For NHDOT use only:
Application #: 22-21CMAQ
LOI Submitted: ☑
Workshop Attended: ☑
Application Received on: 1/6/2023

NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION
CONGESTION MITIGATION & AIR QUALITY PROGRAM

APPLICATION FOR FUNDING

Sponsor Information (*Sponsor is the municipality or organization that is applying.*

Contact is the person who will be in responsible charge of the project)

Sponsor Name: NHDOT Bureau of Traffic

Mailing Address: PO Box 483, Concord, NH 03302

Telephone: 603-271-2291

Email: bureau54@dot.nh.gov

Contact Name and Title: Lee Baronas, Assistant Traffic Engineer

Telephone: 603-271-1680

Email: lee.j.baronas@dot.nh.gov

Governing Regional Planning Commission: Southern NH Planning Commission, Rockingham Planning Commission

Executive Council District: Dist 3, Dist 4

RPC and Executive Council information is important because final selections may be adjusted to provide regional equity

Project Information

CMAQ Activities: *Check the CMAQ activity(s) that your project is proposing.*

- [ ] Non-Transit related alternative fuel projects such as refueling or charging facilities.
- [x] Projects that improve traffic flow, including efforts to provide signal system optimization, construct HOV lanes, streamline intersections, add turning lanes, improve transportation systems management and operations,
- [x] Projects that implement ITS technology, including efforts to improve incident and emergency response or improve mobility, such as through real time traffic, transit, and multimodal traveler information
- [ ] Transit capital investments, including transit vehicle acquisitions and construction of new facilities or improvements to facilities that increase transit capacity,
- [ ] Transit operating assistance for new services or the incremental cost of expanded services.
- [ ] Transportation-focused (non-recreational) bicycle transportation and pedestrian improvements that provide a reduction in single-occupant vehicle travel
- [ ] Rail network Improvements

Description of work being proposed:
(Clearly describe purpose and need for project as well as project goals and objectives)

The project will evaluate and implement improvements to increase efficiency and optimize three signalized corridors (See attached Figures 1-4):
• Londonderry - Corridor optimization on NH 102 from Post Office to I-93 NB Ramps including enhanced detection capabilities and optimize signals phasing and timing along whole corridor.
• Windham - Corridor optimization on NH 111 from Hardwood Dr to 1 at I-93 SB ramps including providing data communications to two intersections to enable coordination and optimize signals phasing and timing along corridor
• Seabrook - Extend the existing adaptive signal control system US 1 from Railroad Avenue to US Home Depot including providing data communications to four intersections to enable inclusion in the control system and optimize adaptive signal timing.
These improvements will improve traffic flow along each corridor. By improving traffic flow, a reduction in vehicle delay will be achieved and therefore lower the amount of emissions.

Map: *(If you are proposing an infrastructure project, A map is required as part of the application. Map must be scanned as a pdf file. Map should include street names, State route numbers, project details, identification of resources, north arrow, and a scale)*

- [x] **MAP SUBMITTED**

9/15/2022

Resources within project limits:
(List all cultural, archeological, and natural resources, as well as any known hazardous materials in project limits)

Physical changes made will be on existing signal mast arms and inside existing signal cabinets with little, if any, ground disturbance   All work would occur within existing State ROW and within areas already disturbed as part of past roadway improvements.

Project Details

Road Name(s) *(List all roads in project limits as applicable or N/A if not along any public road)*

Londonderry: Nashua Rd (NH 102) Winding Pond Rd to I-93 NB; Windham: Indian Rock Rd (NH 111) Hardwood to I-93 SB ramps; Seabrook: Lafayette Rd (US 1) Railroad Ave to Lake Shore Dr.

State Route Number: *(List all State route numbers or N/A if on a municipal road)*

Londonderry NH 102, Windham NH 111, Seabrook US 1

Railroad: *(List name of railroad corridor and identify if project impacts a rail line or service in any way. Put N/A if not impacting a railroad corridor)*

n/a

Other: *(If off-road path, describe beginning and ending termination locations)*

n/a

Length of Project: *(If more than one location, provide total length of proposed improvement)*

Lengths of added corridor control: Londonderry: 1.06 mi; Windham: 1.69 mi; Seabrook: 0.58 mi; Total: 3.30 miles.

Width of proposed improvement: *(If width is not consistent, provide an average width for majority of improvements)*

n/a

Surface Type: *(List Paved, Concrete, Gravel, Stone Dust, etc. for all proposed improvements)*

paved

Ownership: *(List the entity that owns the land in the limits of your proposed improvements)*

State of New Hampshire

Project Cost Estimate – Infrastructure Projects fill in A through E, For Non-Infrastructure Projects ONLY FILL IN E

Identify the estimated project costs under each of the phases below.

A) Design/Engineering: $ 150,000.00
(Costs for engineering study, preliminary design, environmental review, identifying and establishing right-of-way, easements preparation, final design, and bid phase services)

B) Right–Of–Way: $ 0.00
(Cost of easement acquisition and/or land acquisition)

C) Construction: $ 450,000.00
(Cost of constructing project, materials, and labor)

D) Construction Engineering: $ 100,000.00
(Cost of engineering oversight for the project. Oversight needs to be almost fulltime.)

E) Project Total: $ 700,000.00
(Non-infrastructure projects fill in only this box) *(Max $3,000,000)*

Identify the amount of federal funding you are applying for.

If you are adding funds that will be in addition to the amount of federal funds and match for your project those are considered non-participating funds. In this case you put the additional funds in the non-participating box. This is usually done if you want to do additional work that may not be eligible under the CMAQ program but you want the work done under the overall contract. Or if total project cost exceeds the $3M cap.

Federal $ 560,000.00 **80%**
($3,000,000 Max. for federal amount requested) *(CMAQ funds are 80% with a 20% match))*

Match $ 140,000.00 **20%**
(Enter amount of local match)

Non-Participating $
(Additional funds added to project that are not CMAQ)

Reason for non-participating funds

Funding Total $ 700,000.00
(Max.$3,000,000)

9/15/2022

5. Evaluation Criteria (*Applications will be scored on criteria approved by the New Hampshire Department of Transportation)*

5-1) Project Readiness and Support (15 points maximum): *Does the applicant have LPA certified staff, have prior FHWA experience, and is project identified in local, regional, and/or statewide plan or a business plan? Please provide information and documentation that addresses the following:*

- Letter of Support from Sponsor's Governing Body (0 or 5 points)
- Current LPA Certified staff or prior experience with federal projects (0 or 5 points)
- How many local or regional plans is the proposed work in? If a private organization, is it part of a business plan (0 to 5 points)

The proposed project has support from the Sponsor's Governing Body (see attached letters of support from the NHDOT Assistant Commissioner, the NHDOT Assistant Director of Operations, and NHDOT Bureau of Traffic Administrator).

The Sponsor will utilize NHDOT staff to execute the project along with an LPA-certified consultant. NHDOT has extensive experience with FHWA, and its principal contact, Lee Baronas, is LPA-certified (see attached certificate).

Reducing delay and congestion, improving air quality, upgrading traffic signal equipment, and optimizing traffic signals are objectives that are outlined in the following two (2) plans (copies attached):

- NHDOT Long Range Plan
- Rockingham 2045 Long Range Transportation Plan

5-2) Financial Readiness: (15 points maximum) *(CMAQ is a reimbursement program. Sponsor will have to gross appropriate funds for entire project before federal funds are authorized and eligible work can get started. Projects are reimbursed 80% of each reimbursement request.) Does the applicant have funding available to complete the project at time of application, or is there commitment to request funding at next annual town meeting (or equivalent)? Please provide information and documentation that addresses the following:*

- Are funds already gross appropriated? (0 or 5 points)
- Will sponsor receive approval to fully fund project within 6 months of project award? How? (0 or 5 points)
- Do the Sponsor's most recent financial audits and/or statements show any negative comments, material weaknesses, etc.? (0 to 5 points)

NHDOT has gross funds appropriated within our FY2023 budget that was passed on June 2021. NHDOT will provide the 20% match of our CMAQ request with Turnpike Toll Credits.

Full funding is currently available within our budget and has been approved by the Legislature and signed by the Governor.

NHDOT's most current Single Audit of Federal Funds (copy attached) for 20.205 Highway Planning and Construction does not have any observations of material weaknesses.

5-3) Stewardship / Sustainability: (Maximum 25 points) *What is the long-term maintenance plan for the project? Please provide information and documentation that addresses the following:*

- Infrastructure – How will the project sponsor maintain the completed facility/improvements? Does the sponsor have similar facilities, existing equipment, operations plan that is already in place that would accommodate this improvement as well? Who will maintain the project? Paid staff, volunteers, contracted labor? How will maintenance be funded? Is it part of a budget line or capital improvement?
- For capital purchases provide vehicle maintenance plan and expected life of purchase
- For Transit routes provide plan for continued sustainability after funding is complete

NHDOT Bureau of Traffic owns over 440 signals and 500 beacons. Our mission includes providing good service that satisfies the goals of the Department and partners involved in transportation systems management and operations. The Bureau of Traffic's Traffic Signal Operation and Maintenance Section (TSOM) is comprised of 10 individuals including one senior engineer, one crew supervisor, and four crews each composed of a foreman and technician (organization chart attached). The TSOM Section is responsible for operation, maintenance, and management of signals which includes preventative maintenance, routine trouble calls, and emergency response as well as improvement projects at selected signals. This Section, in collaboration with the Bureau of Transportation Systems, Management, and Operations (TSMO) will maintain the improvements made by this project.

9/15/2022

5-4) Air Quality Benefits: (Maximum 35 points) *Points will be awarded based on relative rank for air quality analysis. A cost/benefit factor will be calculated for each project and by category the top b/c factor will get 35 points and the bottom 0 and all others spaced relatively in between. Standardized air quality analysis templates have been created for each of the following project types:*

Check the box next to the category that your air quality analysis will be developed from.

- [ ] **Bike and Pedestrian projects**
- [x] **Road/Intersection projects that mitigate congestion and air pollution**
- [ ] **ITS-related projects**
- [ ] **Alternative fuel projects (not transit related)**
- [ ] **Transit Capital Purchase**
- [ ] **New or expanded transit service**
- [ ] **Rail**
- [ ] **Other**

(Projects must demonstrate an Air Quality benefit. NHDOT staff will work with you as the applicant after the application is submitted to complete this air quality analysis. The project must show a reduction in CO, Ozone or PM2.5 to be eligible)

In the box below describe what your air quality analysis will be based on.

Based on the past Department-led CMAQ projects, the air quality analysis will incorporate the reduction in vehicle travel delay which equates to less idle traffic which results in lowered vehicle emissions. An overall improvement in signal operations results in mitigation of congestion and air pollution.

9/15/2022

5-5) Regional Ranking: (Maximum 10 points) *Projects will be reviewed by the governing Regional Planning Commission and ranked. Those rankings will be used to assign points on a linear scale for final project rankings. Leave these boxes blank. They will be filled out by the Department.*

Ranking [ ] Points [ ]

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6) Application Submission Information: The application is an adobe .pdf form. It must be saved as a pdf and copied to our Department FTP site. <u>DO NOT PRINT AND SCAN THE FORM.</u> We harvest data from the form boxes so the form must be saved as a pdf. Any supporting documents like the <u>Map</u>, <u>Letter of support</u> and other supporting documentation need to be submitted with the application in pdf format and saved to the FTP site. Please combine all supporting documents into one pdf if possible. This keeps submissions easier. Directions on accessing the Department FTP site are below. A tutorial on accessing the FTP site and copying files will be on the CMAQ website.

<u>APPLICATIONS ARE DUE BY 11:59PM FRIDAY JANUARY 6, 2023!</u>

<u>Failure to meet this deadline will result in your project being removed from the scoring process.</u>

<u>Submission Guidelines</u>

<u>Format:</u> *Application form **<u>must</u>** be saved electronically as a pdf and then copied to the Department FTP site. All supporting maps, letters and other documents must be saved as a pdf and saved to the Department FTP site with the application form.* ***READ THE FTP TUTORIAL!***

<u>Naming Convention:</u> *The FTP site has one folder for all submissions,* **<u>CMAQ Applications</u>***. To keep track of the applications and attachments it is **<u>essential</u>** you follow the following naming convention. Name of town/city followed by filename and number if more than one application form a town/city. If you are an organization or business, put the name of your organization/business in place of the town/city above. If possible, combine all supporting material into one pdf.*

Example: **ConcordApplication01.pdf ConcordSupportingMaterial01.pdf**
MybusCompanyApplication01.pdf MybusCompanySupportingMaterial01.pdf

Failure to follow this naming convention will cause confusion and could result in applications and/or attachments being lost.

