to re-enroll after their initial application, the enrollment of some providers occurred years ago, prior to the disclosure requirement. As a result, the enrollment applications for some providers do not include the ownership and control disclosures. For example, one provider selected as a sample test item had an enrollment application that was completed in 1985.

While the Department's current provider enrollment application requires disclosure of information pertaining to ownership or control interests, adverse legal actions against the provider, and disclosure of ownership of subcontractors with whom the provider had done business with, the Department has not taken any steps to obtain the required disclosures from the providers that continue to operate without having made the required disclosures.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-37 (continued)*

*CFDA # 93.778 Medical Assistance Program*

According to the Department, all providers will need to re-enroll and required disclosures will be obtained when the State implements its new MMIS system.

**Cause:**

Department has not required regular reenrollment of all providers and has not obtained disclosures from providers that were not required to make disclosures upon enrollment.

**Effect:**

The Department is not able to use the disclosure information in its fraud detection and investigation program as intended by the federal administrative law.

The Department cannot be certain it is preventing individuals that are suspended or excluded from participating in the Program.

**Questioned Costs:**

Not able to determine

**Recommendation:**

The Department should implement practices that promote the timely receipt and consideration of provider ownership, control, and other information necessary to ensure enrolled providers remain eligible for continued Program participation.

**Auditee Corrective Action Plan:**

We concur. Providers do not get enrolled unless they provide the required documentation and the Department does monitor licensure information and works with Health Facilities Licensing and the professional licensing boards to obtain the updated information. Letters and reminders are sent to providers that the licensure information is required.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department of Health and Human Services  
US Department of Health and Human Services*

*Finding 2007-37 (continued)*

*CFDA # 93.778 Medical Assistance Program*

As part of the National Provider Identifier (NPI) process, we are currently contacting all providers that have not provided their NPI and at the same time verifying Tax ID information. No medical provider will be mapped to the old provider number with out a NPI.

There is currently no mechanism, however, to terminate providers or stop payment to a provider who does not provide the requested updated license. This will be included in the development of the new MMIS system scheduled for implementation January 1, 2009.

As part of the Medicaid Management Information System (MMIS) Implementation project, a provider re-enrollment process will be implemented through which all Medicaid providers will need to submit a current NH Medicaid provider application and all required supporting documentation.

As part of the enrollment validation process, the provider will be checked against the Medicare Exclusion database as one validity check.

Following re-enrollment, the system will monitor each licensed provider's license expiration date and will generate letters to the provider to remind the provider of the upcoming license expiration date and to encourage a renewal of the license. If a license date expires and the provider has not renewed the license, claims for dates of service after the expiration date will be set to suspend for a period of time, to allow Department staff to outreach to that provider to review the license status.

The fiscal agent will conduct Direct Source validation with the licensing entities to validate that the provider's license has been extended.

The SURS unit will continue to monitor CMS correspondence regarding any action taken against NH Medicaid providers based on Medicare exclusion activity and will continue to advise the fiscal agent on steps that need to be taken on the provider's enrollment record.

**Contact Person:**

Kerri L. Coons, Business Systems Analyst II, BEAS Business Systems Unit Manager, 603-271-8362

**Status as of February 2010:**

Corrective action on hold. This is still dependent on MMIS implementation.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department Of Health And Human Services  
US Department Of Health And Human Services*

*Finding 2006-24*

*CFDA # None*

*All Programs Administered By The Department*

**Finding: Public Assistance Cost Allocation Plan Needs Updating**

The New Hampshire Department of Health and Human Services (the Department) has not updated its Public Assistance Cost Allocation Plan since June 2003. Subsequent to that time there have been organizational and allocation methodology changes. The most notable change occurred in state fiscal year 2004 when the Department's Office of Information Systems began merging with other information technology units within the state and became a part of the new Office of Information Technology (OIT), a separate department not under the Department of Health and Human Services. The Department's Public Assistance Cost Allocation Plan (PACAP) has not been updated for these changes. Costs from the PACAP are used to charge Department administrative costs to federal programs.

Under federal requirements, the Department is considered a public assistance agency. As such, it must prepare and negotiate a PACAP. A PACAP describes the procedures used to identify, measure, and allocate all costs to each of the programs administered by the Department. According to Title 45 of the *Code of Federal Regulations*, Part 95.509(a), "the State shall promptly amend the cost allocation plan and submit the amended plan to the Director, DCA" (Division of Cost Allocation of the U.S. Department of Health and Human Service) "if ...the following ... occur(s): ... The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes in Federal law or regulations, or significant changes in program levels, affecting the validity of the approved cost allocation procedures." A delay in amending the cost allocation plan on a timely basis could result in disallowed costs. The Department has been working on an amendment.