A TUTORIAL DOCUMENT WILL BE PUT ON THE CMAQ WEBSITE. THIS DOCUMENT WILL SHOW HOW TO ACCESS THE FTP SITE, HOW TO COPY FILES TO THE SITE AND TO EXPLAIN THE REQUIRED NAMING CONVENTION

Submission: *All files must be received on or before* *11:59 PM Friday January 6, 2023*

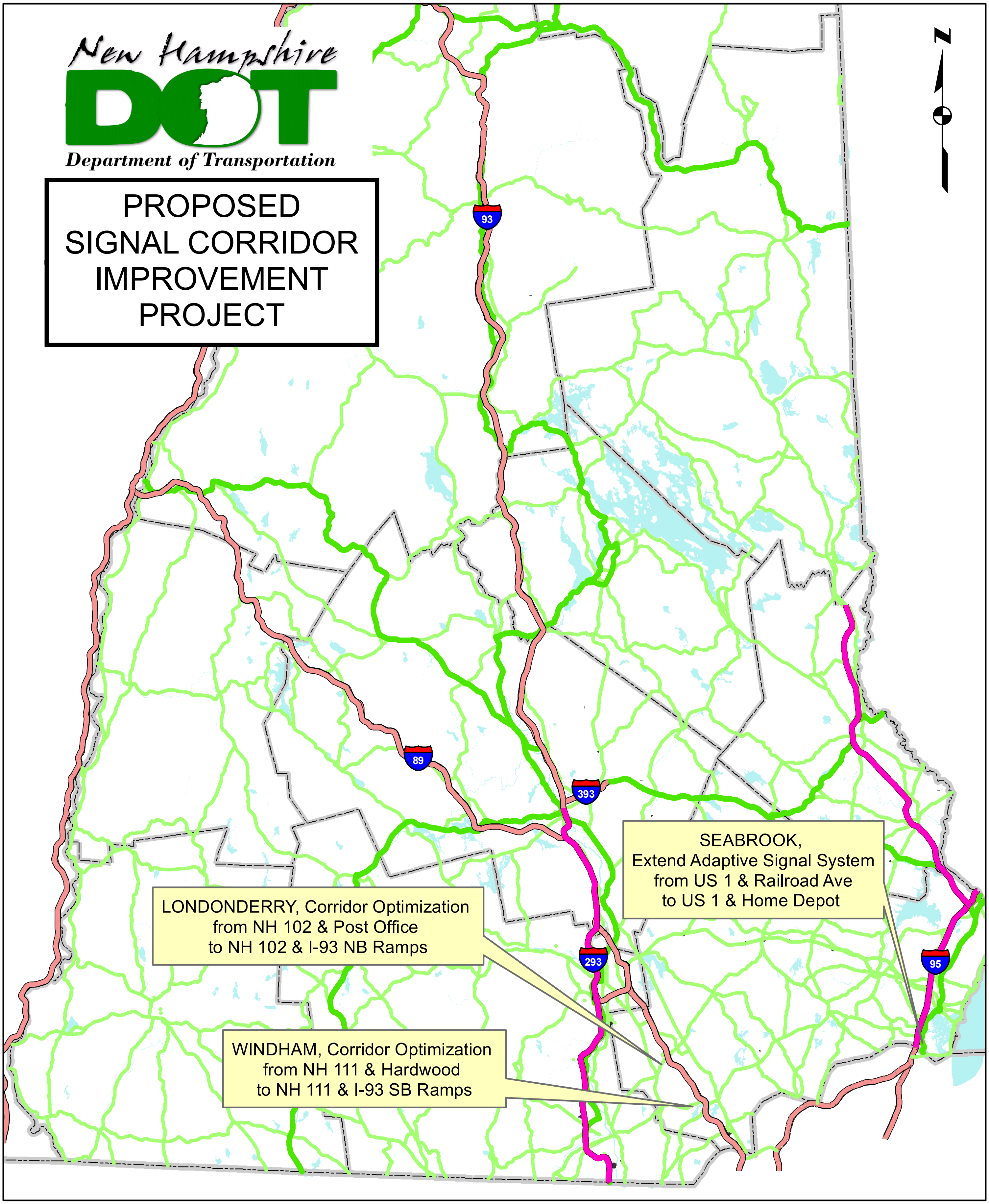
Direct any questions to: Tom Jameson, email: thomas.e.jameson@dot.nh.gov
phone: 603-271-3462

Examples of CMAQ Eligible Projects and Programs

- Diesel engine retrofits and other advanced truck technologies
- Idle reduction
- Congestion reduction and traffic flow improvements
- Freight and intermodal
- Transportation control measures
- Bicycle and pedestrian facilities and programs
- Travel demand management
- Public education and outreach activities
- Transportation management associations
- Carpooling and vanpooling
- Carsharing
- Extreme low temperature cold start program
- Training
- Inspection and maintenance programs
- Alternative fuels and vehicles
- Innovative projects

New Hampshire DOT
Department of Transportation

PROPOSED SIGNAL CORRIDOR IMPROVEMENT PROJECT



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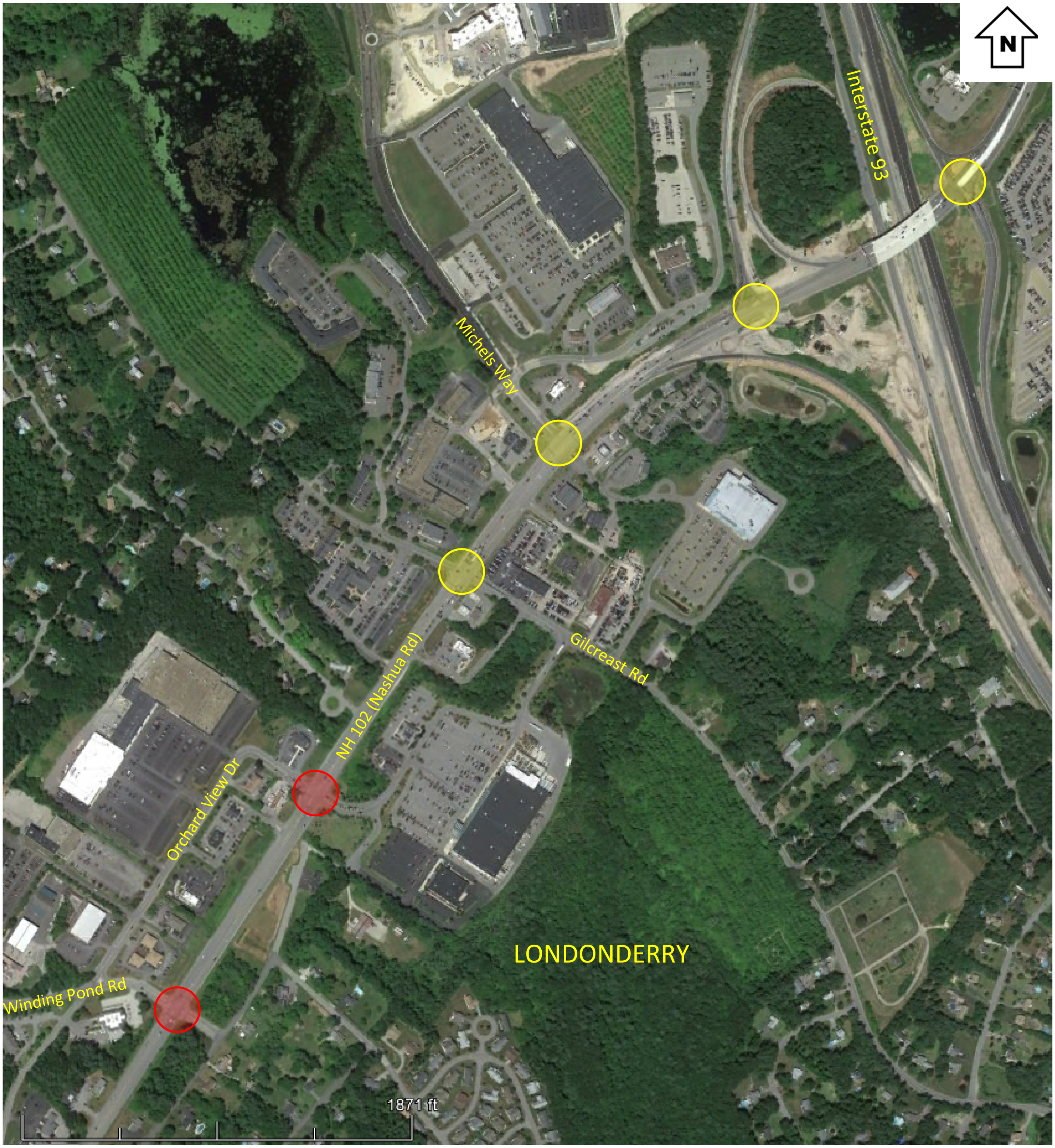
STATE OF NEW HAMPSHIRE	
DEPARTMENT OF TRANSPORTATION	BUREAU OF TRAFFIC
PROJECT: CMAQ SIGNAL IMP.	STATE NO: TBD
LONDONDERRY, WINDHAM, SEABROOK	Figure 1



LEGEND

Signalized Intersections

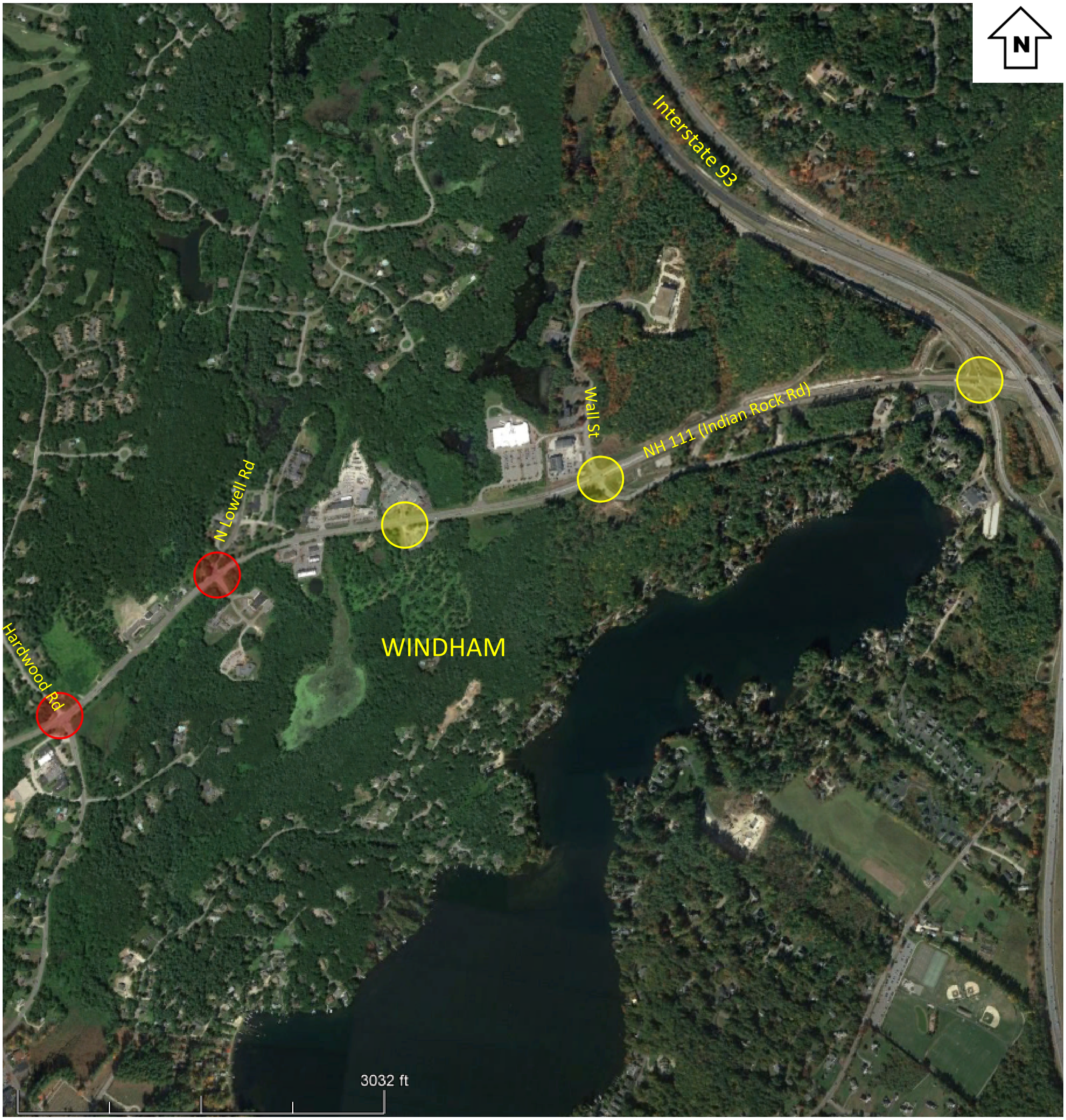
Part of Existing Coordinated System

Proposed Addition to Coordinated System

Image Source: Google Earth

LONDONDERRY NH 102 CORRIDOR
CMAQ Application
Londonderry/Windham/Seabrook Signal Corridor Improvement Project

			NHDOT Bureau of Traffic
			Scale: none
Base	1/5/23	LJB	Ref. Dwg.:
Rev.	Date	By	Sketch: Figure 2



LEGEND

Signalized Intersections

Part of Existing Coordinated System

Proposed Addition to Coordinated System

Image Source: Google Earth

WINDHAM NH 111 CORRIDOR
CMAQ Application
Londonderry/Windham/Seabrook Signal Corridor Improvement Project

			NHDOT Bureau of Traffic
			Scale: none
Base	1/5/23	LJB	Ref. Dwg.:
Rev.	Date	By	Sketch: Figure 3

LEGEND

Signalized Intersections

Part of Existing Adaptive System

Proposed Addition to Adaptive System

Image Source: Google Earth

SEABROOK US 1 CORRIDOR
CMAQ Application
Londonderry/Windham/Seabrook Signal Corridor Improvement Project

			NHDOT Bureau of Traffic
			Scale: none
Base	1/5/23	LJB	Ref. Dwg.:
Rev.	Date	By	Sketch: Figure 4

New Hampshire DOT Department of Transportation

William Cass, P.E.
Commissioner

THE STATE OF NEW HAMPSHIRE
DEPARTMENT OF TRANSPORTATION

David Rodrigue, P.E.
Assistant Commissioner
Andre Briere, Colonel, USAF (RET)
Deputy Commissioner

January 3, 2023

Project Selection Committee
Congestion Mitigation and Air Quality (CMAQ) Program
c/o Thomas Jameson, P.E.
Bureau of Planning and Community Assistance
NH Department of Transportation
PO Box 483
Concord, NH 03301

RE: CMAQ Program
NHDOT Traffic Signal Corridor Optimization Project
Letter of Support

Dear Committee Members:

I am writing to you in support of the application by the Bureau of Traffic for funding from the Congestion Mitigation and Air Quality (CMAQ) Program to expand traffic signal management to additional intersections along three high-volume corridors. The Department is in full support of this proposed project and, if selected, will ensure resources are allocated to complete the engineering and construction to upgrade the traffic signals, the signal management system, and ITS capabilities to enable optimization of the corridors' signals and improve system intelligence.

The goal of this project is to improve vehicle flow to reduce delay and congestion, thereby reducing vehicle idle time and improving air quality. Improvements to traffic signal coordination is a cost-effective means to improve traffic efficiency with the existing intersection geometry.

Thank you for your time and consideration with this application, and please know that this project has our support.

Sincerely,

David Rodrigue

David Rodrigue, P.E.
Assistant Commissioner

cc: William Lambert
Lee Baronas

THE STATE OF NEW HAMPSHIRE
DEPARTMENT OF TRANSPORTATION

William Cass, P.E.
Commissioner

David Rodrigue, P.E.
Assistant Commissioner
Andre Briere, Colonel, USAF (RET)
Deputy Commissioner

Commissioner's Office
(603) 271-3734
January 3, 2023

Project Selection Committee
Congestion Mitigation and Air Quality (CMAQ) Program
c/o Thomas Jameson, P.E.
Bureau of Planning and Community Assistance
NH Department of Transportation
PO Box 483
Concord, NH 03301

RE: CMAQ Program Application
NHDOT Traffic Signal Corridor Improvement Project – Londonderry/Windham/Seabrook
Letter of Support

Dear Committee Members:

Please accept this letter of support from the NHDOT Division of Operations for the Bureau of Traffic's application for funding from the Congestion Mitigation and Air Quality (CMAQ) Program. The proposed project would expand the existing adaptive and coordinated traffic signal systems on three corridors to include additional intersections and enable optimization along the full corridor. Improved optimization will reduce wait times and overall delay at intersections, which will reduce vehicle idle time and improve air quality. These projects also will expand coverage of Intelligent Transportation Systems (ITS) allowing improved management of traffic.

Thank you for your consideration of this application.

Sincerely,

Michael J Servetas

Michael J Servetas, P.E.
Assistant Director of Operations

cc: Lee Baronas, Bureau of Traffic

THE STATE OF NEW HAMPSHIRE
DEPARTMENT OF TRANSPORTATION

William Cass, P.E.
Commissioner

David Rodrigue, P.E.
Assistant Commissioner
Andre Briere, Colonel, USAF (RET)
Deputy Commissioner

Bureau of Traffic
(603) 271-2291
January 4, 2023

Project Selection Committee
Congestion Mitigation and Air Quality (CMAQ) Program
c/o Thomas Jameson, P.E.
Bureau of Planning and Community Assistance
NH Department of Transportation
PO Box 483
Concord, NH 03301

RE: CMAQ Program
Londonderry/Windham/Seabrook Signal Corridor Improvement Project
Letter of Support

Dear Committee Members:

Please accept this letter as an expression of support for the NHDOT Bureau of Traffic's application for funding from the Congestion Mitigation and Air Quality (CMAQ) Program for a project to evaluate and implement improvements to increase efficiency and optimize three signalized corridors: NH 102 in Londonderry, NH 111 in Windham, and US 1 in Seabrook. This project would expand existing advanced signalization in these corridors to include additional intersections, with the objective of improving vehicle flow along these corridors, which will reduce delay, congestion, and idle time which will improve air quality.

The Bureau and Department have been expanding advanced traffic signal management systems to key intersections and corridors statewide. This project would expand the management systems to include more intersections and improve performance of all signals along each of the corridors.

Thank you for your consideration of this application.

Sincerely,

William R. Lambert, P.E.
Traffic Engineer/Administrator

cc: Lee Baronas

RENEWAL

Certificate of Training

Presented to

Lee Baronas

For

Passing the Bureau of Planning and Community Assistance's

Local Public Agency (LPA) Certification Exam

On

9/13/2021

C. R. Willeke

Municipal Highways Engineer

12/31/2025

Certificate Expires

1863

Certificate Number

New Hampshire DOT

Department of Transportation

NH Long Range Transportation Plan 2010 – 2030

July 2010

New Hampshire DOT
Department of Transportation

Categories / Modes	Maintenance	Preservation	Modernization	Expansion
Bus Transit				
Intercity Bus & Rail				
Highway				
Rail Freight				
Bicycle				
Pedestrian				
Inter-modal Facility				

- Private sector truck rest areas provide important truck/trucker services (gas, food, parking, restrooms).
- There are approximately 112 miles of Tier 1 rail freight lines comprised of three operators: B&M Freight Main; Connecticut River line; and, the St. Lawrence & Atlantic.
- The Port of Portsmouth provides intermodal freight movement at the Marine Terminal with marine, highway and rail access.

Recent Planning Initiatives

- NH State Rail Plan, Ongoing
- Marine Terminal Master Plan, 2000

Important System Issues

- Truck freight volumes are forecasted to more than double over the next twenty years, placing increased stress on the highway network.
- System reliability (via congestion and incidents), environmental constraints (green house gas emissions) and fuel prices/availability (increasing prices/restricted supplies) will become increasingly important issues and potentially affect local to global transportation freight demand and freight mode choice.
- Commercial Vehicle Operations (CVO) will become more critical to facilitate the clearance and permitting of cross border traffic and goods through electronic systems.

Intelligent Transportation Systems (ITS) / Travel Demand Management (TDM) / Transportation Systems Management (TSM)

Description

- ITS, TDM, and TSM initiatives are crucial for obtaining the most efficiency out of existing transportation infrastructure and services.
- ITS is the application of technology such as traffic signal coordination systems, traveler information systems and automatic vehicle locator systems to the transportation system.
- TDM is to the various means by which travel can be managed through such measures as the price of travel, land use accessibility, and the convenience of available travel choices.
- TSM involves the use of hardware and software systems to perform a variety of tasks associated with the management of transportation systems. These activities range from signal control to data capture and everything in between in both the public and private arenas.

Recent Planning Initiatives

- I-93 Community Technical Assistance Program (CTAP), On-going
- Statewide ITS Plan, 2005
- I-93 Incident Management System, 2007
- I-95 ITS Upgrade Effort (ongoing)

Goal 4: Security.

Work with private and public sector partners to protect the physical security of passenger and freight transportation systems and system users from acts of terrorism and other crimes.

Objectives

- Increase the use of appropriate technologies and practices to enhance the security of the transportation systems.
- Increase readiness and capabilities to respond to emergencies and incidents.

Goal 5: Environment & Public Health.

Make transportation investments that preserve and enhance public health, the environment, and quality of life.

Objectives

- Use environmental best practices in project development.
- Use environmental best practices in system operations and maintenance.
- Maintain a positive net impact on Air Quality in New Hampshire through transportation programs, projects and operations.
- Reduce the adverse effects of transportation-related impacts on cultural and natural resources.
- Increase the energy efficiency of passenger and freight transportation.

Goal 6: System Preservation & Maintenance.

Provide appropriate investment in existing and future infrastructure, facilities and equipment to maintain and preserve the physical condition and operability of the transportation system.

Objectives:

- Meet and maintain system condition targets for the State transportation system.
- Increase user satisfaction with the condition of the transportation system.
- Preserve the functional integrity of transportation corridors for future needs.

Goal 7: Coordination & Collaboration.

Establish collaborative partnerships with local governments, regional and state agencies, and the private sector to meet transportation needs through open and transparent planning and decision-making processes.

Objectives:

- Ensure that all affected and interested parties understand the decision-making process, particularly the evaluation criteria, for development and funding of transportation projects and programs.
- Improve the quality, quantity and timeliness of technical assistance to the RPCs/MPOs and local governments.
- Foster improved coordination among state agencies during development of long-range, statewide plans and policies.

2045 Long Range Transportation Plan

2021 Update – DRAFT 2/8/21

ROCKINGHAM PLANNING COMMISSION

This document has been prepared by the Rockingham Planning Commission in cooperation with the U.S. Department of Transportation - Federal Highway Administration; the New Hampshire Department of Transportation; and the Federal Transit Administration. The contents of the report reflect the views of the authors who are responsible for the facts and accuracy of the data presented herein. The contents do not necessarily reflect the official views or policies of the Federal Highway Administration, the New Hampshire Department of Transportation, or the Federal Transit Administration. This report does not constitute a standard, specification, or regulation.

6. Implementation Strategies

Introduction

The implementation of the Long Range Transportation Plan is more than simply the construction of the projects contained within it. Many of the goals identified in Chapter 2 are necessary additions to the local and regional planning process to ensure that all aspects of the transportation system are developed and maintained. Implementation strategies and recommendations are set out on the following pages organized by the eleven Long Range Plan Goals. These include a mix of actions that the MPO, member municipalities and other partners can take to help the region move toward attaining its goals.

Mobility

Goal 1 - Mobility

The region's transportation system offers safe, secure, efficient, and reliable access to employment, housing, commerce, services, entertainment, and recreation

Addressing the ability and ease with which individuals and goods can move from place to place has long been a centerpiece of making improvements to the transportation system. The widespread economic expansion after World War II in the United States was facilitated by the addition of interstate highways and the overall increase in the capacity of our roadways to move vehicles. Over the last twenty years, the high economic and social cost of further expansion has necessitated the use of a wider range of strategies to ensure that existing capacity is utilized as effectively and efficiently as possible. There are a variety of ways in which this can be implemented, notably through access management strategies and Intelligent Transportation Systems (ITS) improvements. Access management typically involves small scale policy, regulation, and design changes that minimize traffic conflicts and maximize traffic flow on existing facilities. Strong Access Management standards are recommended for communities to implement on state highways and other important roadways within their jurisdiction. This should be supplemented with an Access Management Memorandum of Understanding (MOU) between the New Hampshire Department of Transportation and the community to ensure that each entity understands the access control desired on a particular state highway.

ITS uses technological advances to improve traffic flow and safety and reduce congestion through strategies like traffic signal synchronization, electronic tolling, and traveler information services. The region has an approved and up-to-date ITS Architecture in place that guides investment strategies through agreed on policies and technology standards.

Actions

- Continue scheduled updates to Regional ITS Architecture and Strategy Plan and participate in updates to Statewide ITS Architecture. (Timeframe: 1-5 years)

- Promote integration of ITS and other efficiency strategies into the design of transportation projects as appropriate. (Timeframe: Ongoing)
- Continue implementation of improvements from corridor studies to address congestion on US 1 and NH 125 (Timeframe: Ongoing)
- Conduct corridor studies of other key congested highways (Timeframe: 1-10 Years):
  - NH 108/33 between Exeter and Portsmouth
  - NH 111 between Kingston & Salem
  - NH 101 Interchanges between Raymond & Hampton
  - NH 125 from NH 111 in Kingston to NH 101 in Epping
- Revisit Congestion Management Process (CMP) as a tool for identifying and tracking congested locations in the region. (Timeframe: 1-5 Years)
- Implement improvement to the Regional Travel Demand Model. (Timeframe: 1-5 Years)

Accessibility & Transportation Choice

Goal 2 – Transportation Choices

The region's transportation system offers equitable and reliable multi-modal transportation choices to better connect people to jobs and services.

Ensuring that all travelers have options beyond the single occupant vehicle is key to meeting the accessibility goals of the region. Beyond simply planning for and providing bicycle and pedestrian facilities and transit services, though, there is a role for the MPO in actively encouraging use of these options. The New Hampshire Climate Action Plan identified the transportation sector as the source of 33 percent of greenhouse gas emissions in New Hampshire, and identified actions for reducing those emissions including promoting alternatives to driving alone. Experience nationally in promoting safe walking and bicycling to school has shown that building new sidewalks or bikeways alone is often not enough to induce more kids walk or bicycle. There is a need for the other four elements of the 5Es model (Education, Encouragement, Enforcement and Evaluation) to build awareness, incentive behavior change and ensure safety.

Actions

- Work to expand transit access in key underserved communities lacking basic Monday-Friday demand response or volunteer driver transportation services. (Timeframe: 1-5 Years)
- Provide technical assistance to COAST and MTA/CART in developing regional community transportation options. (Timeframe: Ongoing)
- Facilitate regional efforts to coordinate public transit and human service transportation as a key strategy to expand access to community transportation. (Timeframe: Ongoing)
- Work with State and regional partners to sustain and expand inter-city rail and bus transportation options. (Timeframe: Ongoing)
- Ensure adequate capacity at Park and Ride facilities in the region (Timeframe: Ongoing)
- Support continued funding for the CommuteSMART Seacoast TMA following completion of Spaulding Turnpike widening

STATE OF NEW HAMPSHIRE

SINGLE AUDIT OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2021

PREPARED BY:
DEPARTMENT OF ADMINISTRATIVE SERVICES

STATE OF NEW HAMPSHIRE
SINGLE AUDIT OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2021

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State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
25 Capitol Street – Room 100
Concord, New Hampshire 03301
Office@das.nh.gov

Charles M. Arlinghaus
Commissioner
(603) 271-3201

Catherine A. Keane
Deputy Commissioner
(603) 271-2059

Sheri L. Rockburn
Assistant Commissioner
(603) 271-3204

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, 2021. 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 reporting requirements are set forth in the Code of Federal Regulations Title 2, part 200; *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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)
- Auditors' 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, 2021, are issued under separate covers and can be obtained by contacting the Department of Administrative Services.