In addition to amending the PACAP to reflect organizational changes, there are some other areas that should be modified to further clarify and enhance the description of the PACAP as follows:

- The PACAP does not currently describe the timekeeping methods for all employees. Timekeeping and allocations are described for those in the time studies as well as those who fill out personal activity reports. Time recording for individuals in administrative functions who sign in and out on an office log in accordance with state policies and procedures are not described in the PACAP.
- The Department makes roughly 45 routine adjusting entries each month. Only a few of those entries, such as depreciation, are described in the PACAP. The PACAP should include a description of each of the routine adjusting entries.
- Finally, methods for allocating costs to each job number are described in the PACAP. Those methods are subsequently coded alpha-numerically. Since coding does not appear in the plan document, it was difficult to identify and test whether the method used to allocate a specific job number was in accordance with the approved cost allocation plan. In order to accomplish testing, the Department provided other guidance and an intermediary worksheet consisting of 247 "allocation measurables".

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department Of Health And Human Services  
US Department Of Health And Human Services*

*Finding 2006-24 (continued)*

*CFDA # None*

*All Programs Administered By The Department*

The current Appendix to the PACAP provides users with a listing of job numbers, the name of the allocation method used for each job number, and a reference to the PACAP Section where the executive, programmatic, administrative or support unit is discussed. The PACAP Section narrative indicates the allocation method(s) that apply to the job numbers that fall under its control. There is no presentation showing the specific alpha-numeric code of the allocation method which should be used for each job number. That information should be added to the Appendix.

The exact impact on federal programs can only be determined when the PACAP is amended.

**Questioned Costs:**

Not Determinable

**Recommendation:**

The Department should develop procedures to submit amendments to the Public Assistance Cost Allocation Plan on a timely basis. In addition, modification should be made to the PACAP to fully describe the actual processes in place.

**Auditee Corrective Action Plan:**

The New Hampshire Department of Health and Human Services (DHHS) has been engaged in a series of organizational changes that commenced at the end of State Fiscal Year (SFY) 2004 with the Governor's centralization of State technical staff into a new State department called Office of Information Technology (OIT). DHHS staff from the Reporting and Analysis Services unit (RAS), the unit responsible for cost allocation and the preparation of the Department's Public Assistance Cost Allocation Plan, worked with DHHS and OIT management during the formation of OIT to assist OIT with the development of methodologies to allocate its costs to the individual State departments/agencies it serves, and to ensure that the DHHS allocation methods would continue to be utilized for allocating the costs of information technology, even with the additional step of OIT "invoicing" the DHHS for costs incurred. Thus, DHHS ensured the continuing integrity of the established allocation methodologies, approved by DCA, for allocating the DHHS technical costs.

Similarly, other internal departmental reorganization did not result in new allocation methodologies, but rather in updates to the specific pools used in the methods. For this reason, delays in the preparation of a new PACAP, caused by key staff vacancies, are ameliorated by the fact that the procedures (reference below) and methodologies used remained unchanged.

SUMMARY STATUS OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS FOR FISCAL YEARS 2008, 2007, AND 2006

*NH Department Of Health And Human Services  
US Department Of Health And Human Services*

*Finding 2006-24 (continued)*

*CFDA # None*

*All Programs Administered By The Department*

According to Title 45 of the *Code of Federal Regulations*, Part 95.509(a), “ the State shall promptly amend the cost allocation plan and submit the amended plan to the Director, DCA” (Division of Cost Allocation of the U.S. Department of Health and Human Service) “if ...the following ... occur(s): ... The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes in Federal law or regulations, or significant changes in program levels, affecting the validity of the approved cost allocation procedures.”

Furthermore, Part 95.509(b) states,

*If a State has not submitted a plan or plan amendment during a given State fiscal year, an annual statement shall be submitted to the Director, DCA certifying that its approved cost allocation plan is not outdated. The statement shall be submitted within 60 days after the end of that fiscal year.*

It was believed that per Part 95.509(b) the previous Administrator of the RAS unit had submitted annual statements but, unable to locate copies of such documents, the current Administrator submitted a letter dated March 23, 2006 to Robert Aaronson of DCA to provide that documentation; a copy of this letter was provided during the audit.

The DHHS acknowledges that an updated PACAP is overdue and is currently engaged in a rewrite to include the formation of OIT and other reorganization-related changes. Furthermore, the DHHS will develop internal procedures to ensure that amendments to the PACAP are submitted in a more timely way.

The DHHS agrees to include more detailed timekeeping information in the new PACAP.

The DHHS will add an exhibit to the PACAP to describe the current routine (“recurring”) monthly adjustments made through its cost allocation process.

The DHHS will include in the new PACAP additional documentation to provide easier cross-reference of allocation methods to the applicable PACAP sections and an additional exhibit of descriptions for the approximately 247 measurables.