Department of Administrative Services

June 29, 2022

This report can be accessed online at https://das.nh.gov/accounting/reports.aspx

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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 the Code of Federal Regulations Title 2, part 200; *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

This report is divided into sections: The State's fiscal year 2021 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 appendices (section H).

The Schedule of Expenditures of Federal Awards (the Schedule or the SEFA) reports federal expenditures for each federal financial assistance program by federal agency, as identified by the Assistance Listing Number (ALN) [formerly: 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 $13,839,623. 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 the Uniform Guidance, 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 Type A and select high-risk Type B 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 2021, 18 programs/clusters were tested as major programs. The list of major programs/clusters tested begins on page F-2.

During fiscal year 2021, the State administered approximately 297 federal programs, with total federal expenditures of approximately $4.61 billion. Of those programs, Type A programs/clusters accounted for 93% of total federal expenditures, with the Medicaid program cluster, the Unemployment Insurance program, and the Coronavirus Relief Fund accounting for approximately 72% 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 EXPENDITURES BY STATE AGENCY FOR THE YEAR ENDED JUNE 30, 2021

STATE AGENCY	ALN (Formerly CFDA)	PROGRAM TITLE	TYPE A PROGRAMS	2021 EXPENDITURES
Adjutant General	12.401	National Guard Military Operations And Maintenance (O&M) Projects	23,719,055	23,719,055
		Other Programs		1,384,906
		Total Adjutant General		25,103,961
Administrative Services	Various	Child Nutrition Cluster	4,171,346	4,171,346
		Other Programs		5,800,986
		Total Administrative Services		9,972,332
Agriculture		Other Programs		738,583
Business and Economic Affairs		Other Programs		6,839,318
Commission on Disability		Other Programs		109,557
Corrections		Other Programs		38,197
Developmental Disabilities Council		Other Programs		643,246
Education	Various	Child Nutrition Cluster	38,849,994	
	Various	Special Education Cluster	52,622,666	
	84.010	Title I Grants To Local Educational Agencies	40,521,383	
	84.425	Education Stabilization Fund	18,414,456	150,408,499
		Other Programs		55,153,985
		Total Education		205,562,484
Employment Security	17.225	Unemployment Insurance	981,236,885	
	97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	92,840,079	1,074,076,964
		Other Programs		2,550,965
		Total Employment Security		1,076,627,929
Environmental Services		Other Programs		34,787,356
Fish & Game		Other Programs		8,570,542
Governor's Office of Economic Relief and Recovery	21.019	Coronavirus Relief Fund	742,996,301	
	21.023	Emergency Rental Assistance Program	40,000,000	782,996,301
		Total Governor's Office of Economic Relief and Recovery		782,996,301
Health & Human Services	Various	SNAP Cluster	173,333,590	
	Various	Child Care and Development Fund Cluster	35,485,159	
	Various	Medicaid Cluster	1,587,915,411	
	93.268	Immunization Cooperative Agreements	15,531,418	
	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	52,762,439	
	93.558	TANF	30,154,500	
	93.658	Foster Care - Title IV-E	18,257,233	
	93.788	Opiod STR	25,119,799	1,938,559,549
		Other Programs		118,043,780
		Total Health & Human Services		2,056,603,329
Human Rights Commission		Other Programs		162,370

STATE AGENCY	ALN (Formerly CFDA)	PROGRAM TITLE	TYPE A PROGRAMS	2021 EXPENDITURES
Insurance		Other Programs		51,239
Judicial Branch		Other Programs		345,211
Justice	Various	Medicaid Cluster	517,055	517,055
		Other Programs		16,790,287
		Total Justice		17,307,342
Natural and Cultural Resources	Various	Highway Planning And Construction Cluster	90,100	90,100
		Other Programs		3,920,829
		Total Natural and Cultural Resources		4,010,929
Pease Development Authority		Other Programs		646,712
Professional Licensure and Certification		Other Programs		93,398
Public Utilities Commission		Other Programs		567,273
Safety	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	111,923,447	111,923,447
		Other Programs		13,813,157
		Total Safety		125,736,604
Secretary of State		Other Programs		4,000,693
Strategic Initiatives	93.568	Low-Income Home Energy Assistance	26,047,537	26,047,537
		Other Programs		2,297,899
		Total Strategic Initiatives		28,345,436
Transportation	Various	Highway Planning And Construction Cluster	170,053,345	
	20.223	TIFIA	21,320,688	191,374,033
		Other Programs		23,508,053
		Total Transportation		214,882,086
Veterans Home		Other Programs		8,465,297
		TOTAL EXPENDITURES	**4,303,883,886**	**4,613,207,725**

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Fiscal Committee of the General Court
State of New Hampshire:

Report on the Financial Statements

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 (the State), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Liquor Commission and the Lottery Commission, which are major enterprise funds and represent 7.2% and 51.5%, respectively, of the assets and revenues of the business-type activities. Additionally, we did not audit the financial statements of the aggregate discretely presented component units. Further, we did not audit the financial statements of the New Hampshire Retirement System, the New Hampshire Judicial Retirement Plan and the New Hampshire Public Deposit Investment Pool, which represent 98.0% and 86.4%, respectively, of the assets and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely 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 from material misstatement. The financial statements of the New Hampshire Public Deposit Investment Pool and the Business Finance Authority of the State of New Hampshire were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the 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, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1(u), to the basic financial statements, in 2021, the State of New Hampshire adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information, as listed in the table of contents (collectively referred to as RSI), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021 on our consideration of the State'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 solely 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 effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts
December 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

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, 2021. 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.

Government-Wide Highlights

Net Position: The total assets and deferred outflows of resources of the State exceeded total liabilities and deferred inflows of resources as of June 30, 2021 by $2.5 billion. This amount is presented as "Total Net Position" on the Statement of Net Position for the Primary Government (condensed information can be seen later in the MD&A section of this report). Of this amount, $(2.6) billion is reported as a deficit in unrestricted net position, representing a deficiency of unrestricted, non-capital assets, to liabilities other than capital debt.

Changes in Net Position: The State's total net position increased by $728.2 million, or 42.2%, in fiscal year 2021 from $1,727.4 million to $2,455.6 million, as shown in the Comparative Changes in Net Position table within this report. Also reflected in this table, the State's net position of governmental activities increased by $542.5 million (171.6%), from $316.1 million to $858.6 million in fiscal year 2021. Net position of the business-type activities showed an increase of $185.7 million (13.2%) related to fiscal year 2021 activity, from $1,411.3 million to $1,597.0 million. Total change in expenses for the period were $820.7 million, or 9.2% higher than fiscal year 2020 and total change in revenues were approximately $1,708.8 million or 19.6% higher than fiscal year 2020. The increases in both program and general revenues more than offset the increase in spending, thus increasing the overall change in net position.

Non-Current Liabilities: The State's total non-current liabilities increased by $669.6 million or 15.9% during the current fiscal year, and is largely due to the combined increase of $694.1 million in the State's aggregate total OPEB and Pension liabilities, offset by decreases in outstanding Bonds. The OPEB and Pension increases were the result of an updated actuarial valuation and experience study conducted, which changed mortality and other assumptions.

Fund Highlights:

Governmental funds - Fund Balances: As of the close of fiscal year 2021, the State's governmental funds reported a combined balance of all funds of $1,542.4 million $1,065.8 million, a increase of $478.6 million over the prior year. Within the governmental funds, fund balances for the general fund, highway fund, education fund, and the combined non-major governmental funds increased(decreased) by $394.1 million, $19.5 million, $11.0 million and $53.9 million, respectively. For general and education funds, the fiscal year 2021 budget contemplated the use of both current year revenues and fund balance carried forward from the prior biennium, to support current year spending. While most taxes experienced shortfall in fiscal year 2020, many taxes rebounded in the current year such as business taxes and the real estate transfer tax, which exceeded both plan and the prior year. As of June 30, 2021, $257.8 million of the unassigned fund balance represents the Revenue Stabilization balance ("Rainy Day Fund"), as compared to $115.5 million in fiscal year 2020. The large increase of $142.3 million to the Rainy Day fund was the result of a transfer done in accordance with RSA 9:13, which states at the close of each fiscal biennium, any General Fund Unassigned Fund Balance (Surplus) remaining, as determined by the official audit performed pursuant to RSA 21-I:8, II(a), shall be transferred to this special non-lapsing account. For the highway fund, the increase in fund balance was partially driven by a transfer of surplus from the previous general fund unassigned fund balance to the highway fund, as part of the adopted 2020-2021 biennial budget. The fund balance increase in the non-major funds was primarily driven by the timing of capital fund spending and receipt of bond issuance proceeds.

The Coronavirus Relief Fund ("CRF") is used to account for revenues and expenditures related to federal revenue received under section 601 (a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). During fiscal year 2020, the CARES Act established the Coronavirus Relief Fund and the State received an allocation of $1.25 billion. The State considers this fund to be a major governmental fund, however the fund does not carry a fund balance. All revenue is recognized as eligible expenditures are incurred, with the remaining balance classified as unearned revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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 required 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 Position and Statement of Activities) provide both short-term and long-term information about the State's overall financial position. They are prepared using the economic resources measurement focus and 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 Position**, beginning on page 28, presents all of the State's non-fiduciary assets and liabilities as well as any deferred out- flows of resources or deferred inflows of resources. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as "net position" instead of fund balance as shown on the Fund Statements. Over time, increases or decreases in the net position 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 30, presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position 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 (includes Racing & Charitable Gaming),
Turnpike System,
State Revolving Fund (SRF), 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 of the State of New Hampshire
Community Development Finance Authority,
Pease Development Authority,and
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 basic financial statements.

Fund Financial Statements

A fund is a grouping of related accounts 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 three 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 the Non-Major Funds reported in the aggregate. Fiduciary funds are reported by fiduciary type (pension, private-purpose, investment trust, and custodial).

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 current financial resources measurement focus and 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 Governmental Fund Financial Statements can be found on pages 33 and 35.

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 Financial Statements and the Government-Wide Financial Statements, which can be found on pages 34 and 36.

The State's major governmental funds include the General Fund, Coronavirus Relief Fund, Highway Fund, and Education Fund.

Individual fund data for each of the State's non-major governmental funds (Fish and Game Fund, Capital Projects Fund, Other Governmental Fund, and Permanent Funds) are provided in the combining statements found on pages 116 and 117.

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 five enterprise funds and one 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, SRF Fund 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 economic resources measurement focus and 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 38 through 41.

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 economic resources measurement focus and accrual basis of accounting.

The State's fiduciary funds on pages 43-44 include the:

- **Pension Trust Funds** which account for the activity of the New Hampshire Retirement System and the New Hampshire Judicial Retirement Plan, which are component units of the State,
- **Private-Purpose Trust Funds** which account for the activity of trust arrangements under which principal and income benefit individuals, private organizations, or other governments,
- **Investment Trust Fund** which accounts for the activity of the external investment pool known as the New Hampshire Public Deposit Investment Pool (NHPDIP), and
- **Custodial Funds** which report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

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 four 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 46 and 47.

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 49.

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 reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements. In addition, information about the New Hampshire Retirement System and the New Hampshire Judicial Retirement Plan, as required under GASBS 68 and information about the Trusted and Non-Trusted Other Post Employment Benefit Plans (OPEB), as required under GASB 75.

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 Position

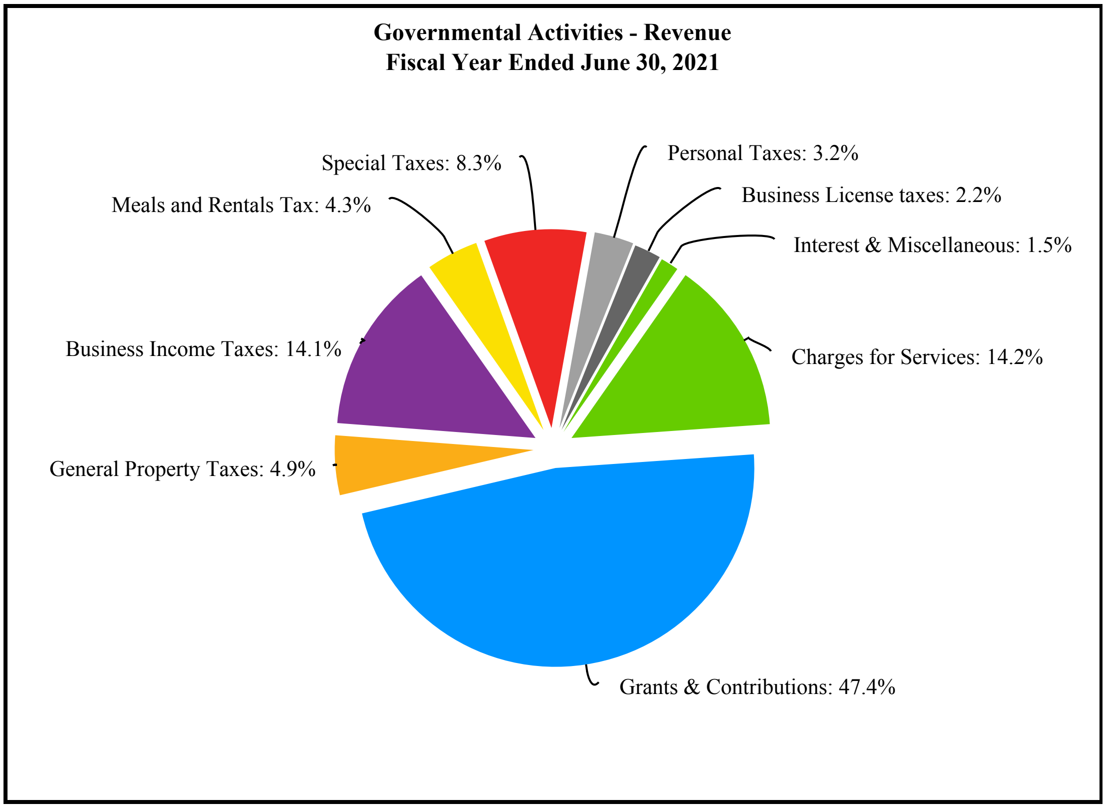
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The State's combined net position (governmental and business-type activities) totaled $2.5 billion as of June 30, 2021 which was $728.2 million, or 42.15%, higher than the net position as of June 30, 2020.

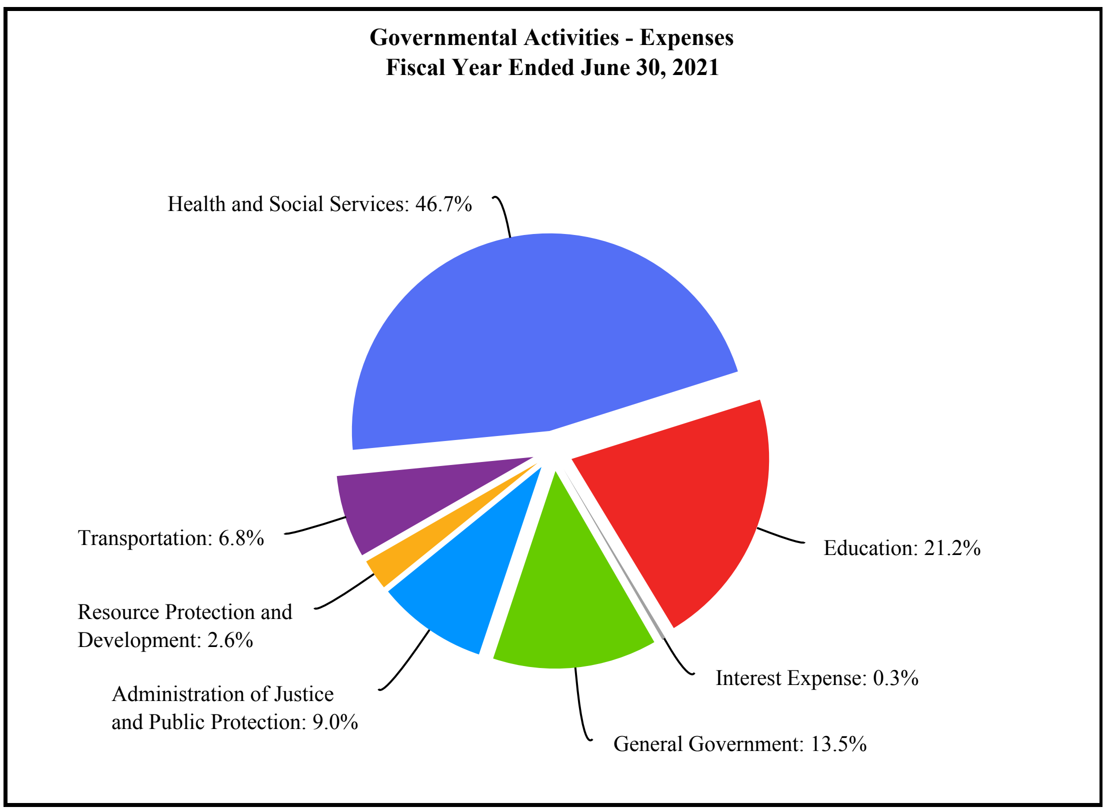
Comparative Net Position as of June 30, 2021 and 2020 (* as restated)
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current assets	$ 2,673,499	$ 1,993,892	$ 746,268	$ 618,482	$ 3,419,767	$ 2,612,374
Capital assets	3,340,759	3,325,174	985,716	986,522	4,326,475	4,311,696
Other assets	652,189	823,193	531,514	572,359	1,183,703	1,395,552
Total assets	6,666,447	6,142,259	2,263,498	2,177,363	8,929,945	8,319,622
Total deferred outflows of resources	633,472	206,723	34,655	11,438	668,127	218,161
Current liabilities	1,536,616	1,592,217	177,064	243,339	1,713,680	1,835,556
Noncurrent liabilities	4,395,088	3,725,984	487,344	486,821	4,882,432	4,212,805
Total liabilities	5,931,704	5,318,201	664,408	730,160	6,596,112	6,048,361
Total deferred inflows of resources	509,599	714,679	36,743	47,295	546,342	761,974
Net position:						
Net investment in capital assets	2,460,257	2,442,642	658,160	629,432	3,118,417	3,072,074
Restricted	899,744	811,303	1,000,010	836,985	1,899,754	1,648,288
Unrestricted	(2,501,385)	(2,937,843)	(61,168)	(55,071)	(2,562,553)	(2,992,914)
Total net position	$ 858,616	$ 316,102	$ 1,597,002	$ 1,411,346	$ 2,455,618	$ 1,727,448

Comparative Changes in Net Position
For Fiscal Years Ended June 30, 2021 and 2020
(In Thousands)

	Governmental Activities *		Business-Type Activities		Total Primary Government *	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Revenues						
Program revenues:						
Charges for services	$ 1,113,097	$ 995,385	$ 1,628,076	$ 1,366,720	$ 2,741,173	$ 2,362,105
Operating grants & contributions	3,512,151	2,823,948	948,090	821,443	4,460,241	3,645,391
Capital grants & contributions	209,205	208,723	27	5	209,232	208,728
General revenues:						
General property taxes	380,858	386,004			380,858	386,004
Business income taxes	1,104,374	654,400			1,104,374	654,400
Meals and rentals tax	333,877	316,114			333,877	316,114
Special taxes	652,545	633,110			652,545	633,110
Personal taxes	252,425	213,654			252,425	213,654
Business license taxes	170,992	174,691			170,992	174,691
Interest	18,234	18,361			18,234	18,361
Miscellaneous	98,093	100,735			98,093	100,735
Total revenues	7,845,851	6,525,125	2,576,193	2,188,168	10,422,044	8,713,293
Expenses						
General government	1,023,931	938,745			1,023,931	938,745
Administration of justice and public protection	686,499	583,877			686,499	583,877
Resource protection and development	194,219	197,678			194,219	197,678
Transportation	514,303	485,317			514,303	485,317
Health and social services	3,547,901	3,092,544			3,547,901	3,092,544
Education	1,612,262	1,443,493			1,612,262	1,443,493
Interest expense	24,007	27,426			24,007	27,426
Turnpike System			99,106	99,371	99,106	99,371
Liquor Commission			624,976	599,886	624,976	599,886
Lottery Commission			374,646	293,314	374,646	293,314
SRF			19,653	14,299	19,653	14,299
Unemployment Compensation Trust Fund			972,371	1,097,245	972,371	1,097,245
Total expenses	7,603,122	6,769,080	2,090,752	2,104,115	9,693,874	8,873,195
Increase/ (decrease) in net position before transfers and other items	242,729	(243,955)	485,441	84,053	728,170	(159,902)
Transfers & other items	299,785	268,771	(299,785)	(268,771)		
Increase/ (decrease) in net position	542,514	24,816	185,656	(184,718)	728,170	(159,902)
Net position - July 1, as restated (Note 1.U)*	316,102	291,286	1,411,346	1,596,064	1,727,448	1,887,350
Net position - June 30	$ 858,616	$ 316,102	$ 1,597,002	$ 1,411,346	$ 2,455,618	$ 1,727,448


Governmental Activities - Revenue
Fiscal Year Ended June 30, 2021
Special Taxes: 8.3%
Personal Taxes: 3.2%
Business License taxes: 2.2%
Meals and Rentals Tax: 4.3%
Interest & Miscellaneous: 1.5%
Business Income Taxes: 14.1%
Charges for Services: 14.2%
General Property Taxes: 4.9%
Grants & Contributions: 47.4%


Governmental Activities - Expenses
Fiscal Year Ended June 30, 2021
Health and Social Services: 46.7%
Transportation: 6.8%
Education: 21.2%
Resource Protection and Development: 2.6%
Interest Expense: 0.3%
Administration of Justice and Public Protection: 9.0%
General Government: 13.5%

<u>Net Investment in Capital Assets:</u> The largest portion of the State's net position 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 net investment in capital assets increased $46.2 million from prior year. This increase was a combination of an increase in net capital assets of $15.0 million combined with a $33.6 million decrease in bonded debt related to capital assets, primarily a decrease in Turnpike bonds of $29.6 million (from $293.5 million last year to $263.9 million this year). 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.

<u>Restricted Net Position:</u> Another portion of the State's net position, $1,899.8 million, represents resources that are subject to external restrictions on how they may be used. State-imposed designations of resources, unless resulting from enabling legislation, are not presented as restricted net position. Restricted net position increased $251.5 million from prior year, more than half of the increase as a result of the unemployment compensation trust fund balance increasing $157.7 million from a combination of additional federal funding and transfers from the State's CRF to stabilize the fund's balance.

<u>Unrestricted Net Position:</u> The deficit in the State's unrestricted net position is $2,562.6 million as compared to a deficit of $2,992.9 million from the previous year. The two largest components of the deficit are the net pension liability of $1,231.1 million and the other postemployment benefit liability of $2,197.6 million. While both long term liabilities increased over the prior year, unrestricted revenues came in significantly higher than plan, which positively impacted the deficit unrestricted net position.

Changes in Net Position

The State's total net position increased by $728.2 million, or 42.2%, from current fiscal year activities. Total revenues were $10,422.0 million, an increase of $1,708.9 million (19.6%) as compared to the prior year, and total reported expenses were $9,693.9 million, an increase of $820.7 million (9.2%) as compared to the prior year. The increases in both program and general revenues more than offset the increase in spending.

More than half of the State's revenue (71.3%) is from program revenue, consisting of charges for services, and federal and local grants. This includes significant federal funding from the CARES Act and American Rescue Plan Act. Revenues not specifically targeted for a specific program are known as general revenues, which are primarily from taxes. In total, program revenues exceeded the prior fiscal year by $1,194.4 million and general revenues increased $514.5 million as compared to prior year. The favorable results can be attributed in large part to the impact of the COVID-19 pandemic on the State's economy. While in prior year several taxes had underperformed, in the current year several taxes experienced a turnaround. Business Taxes Real Estate Transfer Taxes (under Special Taxes), and Tobacco Taxes (under Personal Taxes) were all above plan and prior year and while Meals and Rental Taxes fell short of plan, they still exceed the prior year.

The State's expenses cover a range of services. The largest expenses were for Health and Social Services and Education, which accounted for 46.4% and 21.1% of total expenses, respectively.

Analysis of Changes in Revenues and Expenses
For Fiscal Year Ending June 30, 2021 Compared to 2020
($ In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	$Change	% Change	$Change	% Change	$Change	% Change
Revenues						
Program revenues:						
Charges for services	$ 117.7	11.8 %	$ 261.4	19.1 %	$ 379.1	16.0 %
Operating grants & contributions	688.2	24.4 %	126.6	15.4 %	814.8	22.4 %
Capital grants & contributions	0.5	0.2 %			0.5	0.2 %
General revenues:						
General Property Taxes	(5.1)	(1.3)%			(5.1)	(1.3)%
Business Income taxes	450.0	68.8 %			450.0	68.8 %
Meals and Rental Taxes	17.8	5.6 %			17.8	5.6 %
Special taxes	19.4	3.1 %			19.4	3.1 %
Personal taxes	38.8	18.2 %			38.8	18.2 %
Business License taxes	(3.7)	(2.1)%			(3.7)	(2.1)%
Interest	(0.1)	(0.5)%			(0.1)	(0.5)%
Miscellaneous	(2.6)	(2.6)%			(2.6)	(2.6)%
Total revenues	1,320.9	20.2 %	388.0	17.7 %	1,708.9	19.6 %
Expenses						
General government	85.2	9.1 %			85.2	9.1 %
Administration of justice and public protection	102.6	17.6 %			102.6	17.6 %
Resource protection and development	(3.5)	(1.8)%			(3.5)	(1.8)%
Transportation	29.0	6.0 %			29.0	6.0 %
Health and social services	455.4	14.7 %			455.4	14.7 %
Education	168.8	11.7 %			168.8	11.7 %
Interest Expense	(3.4)	(12.4)%			(3.4)	(12.4)%
Turnpike System			(0.3)	(0.3)%	(0.3)	(0.3)%
Liquor Commission			25.1	4.2 %	25.1	4.2 %
Lottery Commission			81.3	27.7 %	81.3	27.7 %
SRF Fund			5.4	37.8 %	5.4	37.8 %
Unemployment Compensation			(124.9)	(11.4)%	(124.9)	(11.4)%
Total expenses	$ 834.1	12.3 %	$ (13.4)	(0.6)%	$ 820.7	9.2 %

Governmental Activities

Governmental activities increased the State's net position by $242.7 million, before transfers and other items. Revenues increased by $1,320.7 million or 20.24% from the prior year to total $7.8 billion. Total program revenue, consisting of charges for goods and services, and federal and local grants and other funding, increased $806.4 million or 20.0%, taxes and other revenues increased $514.3 million, or 20.6%. Reported expenses increased $834.1 million or 12.3%. The rise in program revenues and expense was driven largely by an increase in federal grants, with the largest increase relating to federal funding for health and social services programs, including Medicaid, National Guard programs, as well as coronavirus relief fund payments.

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 above. 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 many of these significant program costs are not fully recovered from program revenues, these programs are supplemented from general revenues.