**Contact Person:**

Adrian Wayland, Administrator III, Reporting and Analysis Services

**Status as of February 2010:**

Partially resolved. A similar finding was identified in the 2008 single audit report. See finding and corrective action plan at 2008-28.

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**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT****State Agency Listing In Numerical Order****Appendix A-1**

<b>AGENCY NUMBER</b>	<b>AGENCY NAME</b>
0205	Governor's Commission on Disability
0240	Governor's Office of Energy and Planning
0299	Governor's Office of Economic Stimulus
0300	Information Technology, Office of
0400	Legislative Branch
0700	Judicial Council
1000	Judicial Branch
1200	Adjutant General
1300	Pease Development Authority
1400	Administrative Services, Department of
1800	Agriculture, Markets and Food, Department of
2000	Justice, Department of
2300	Safety, Department of
2400	Insurance Department
2500	Highway Safety Agency
2600	Labor, Department of
2700	Employment Security, Department of
2800	Real Estate Commission
3100	Joint Board of Licensure
3200	Secretary of State
3400	Cultural Resources, Department of
3500	Resources and Economic Development, Department of
3600	Ports and Harbors, NH Division of
3700	Community Development Finance Authority
3800	State Treasury
4300	Veterans Home
4400	Environmental Services, Department of
4600	Corrections, Department of
5000	University of New Hampshire
5100	Accountancy, Board of
5600	Education, Department of
5700	Postsecondary Education Commission
5800	Community College System of New Hampshire
5900	Retirement System
6100	McAuliffe-Shepard Discovery Center
6400	Boards and Commissions, Various
6600	Veterans Council
6800	Electricians, Board of
7200	Bank Commission

STATE AGENCY LISTING IN NUMERICAL ORDER

APPENDIX A-1 (CONTINUED)

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AGENCY NUMBER	AGENCY NAME
7300	Public Employees Labor Relations Board
7400	Administrative Attached Boards
7500	Fish and Game, Department of
7600	Human Rights Commission
7700	Liquor Commission
8100	Public Utilities Commission
8300	Lottery Commission
8400	Revenue Administration, Department of
8500	State Council on Aging
8600	NH Racing and Charitable Gaming Commission
8700	Police Standards and Training Council
8900	Tax and Land Appeals, Board of
9500	Health and Human Services, Department of (all divisions combined)
9600	Transportation, Department of
9700	Developmental Disabilities Council

**STATE OF NEW HAMPSHIRE – FISCAL YEAR 2009 SINGLE AUDIT****STATE AGENCY LISTING IN ALPHABETICAL ORDER****APPENDIX A-2**

<b>AGENCY NUMBER</b>	<b>AGENCY NAME</b>
5100	Accountancy, Board of
1200	Adjutant General
7400	Administrative Attached Boards
1400	Administrative Services, Department of
1800	Agriculture, Markets and Food, Department of
7200	Bank Commission
6400	Boards and Commissions, Various
5800	Community College System of New Hampshire
3700	Community Development Finance Authority
4600	Corrections, Department of
3400	Cultural Resources, Department of
9700	Developmental Disabilities Council
5600	Education, Department of
6800	Electricians, Board of
2700	Employment Security, Department of
4400	Environmental Services, Department of
7500	Fish and Game, Department of
0205	Governor's Commission on Disability
0299	Governor's Office of Economic Stimulus
0240	Governor's Office of Energy and Planning
9500	Health and Human Services, Department of (all divisions combined)
2500	Highway Safety Agency
7600	Human Rights Commission
0300	Information Technology, Office of
2400	Insurance Department
3100	Joint Board of Licensure
1000	Judicial Branch
0700	Judicial Council
2000	Justice, Department of
2600	Labor, Department of
0400	Legislative Branch
7700	Liquor Commission
8300	Lottery Commission
6100	McAuliffe-Shepard Discovery Center
8600	NH Racing and Charitable Gaming Commission
1300	Pease Development Authority
8700	Police Standards and Training Council
3600	Ports and Harbors, NH Division of
5700	Postsecondary Education Commission
7300	Public Employees Labor Relations Board

STATE AGENCY LISTING IN ALPHABETICAL ORDER

APPENDIX A-2 (CONTINUED)

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AGENCY NUMBER	AGENCY NAME
8100	Public Utilities Commission
2800	Real Estate Commission
3500	Resources and Economic Development, Department of
5900	Retirement System
8400	Revenue Administration, Department of
2300	Safety, Department of
3200	Secretary of State
8500	State Council on Aging
3800	State Treasury
8900	Tax and Land Appeals, Board of
9600	Transportation, Department of
5000	University of New Hampshire
6600	Veterans Council
4300	Veterans Home