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 an increase in net position of $485.4 million prior to transfers. Business-Type activities include the operations from the Liquor Commission, Lottery Commission, SRF Fund, Unemployment Compensation Fund, and Turnpike Fund. The majority of business-type activities experienced similar levels of activity and change in net position as in the prior year, except for the Unemployment Compensation Fund.

While the Unemployment Compensation Fund still had significant claims as a result of the pandemic, $972.3 million as compared to $1.1 billion last year, the fund received more federal grants and subsidies to offset the rise in claims. In fiscal year 2020 Unemployment experienced a decrease in net position before transfers of ($236.4) million, whereas in fiscal year 2021 the fund saw an increase in net position of $113.5 million. In addition, in October 2020 the Governor authorized $50 million of CARES Act funds to be deposited into the Unemployment Compensation fund, in order to stabilize the fund going forward. With that funding and consideration of current forecasting, the State anticipates the Unemployment Compensation fund will remain solvent.

Operations of the Liquor Commission generated net income before transfers of $182.5 million, an increase of $24.4 million (15.4%) from the prior year. Transfers from the Liquor Commission to the General Fund unrestricted revenue totaled $163.9 million for fiscal year 2021, as compared to $144.9 million in fiscal year 2020, and were used to fund the general operations of the State. Also in fiscal year 2021, $18.5 million in liquor profits were transferred to the State's Alcohol Abuse Prevention and Treatment fund, as compared to $10.0 million in the prior year. The Lottery Commission net income before transfers of $144.4 million was an increase of $45.1 million (45.4%) as compared to the prior year net income of $99.3 million. Lottery experienced higher sales as a result of extremely large jackpots for Mega Millions and Powerball along with continued increases in instant scratch tickets. The Turnpike System generated net income before transfers of $27.3 million, which was a $3.7 million decrease from $37.0 million in the prior year, or 38.3%. Road toll revenues continue to lag below expectations with limited commuter and leisure travel, while expenses remained constant as a result of the COVID-19 global pandemic. The operations of the State Revolving Fund continue to yield an overall increase in net position. As in previous years, revenue from federal grants and interest exceed the administrative costs to run the program. For fiscal year 2021, net position increased by $17.8 million.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Total Governmental Fund Balances were $1,542.4 million at 6/30/21, of which $1,240.3 million represents the General Fund's balance. Revenues were in excess of expenditures by $64.7 million before Other Financing Sources (Uses).

General Fund

The general fund is the primary operating fund of the State. The total fund equity at June 30, 2021 is $1,240.3 million, which was an increase of $394.1 million over the prior year balance of $846.2 million. Revenues in the general fund were $5,307.4 million, $900.6 million (20.4%) higher than the prior year, with significant increases in business and special taxes, along with increased federal funding. Unlike fiscal year 2020, unrestricted revenues in fiscal year 2021 exceeded both plan and prior year. The top three performers, all exceeding plan by more than 25%, were Business Taxes, Real Estate Transfer Tax, and Tobacco Taxes. Expenditures increased by $485.8 million (10.5%) to $5,099.4 million, which was primarily the result of the increase in Health and Social Services expenditures.

The total General Fund unassigned fund balance is comprised of the Undesignated fund balance and the Rainy Day fund balance. Pursuant to RSA 9;13-e, at the close of each fiscal biennium, any General Fund Unassigned Fund Balance (Surplus) remaining, as determined by the official audit performed pursuant to RSA 21-I:8, II(a), shall be transferred to the Rainy Day account. During 2021, a transfer of $0.1 million for 10% of certain settlements, and a transfer of general fund surplus from the Fiscal 2020-2021 biennium of $142.2 million, brought the Rainy Day fund at June 30, 2021 to $257.8 million, leaving the Undesignated balance at zero.

Coronavirus Relief Fund

As noted, the CRF does not carry a fund balance but federal payments received are held by State Treasury and revenue is recognized as eligible expenditures are incurred, with the remaining balance classified as unearned revenue. For fiscal year 2021 the CRF reported expenditures (including transfers out) and revenue of $690.3 million as compared to $493.3 million in fiscal year 2020, bringing the initial unearned of $1.25 billion down to $66.7 million. These expenditures represent purchases of equipment to assist the State in its response to the COVID-19 global pandemic, as well as grant programs to assist small businesses with the economic disruption.

Education Fund

As noted, the education trust fund did not have a deficit balance as of June 30, 2021, but ended with surplus revenues which, per statute, remain in the fund and are classified as assigned fund balance. A portion of this surplus has been designated by the legislature to be appropriated in fiscal year 2022.

Highway Fund

The highway fund ended the year with a restricted fund balance of $136.9 million and assigned fund balance of $26.0 million, up $8.1 million from $17.9 million in the prior year reflecting surplus transfers from the General Fund. As the highway fund revenues include revenues primarily restricted by the State Constitution or the Federal Government, the fund balance as of June 30, 2021 is predominantly classified as restricted. Without the surplus transfer of $8.1 million, total fund balance increased $11.4 million during fiscal year 2021 due to higher lapsed expenditures as compared to the budgeted amounts, offset by decreased revenue collections in part resulting from the COVID-19 global pandemic and the reduction in both commuter and leisure travel.

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 that have a legally adopted budget are in the Required Supplementary Information section beginning on page 101.

General Fund:

The net increase from the original budget of $5,059.4 million to the final budget of $8,275.2 million is $3,215.7 million and represents additional appropriations issued after adoption of the operating budget, primarily in the following categories of government: Health & Social Services ($1,677.1 million), Education ($613.9 million), Justice & Public Protection ($457.9 million), General Government ($298.0 million), Resource Protection and Development ($104.3 million) and Transportation ($64.6 million). Additional federal funds were granted under the Coronavirus Aid, Relief and Economic Security Act of 2020 ("CARES Act") and the American Rescue Plan Act of 2021 ("ARPA") which resulted in additional appropriations that were not part of the originally adopted budget. This included funding for Medicaid, Health, and Education programs. In addition, the final budget reflects all appropriations included in the companion legislation which accompanied the original adopted budget. As noted earlier, during deliberations as part of the budget for the 2022-2023 biennium, the Legislature designated much of the excess fiscal 2021 general fund revenue to fund initiatives which is also included in the final budgeted appropriations for fiscal year 2021. This includes: $36 million for the Department of Health and Human Services for the construction of a forensic psychiatric hospital and transitional housing beds; $25 million for the Affordable Housing Fund; $15.6 million Department of Environmental Services' state aid grants, as well as multiple other supplemental appropriations.

Total actual expenditures were approximately $2,705.2 million lower than the final budget, primarily within the Department of Health & Human Services ($1,213.6 million), the Department of Education ($580.8 million), Department of Environmental Services ($173.8 million) and the Department of Safety ($157.1 million), This variance was largely due to the timing of program expenditures and certain supplemental appropriations for programs designated for the '20-21 biennium and the '22-23 biennium (retroactively appropriated to '21), which were not completed in fiscal year 2021.

Actual total revenue was less than the final budget by approximately $1,592.4 million which was primarily the result of additional federal funding ($1,082.2 million) from CARES and ARPA that were budgeted but not spent, therefore revenues remained unearned at the end of fiscal year 2021.

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, 2021, amounted to $8.3 billion, with accumulated depreciation amounts of $3.9 billion, leaving a net book value of $4.3 billion, consistent with the 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 $2.7 billion, consistent with the prior year.

The 2020-2021 capital budget authorized $261 million in capital appropriations, leveraging approximately $125 million in general fund bonding authority, with the balance from other sources. Some of the State's larger projects resulting in capitalized assets during fiscal year 2021 include:

- $19.7 million in various computer software system installations and equipment upgrades at the Departments of Health and Human Services ($9.9 million), Employment Security ($3.3 million) and Department of Safety ($6.5 million).
- Buildings and building improvements of approximately $22.9 million relating to National Guard armory and headquarter locations.
- Increased capitalized equipment of $15.5 million towards transportation and other operational improvements.
- Department of Transportation continued expenditures towards highways, bridges and other state infrastructure improvements.

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 and notes, 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 bond and note payables outstanding of $1,247.1million. Of the total amount, $881.1 million are general obligation bonds, direct placement bonds, and notes payable, which are backed by the full faith and credit of the State, and $90.8 million are Federal Highway Grant

Anticipation Bonds (GARVEE). The remainder of the State's debt is Turnpike revenue bonds, which are secured by the specified revenue sources within the Turnpike System.

The State issued 2 separate General Obligation Capital Improvement Bonds 2020 totaling $49.5 million of which the proceeds will be used to fund all or part of various capital projects of the State. In addition the State issued 2 separate series of refunding bonds totaling $87.1 million. Neither refunding extended maturities, but will produce savings of approximately $10.8million over the next ten years, with $2.1 million in fiscal year 2021.

In May 2016, the State entered into the Transportation Infrastructure Finance and Innovation Act (TIFIA) financing agreement to advance the construction of the remaining I-93 expansion projects. The loan proceeds are being used on four Federal Highway Administration (FHWA) approved projects included in the I-93 widening project, of which were active in the state fiscal year 2021. Total proceeds attributed to fiscal year 2021 expenditures were $21.3 million, representing an addition to the long-term note payable.

Additional information on the State's long-term debt issuances and obligations can be found in Footnote 5 of the Notes to the Basic Financial Statements.

Fitch Ratings has assigned the State's bond rating of AA+, Moody's Investors Service of Aa1, and Standard & Poor's of AA, all with a stable outlook.

ECONOMIC CONDITIONS AND OUTLOOK

On March 13, 2020 Governor Sununu declared a State of Emergency in New Hampshire due to the COVID-19 Global Pandemic (the "pandemic"). Prior to this, in January 2020, the State had an unemployment rate of 2.6 percent, continuing a years-long run of a rate well under 3 percent. But within weeks of the Governor's emergency orders issued in March, the rate jumped to 17.1 percent in April, dropping to 9.2 percent by June. However over the next twelve months, with the influx of additional federal funding and strong tax growth from business and the real estate transfer tax, the State's economy rebounded. In June 2021 the Governor ended the State of Emergency. New Hampshire's unemployment was down to 2.9% as of June 2021 in line with pre-pandemic levels.

Fiscal Year 2022 Revenue Performance for the five months ended November 30, 2021

Unrestricted revenue for the General and Education Funds received during November totaled $131.9 million, which was above the plan by $27.0 million (25.7%) and below the prior year by $9.4 million (6.6%). Year-to-date unrestricted revenue totaled $878.4 million, which was above plan by $98.0 million (12.6%) and above prior year by $62.7 million (7.7%).

Cash basis collections are performing strong in the following revenue categories:

- Business tax collections through November totaled $313.5 million which was $60.2 million (23.8%) above plan and $54.8 million (21.2%) above prior year.
- Meals and Rental Tax collections through November of $154.3 million were $35.5 million (29.9%) above plan and $8.1 million (5.5%) above prior year.
- Real Estate Transfer Taxes through November of $104.7 million were $3.5 million (3.5%) above plan and $17.8 million (20.5%) above prior year.

Additional discussion of the region's economy is found in the Commissioner's Transmittal Letter.

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

STATE OF NEW HAMPSHIRE
STATEMENT OF NET POSITION
JUNE 30, 2021
(Expressed in Thousands)

	Primary Government			
	Governmental Activities	**Business-Type Activities**	**Total**	**Component Units**
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 1,517,741	$ 123,314	$ 1,641,055	$ 139,423
Cash and Cash Equivalents-Restricted	33,781	332,027	365,808	17,880
Investments				139,741
Investments - Restricted		99,521	99,521	
Receivables (Net of Allowances for Uncollectibles)	1,024,447	33,412	1,057,859	64,390
Other Receivables-Restricted		94,763	94,763	
Internal Balances Receivable (Payable)	26,663	(26,663)		
Inventories	61,942	85,438	147,380	
Other Current Assets	8,925	141	9,066	10,525
Other Current Assets-Restricted		4,315	4,315	
Total Current Assets	2,673,499	746,268	3,419,767	371,959
Noncurrent Assets:				
Receivables (Net of Allowances for Uncollectibles)	29,671		29,671	26,974
Other Receivables-Restricted		475,798	475,798	
Investments	25,143		25,143	1,036,363
Investments-Restricted	597,375	51,148	648,523	
Other Assets				42,714
Other Assets-Restricted		4,568	4,568	
Capital Assets:				
Land & Land Improvements	719,320	106,832	826,152	15,256
Buildings & Building Improvements	1,058,099	72,126	1,130,225	2,101,163
Equipment & Computer Software	588,524	87,911	676,435	161,136
Construction in Progress	143,992	47,103	191,095	60,264
Infrastructure	4,254,353	1,176,111	5,430,464	
Less: Allowance for Depreciation	(3,423,529)	(504,367)	(3,927,896)	(1,035,197)
Net Capital Assets	3,340,759	985,716	4,326,475	1,302,622
Total Noncurrent Assets	3,992,948	1,517,230	5,510,178	2,408,673
Total Assets	6,666,447	2,263,498	8,929,945	2,780,632
DEFERRED OUTFLOWS OF RESOURCES	633,472	34,655	668,127	85,151

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

STATE OF NEW HAMPSHIRE
STATEMENT OF NET POSITION
June 30, 2021
(Expressed in Thousands)

	Primary Government			
	Governmental Activities	**Business-Type Activities**	**Total**	**Component Units**
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 410,219	$ 92,582	$ 502,801	$ 96,272
Accrued Payroll	61,247	4,247	65,494	5,892
Unearned Revenue	874,785	17,293	892,078	61,584
Unclaimed Property & Prizes	21,457	2,987	24,444	
General Obligation Bonds Payable	69,099	5,532	74,631	
Federal Highway Grant Anticipation Bond Payable	14,400		14,400	
Claims & Compensated Absences Payable	41,395	2,151	43,546	37,513
Other Liabilities	44,014	25,987	70,001	12,358
Revenue Bonds Payable		26,285	26,285	32,052
Total Current Liabilities	1,536,616	177,064	1,713,680	245,671
Noncurrent Liabilities:				
General Obligation Bonds Payable, Net	671,944	40,717	712,661	
Federal Highway Grant Anticipation Bond Payable	61,400		61,400	
Revenue Bonds Payable, Net		263,925	263,925	381,003
Notes Payable	196,238		196,238	
Claims & Compensated Absences Payable	108,435	8,739	117,174	33,926
Other Postemployment Benefits Payable	2,087,806	109,844	2,197,650	200,643
Derivative Instruments - Interest Rate Swaps				22,280
Net Pension Liability	1,173,739	57,447	1,231,186	74,546
Other Noncurrent Liabilities	95,526	6,672	102,198	81,553
Total Noncurrent Liabilities	4,395,088	487,344	4,882,432	793,951
Total Liabilities	5,931,704	664,408	6,596,112	1,039,622
DEFERRED INFLOWS OF RESOURCES	509,599	36,743	546,342	51,858
NET POSITION				
Net Investment in Capital Assets	2,460,257	658,160	3,118,417	907,450
Restricted for Debt Repayments		54,496	54,496	
Restricted for Uninsured Risks		4,014	4,014	
Restricted for Unemployment Benefits	36,306	202,598	238,904	
Restricted for Permanent Funds-Expendable	16,979		16,979	
Restricted for Permanent Funds-Non-Expendable	12,660		12,660	
Restricted for Prize Awards - MUSL & Tri-State		4,568	4,568	
Restricted for Environmental Remediation	280,958		280,958	
Restricted for Environmental Loan Programs	916	733,462	734,378	
Restricted for Health and Social Services	220,398		220,398	
Restricted for Facility Sustainment		705	705	
Restricted for Highway	136,887		136,887	
Restricted for Other Purposes	194,640		194,640	
Restricted for Loan Receivable		167	167	
Restricted Component Unit Net Position				666,138
Unrestricted Net Position (Deficit)	(2,501,385)	(61,168)	(2,562,553)	200,715
Total Net Position	$ 858,616	$ 1,597,002	$ 2,455,618	$ 1,774,303

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

STATE OF NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	$ 1,023,931	$ 373,247	$ 701,644	
Administration of Justice & Public Protection	686,499	434,461	203,424	
Resource Protection and Development	194,219	93,754	37,566	66
Transportation	514,303	15,995	19,719	209,139
Health and Social Services	3,547,901	193,639	2,297,528	
Education	1,612,262	2,001	252,270	
Interest Expense	24,007			
Total Governmental Activities	7,603,122	1,113,097	3,512,151	209,205
Business-type Activities:				
Turnpike System	99,106	126,446		27
Liquor Commission	624,976	807,427		
Lottery Commission	374,646	519,034		
SRF	19,653	15,121	22,283	
Unemployment Compensation	972,371	160,048	925,807	
Total Business-type Activities	2,090,752	1,628,076	948,090	27
Total Primary Government	$ 9,693,874	$ 2,741,173	$ 4,460,241	$ 209,232
COMPONENT UNITS				
University System of New Hampshire	912,227	529,598	386,279	64,568
Non-Major Component Units	158,420	64,881	72,475	3,653
Total Component Units	$ 1,070,647	$ 594,479	$ 458,754	$ 68,221

General Revenues:
General Property Taxes
Business Income Taxes
Meals and Rental 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 Position
Net Position - July 1, as restated (Note 1.U) *
Net Position - June 30

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities *	Business-Type Activities	Total *	Component Units
$ 50,960		$ 50,960	
(48,614)		(48,614)	
(62,833)		(62,833)	
(269,450)		(269,450)	
(1,056,734)		(1,056,734)	
(1,357,991)		(1,357,991)	
(24,007)		(24,007)	
(2,768,669)		(2,768,669)	
	$ 27,367	27,367	
	182,451	182,451	
	144,388	144,388	
	17,751	17,751	
	113,484	113,484	
	485,441	485,441	
$ (2,768,669)	$ 485,441	$ (2,283,228)	
			68,218
			(17,411)
			$ 50,807
380,858		380,858	
1,104,374		1,104,374	
333,877		333,877	
652,545		652,545	
252,425		252,425	
170,992		170,992	
18,234		18,234	
98,093		98,093	
			148,422
299,785	(299,785)		
3,311,183	(299,785)	3,011,398	148,422
542,514	185,656	728,170	199,229
316,102	1,411,346	1,727,448	1,575,074
$ 858,616	$ 1,597,002	$ 2,455,618	$ 1,774,303

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

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.*

Coronavirus Relief Fund: *The Coronavirus Relief Fund is used to account for revenues and expenditures related to federal revenue received under section 601 (a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act").*

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 federal emergency 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 municipalities' school districts and to approved charter schools pursuant to RSA 198:42, to provide low and moderate income homeowners property tax relief under RSA 198:56-198:61, and to fund kindergarten programs as may be determined by the general court. Funding for the grants comes from a variety of sources including the statewide property and utility taxes, incremental portions of existing business, real estate transfer and tobacco taxes, lottery funds and tobacco settlement funds.*

STATE OF NEW HAMPSHIRE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(Expressed in Thousands)

	General	Coronavirus Relief	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 1,191,335	$ 66,660	$ 170,004	$ 48,789	$ 9,462	$ 1,486,250
Investments	563,738				58,780	622,518
Receivables (Net of Allowances for Uncollectibles)	810,512		43,350	151,085	4,165	1,009,112
Due from Other Funds	49,936		1,151	2,117	3,432	56,636
Other Assets	8,482					8,482
Inventories	39,275		21,961		706	61,942
Loan Receivables	29,695					29,695
Total Assets	$ 2,692,973	$ 66,660	$ 236,466	$ 201,991	$ 76,545	$ 3,274,635
LIABILITIES						
Accounts Payable	368,273		29,767	5,359	6,743	410,142
Accrued Payroll	49,689		10,446		1,112	61,247
Due to Other Funds	1,504		2		28,467	29,973
Unearned Revenue	806,028	66,660	2,097			874,785
Unclaimed Property	21,457					21,457
Tax Refunds Payable	5,702			3,163		8,865
Other Liabilities	396		8,000			8,396
Total Liabilities	1,253,049	66,660	50,312	8,522	36,322	1,414,865
DEFERRED INFLOWS OF RESOURCES	199,656		1,306	116,415		317,377
FUND BALANCES						
Nonspendable:						
Inventories	39,275		21,961		706	61,942
Permanent Fund Principal					12,660	12,660
Restricted	666,369		136,887		39,942	843,198
Committed	35,409				4,450	39,859
Assigned	241,416		26,000	77,054	9,446	353,916
Unassigned:						
Revenue Stabilization	257,799					257,799
Other					(26,981)	(26,981)
Total Fund Balances	1,240,268		184,848	77,054	40,223	1,542,393
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,692,973	$ 66,660	$ 236,466	$ 201,991	$ 76,545	$ 3,274,635

The notes to the basic 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 POSITION
JUNE 30, 2021
(Expressed in Thousands)

Total Fund Balances for Governmental Funds		$ 1,542,393
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,340,759
Revenues that will be collected after year-end and are not available to pay for the current period's expenditures are reported as deferred inflows of resources in the funds.		317,377
Revenues that will be collected after year-end and are not available		443
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 are included in governmental activities in the Statement of Net Position.		56,546
Net deferred outflows of resources related to deferred losses on refunding of bonds payable are not reported in the funds.		8,631
Certain liabilities are not payable by current available resources and therefore are not reported in the funds:		
Compensated Absences, Workers' Compensation	(125,870)	
Net Pension Liability, net of Deferred Amounts	(904,137)	
Other Postemployment Benefits Payable, net of Deferred Amounts	(2,242,166)	
Pollution Remediation Obligation	(78,691)	
Capital Lease Obligations	(16,900)	
Bonds and Notes Payable	(1,013,081)	
Federal Highway Administrative Liability	(19,846)	
Interest Payable and Other Liabilities	(6,842)	(4,407,533)
Net Position of Governmental Activities		$ 858,616

STATE OF NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	General	Coronavirus Relief	Highway	Education	Non-Major Governmental Funds *	Total Governmental Funds
REVENUES						
General Property Taxes	$ 291			$ 401,267		$ 401,558
Special Taxes	1,526,100			450,224		1,976,324
Personal Taxes	153,050			99,375		252,425
Business License Taxes	27,316		170,992			198,308
Non-Business License Taxes	146,940		91,869		12,014	250,823
Fees	139,192		34,104		10,327	183,623
Fines, Penalties and Interest	12,273		4,475		215	16,963
Federal Government	2,676,888	690,254	173,651		40,951	3,581,744
Private and Local Sources	156,949		7,426		604	164,979
Rents and Leases	1,448		14			1,462
Interest, Premiums and Discounts	20,091			792	573	21,456
Sale of Commodities	15,929		2,309		357	18,595
Sale of Service	26,443		3,833			30,276
Assessments	59,845					59,845
Other Agencies	73,628		10,535		683	84,846
Miscellaneous	271,049		4,080	40,001	41,061	356,191
Total Revenues	5,307,432	690,254	503,288	991,659	106,785	7,599,418
EXPENDITURES						
Current:						
General Government	479,280	364,148		1,206	27,117	871,751
Administration of Justice and Public Protection	493,598	61,211	83,433			638,242
Resource Protection and Development	155,258	4,693	1,872		23,516	185,339
Transportation	34,219	11,042	321,228			366,489
Health and Social Services	3,375,573	143,144			511	3,519,228
Education	431,195	56,016		1,124,503		1,611,714
Debt Service	96,225		33,650		241	130,116
Capital Outlay	34,016		107,964		69,867	211,847
Total Expenditures	5,099,364	640,254	548,147	1,125,709	121,252	7,534,726
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	208,068	50,000	(44,859)	(134,050)	(14,467)	64,692
OTHER FINANCING SOURCES (USES)						
Transfers In	10,961		43,247		1,639	55,847
Transfers in from Enterprise Funds	205,548			144,237		349,785
Transfers Out	(44,886)	(50,000)	(3,275)	(1,173)	(6,513)	(105,847)
Capital Lease Acquisition	2,527					2,527
Payments to Refunding Agent					(97,868)	(97,868)
Bond Premiums					25,839	25,839
Bond and Note Issuance			21,321		133,533	154,854
Total Other Financing Sources	174,150	(50,000)	61,293	143,064	56,630	385,137
Net Change in Fund Balances	382,218		16,434	9,014	42,163	449,829
Fund Balances (Deficits)- July 1, as restated (Note 1.U) *	846,168		165,326	68,040	(1,638)	1,077,896
Change in Inventory	11,882		3,088		(302)	14,668
Fund Balances - June 30	$ 1,240,268		$ 184,848	$ 77,054	$ 40,223	$ 1,542,393

The notes to the basic 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, 2021
(Expressed in Thousands)

Net Change in Fund Balances for Total Governmental Funds, including Change in Inventory		$ 464,497
Amounts reported for governmental activities in the Statement of Activities are different because:		
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		102,415
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	16,242	
Buildings & Building Improvements	39,932	
Equipment & Computer Software	33,532	
Construction in Progress	(109,945)	
Infrastructure	168,556	
Accumulated Depreciation, Net of Disposals	(132,732)	15,585
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 of the internal service fund is reported with governmental activities.		(9,672)
Proceeds of bonds and notes provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayments exceeded proceeds.		
Note Proceeds Received	(21,321)	
Bond Proceeds and Premiums Received	(159,372)	
Repayment of Bond/Note Principal & Interest	189,323	
Amortization of Premiums	14,575	
Unamortized Loss on Refunding, net	(1,651)	
Accrued Interest	1,729	23,283
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. These amounts represent changes in:		
Compensated Absences, Workers' Compensation	(546)	
Other Postemployment Benefits Payable, net of Deferred Amounts	50,497	
Net Pension Liability, net of Deferred Amounts	(77,493)	
Pollution Remediation Obligation	(6,231)	
Capital Lease Obligation	25	
Federal Highway Administrative Liability	(19,846)	(53,594)
Change in Net Position of Governmental Activities		$ 542,514

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

Proprietary Fund Financial Statements

Enterprise Funds

Turnpike System: *The Turnpike System presently consists of 89 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 658 total lane miles, 172 bridges, 49 interchanges, 84 toll lanes, and 25 facilities. Since beginning operations in 1950, the Turnpike System has contributed to the development of the New Hampshire economy. It has also been a major factor in the growth of the tourist industry in the State. The Turnpike System consists of three limited access highways: the Blue Star Turnpike (I-95) and the Spaulding Turnpike, (which are collectively referred to as the Eastern Turnpike), and the Central Turnpike. The Turnpike System primarily serves the major cities located in the central and eastern sections of southern New Hampshire.*

Liquor Commission: *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, under the executive direction of the Liquor Commissioner 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 sell liquor through retail outlets as well as directly 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. Any excess funds of the Commission are transferred to the General Fund on a daily basis.*

Lottery Commission: *The State sells lottery games online and through some 1,282 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. Additionally, the Racing and Charitable Gaming activities are included in this fund. This net income is transferred to the Education Trust Fund and then transferred to the local school districts.*

State Revolving Fund: *These funds consist of New Hampshire Clean Water and Drinking Water Revolving Funds. Programs operated within these funds provide loans to public water systems and local governments for constructing wastewater treatment facilities and safe drinking water systems. In addition, the programs provide supervision and technical assistance to these grantees. Funding is from U.S. Environmental Protection Agency grants and a General Fund match. The funds are repaid with interest, then re-loaned.*

New Hampshire Unemployment Compensation Trust Fund: *This fund receives contributions from employers and provides benefits to eligible unemployed workers, consistent with legislation and regulations which govern federal credit programs.*

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 POSITION
PROPRIETARY FUNDS
JUNE 30, 2021
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental Activities
ASSETS	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Unemployment Compensation	Total	Internal Service Fund
Current Assets:							
Cash and Cash Equivalents	$120,190	$3,104	$20			$123,314	$65,272
Cash and Cash Equivalents-Restricted	22,378			$ 144,115	$ 165,534	332,027	
Investments - Restricted	44,758			54,763		99,521	
Receivables (Net of Allowances for Uncollectibles)	19,922	7,315	6,175			33,412	15,311
Other Receivables-Restricted (Net of Allowance for Doubtful Accounts)	67			27,731	66,965	94,763	
Due from Other Funds	1,649	80	400			2,129	
Inventories	2,641	81,295	1,502			85,438	
Other Current Assets	82		59			141	
Other Current Assets-Restricted				4,315		4,315	
Total Current Assets	211,687	91,794	8,156	230,924	232,499	775,060	80,583
Noncurrent Assets:							
Investments - Restricted				51,148		51,148	
Other Receivables-Restricted	100			475,698		475,798	
Capital Assets:							
Land & Land Improvements	104,072	2,760				106,832	
Buildings & Building Improvements	18,087	51,040	2,999			72,126	
Equipment & Computer Software	58,954	28,137	820			87,911	
Construction in Progress	46,697	406				47,103	
Infrastructure	1,176,111					1,176,111	
Less: Allowance for Depreciation & Amortization	(476,190)	(27,344)	(833)			(504,367)	
Net Capital Assets	927,731	54,999	2,986			985,716	
Other Assets - Restricted			4,568			4,568	
Total Noncurrent Assets	927,831	54,999	7,554	526,846		1,517,230	
Total Assets	1,139,518	146,793	15,710	757,770	232,499	2,292,290	80,583
DEFERRED OUTFLOWS OF RESOURCES	9,252	16,925	3,777	4,701		34,655	
LIABILITIES							
Current Liabilities:							
Accounts Payable	9,703	77,276	4,565	1,038		92,582	77
Accrued Payroll	848	2,464	479	456		4,247	
Due to Other Funds	9,150	9,512	2,117		8,013	28,792	
Unearned Revenue	15,527	1,001	765			17,293	
Unclaimed Prizes			2,987			2,987	
General Obligation Bonds Payable		3,460		2,072		5,532	
Revenue Bonds Payable-Current	26,285					26,285	
Accrued Interest Payable	3,563	141				3,704	
Claims & Compensated Absences Payable	762	1,150	72	167		2,151	23,960
Other Liabilities	269		115	11	21,888	22,283	
Total Current Liabilities	66,107	95,004	11,100	3,744	29,901	205,856	24,037
Noncurrent Liabilities:							
General Obligation Bonds Payable		33,634		7,083		40,717	
Revenue Bonds Payable	263,925					263,925	
Claims & Compensated Absences Payable	2,382	4,789	627	941		8,739	
Other Postemployment Benefits Payable	29,651	58,332	14,256	7,605		109,844	
Net Pension Liabilities	13,490	30,995	5,404	7,558		57,447	
Other Noncurrent Liabilities	4,083		2,589			6,672	
Total Noncurrent Liabilities	313,531	127,750	22,876	23,187		487,344	
Total Liabilities	379,638	222,754	33,976	26,931	29,901	693,200	24,037
DEFERRED INFLOWS OF RESOURCES	10,619	18,843	5,203	2,078		36,743	
NET POSITION							
Net Investment in Capital Assets	643,404	14,473	283			658,160	
Restricted for Debt Repayments	54,496					54,496	
Restricted for Loan Receivable	167					167	
Restricted for Uninsured Risks	4,014					4,014	
Restricted for Prize Awards - MUSL & Tri-State			4,568			4,568	
Restricted for Environmental Loans				724,108		724,108	
Restricted for SRF Programs				9,354		9,354	
Restricted for Facility Sustainment	705					705	
Restricted for Unemployment Benefits					202,598	202,598	
Restricted for Employee Benefits							56,546
Unrestricted Net Position (Deficit)	55,727	(92,352)	(24,543)			(61,168)	
Total Net Position (Deficit)	$ 758,513	$ (77,879)	$ (19,692)	$ 733,462	$ 202,598	$ 1,597,002	$ 56,546

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

STATE OF NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Expressed in Thousand)

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Unemployment Compensation	Total	Internal Service Fund
OPERATING REVENUES							
Charges for Sales and Services		$ 786,397	$ 519,034	$ 10,027	$ 157,368	$1,472,826	$ 295,229
Toll Revenue Pledged for Repaying Revenue Bonds	$ 122,136					122,136	
Total Operating Revenue	122,136	786,397	519,034	10,027	157,368	1,594,962	295,229
OPERATING EXPENSES							
Cost of Sales and Services		555,592	52,791			608,383	
Lottery Prize Awards			310,919			310,919	
Unemployment Insurance Benefits					972,371	972,371	
Principal Forgiveness				9,086		9,086	
Insurance Claims							297,041
Administration	58,349	64,867	10,712	10,137		144,065	8,633
Depreciation	29,259	2,881	101			32,241	
Total Operating Expenses	87,608	623,340	374,523	19,223	972,371	2,077,065	305,674
Operating Income (Loss)	34,528	163,057	144,511	(9,196)	(815,003)	(482,103)	(10,445)
NONOPERATING REVENUES (EXPENSES)							
Licenses		5,273				5,273	
Beer Taxes		13,701				13,701	
Investment Income	734			572	2,680	3,986	773
Miscellaneous	3,576	2,056		4,522		10,154	
Federal Revenue Grants & Subsidies				22,283	925,807	948,090	
Interest on Bonds and Mortgages	(11,498)	(1,636)	(123)	(430)		(13,687)	
Total Nonoperating Revenues (Expenses)	(7,188)	19,394	(123)	26,947	928,487	967,517	773
Income (Loss) Before Capital Grant Contributions	27,340	182,451	144,388	17,751	113,484	485,414	(9,672)
Capital Contributions and Grants	27					27	
Income (Loss) Before Transfers	27,367	182,451	144,388	17,751	113,484	485,441	(9,672)
Transfers From (To) Governmental Funds, net		(182,451)	(144,237)		26,903	(299,785)	
Change in Net Position	27,367		151	17,751	140,387	185,656	(9,672)
Net Position (Deficit)- July 1	731,146	(77,879)	(19,843)	715,711	62,211	1,411,346	66,218
Net Position (Deficit) - June 30	$ 758,513	$ (77,879)	$ (19,692)	$ 733,462	$ 202,598	$1,597,002	$ 56,546

The notes to the basic 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, 2021
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Unemployment Compensation	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Federal and Local Agencies				$ 8,422	$ 1,254	$ 9,676	
Receipts from Customers	$ 124,456	$ 785,231	$ 248,319		143,855	1,301,861	$ 74,559
Receipts from Borrowers				82,707		82,707	
Interest from Borrowers				2,607		2,607	
Receipts from Supplier Rebate		80,335				80,335	
Receipts from Interfund Charges							219,005
Payments to Borrowers				(66,214)		(66,214)	
Payments to Employees	(14,374)	(32,290)	(5,924)			(52,588)	
Payments to Suppliers	(34,792)	(639,378)	(23,251)	(6,328)		(703,749)	(8,713)
Payments to Prize Winners			(74,902)			(74,902)	
Payments for Assistance Programs				(2,064)		(2,064)	
Payments for Insurance Claims					(1,049,568)	(1,049,568)	(292,856)
Payments for Interfund Services		(8,391)		(839)		(9,230)	
Net Cash Provided by (Used for) Operating Activities	75,290	185,507	144,242	18,291	(904,459)	(481,129)	(8,005)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers (to) from Other Funds, net		(160,603)	(144,046)		20,753	(283,896)	
Receipts from Federal Agencies				21,896	1,016,893	1,038,789	
Municipal/State Contributions	507			4,522		5,029	
Temporary Loan from Other State Funds		(17,645)				(17,645)	
Interest Paid on Bonds				(430)		(430)	
Principal Paid on Bonds				(2,072)		(2,072)	
Transfer to Alcohol Abuse Prevention and Treatment Fund		(10,024)				(10,024)	
Transfer to Granite Advantage Health Care Fund		(8,500)				(8,500)	
Proceeds from Collection of Licenses and Beer Tax		18,974				18,974	
Other Fees/Fines	987	3,036				4,023	
Net Cash Provided by (Used for) Noncapital and Related Financing Activities	1,494	(174,762)	(144,046)	23,916	1,037,646	744,248	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition, Disposal, Sale and Construction of Capital Assets	(28,308)	(4,498)	(104)			(32,910)	
Interest Paid on Bonds and Mortgages	(14,509)	(1,647)	(94)			(16,250)	
Principal Paid on Bonds and Mortgages	(24,145)	(3,078)	(111)			(27,334)	
Net Proceeds from Issuance of Bonds and Mortgages		1,582				1,582	
Payments for Underwriter Discount/Premium	2,914					2,914	
Payments to Others	(51)					(51)	
Net Cash Provided by (Used for) Capital and Related Financing Activities	(64,099)	(7,641)	(309)			(72,049)	
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment Proceeds	70,497			25,193		95,690	774
Purchase of Investment	(70,762)					(70,762)	
Other Income	648		(29)	125	2,680	3,424	
Net Cash Provided by (Used for) Investing Activities	383		(29)	25,318	2,680	28,352	774
Net Increase in Cash & Cash Equivalents	13,068	3,104	(142)	67,525	135,867	219,422	(7,231)
Cash and Cash Equivalents - July 1	129,500		162	76,590	29,667	235,919	72,503
Cash and Cash Equivalents - June 30	$ 142,568	$ 3,104	$ 20	$ 144,115	$ 165,534	$ 455,341	$ 65,272

The notes to the basic 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, 2021
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Unemployment Compensation	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net							
Cash Provided by (Used for) Operating Activities:							
Operating Income (Loss)	$ 34,528	$ 163,057	$ 144,511	$ (9,196)	$ (815,003)	$(482,103)	$ (10,445)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation	29,259	2,881	101			32,241	
Principal Repayments				82,707		82,707	
Loan Advances to Borrowers				(66,214)		(66,214)	
Principal Forgiveness				9,086		9,086	
Interest Income on Loans				(8)		(8)	
Miscellaneous Income/(Expense)	189			617		806	
Change in Receivables/Loans	345	(1,395)	(2,952)	1,018	(12,259)	(15,243)	(1,664)
Change in Inventories	214	7,551	66			7,831	
Change in Other Current Assets			(47)			(47)	1,109
Change in Restricted Deposits-MUSL			(151)			(151)	
Change in Accounts Payable and Other Accruals	10,800	13,457	1,145	(344)	(77,197)	(52,139)	(81)
Change in Claims Payable			2,225	(157)		2,068	3,076
Change in Unearned Revenue	434	229	(228)			435	
Change in Other Postemployment Benefits Payable, Net of Deferred Amounts	2,789	(2,503)	(754)	782		314	
Change in Net Pension Liability, Net of Deferred Amounts	(3,268)	2,230	326			(712)	
Net Cash Provided by (Used For) Operating Activities	$ 75,290	$ 185,507	$ 144,242	$ 18,291	$ (904,459)	$(481,129)	$ (8,005)
Turnpike Non-Cash Capital and Related Financing Activities:							
Capital Contributions	$ 27						
Non-Cash Capital Acquisition	$ (2,326)						
SRF Non-Cash Investing Activities:							
Principal Forgiveness				$ 9,086			

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. NHRS is a component unit of the State.*

New Hampshire Judicial Retirement Plan - *The New Hampshire Judicial Retirement Plan (NHJRP) 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 and trust funds. NHPDIP's investment detail and audited financial statements can be obtained by visiting www.nhpdip.com or contacting the Client Services Team at 1-844-4NH-PDIP.*

Custodial Funds: *Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.*

STATE OF NEW HAMPSHIRE
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021
(Expressed in Thousands)

	Pension Trust Funds	Private Purpose Trust Funds	Investment Trust Fund	Custodial Funds
ASSETS				
Cash and Cash Equivalents	$ 299,922	$ 3,236	$ 136	$ 61,155
Receivables:				
Due from Employers	50,782			
Due from Plan Members	22,292			
Due from Brokers for Securities Sold	10,744			
Interest and Dividends	11,639		177	
Other	7,253			
Total Receivables	102,710		177	
Investments:				
Certificates of Deposit			93,024	
Repurchase Agreements			24,731	
U.S. Government Obligations			36,290	
Equity Investments	5,710,647			
Fixed Income Investments	2,217,742			
Commercial Real Estate	1,129,863			
Commercial Paper			56,699	
Alternative Investments	2,218,340			
Other Investments		15,789	3,141	283
Total Investments	11,276,592	15,789	213,885	283
Other Assets	4,528			
Total Assets	11,683,752	19,025	214,198	61,438
LIABILITIES				
Management Fees and Other Payables	11,489		60	
Due to Brokers for Securities Purchased	25,597			
Total Liabilities	37,086		60	
NET POSITION				
Restricted for:				
Employees' Pension Benefits	11,596,871			
Other Postemployment Benefits (OPEB)	49,795			
External Investment Pool			214,138	
Individuals, organizations, and other governments		19,025		61,438
Total Net Position	$ 11,646,666	$ 19,025	$ 214,138	$ 61,438

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

STATE OF NEW HAMPSHIRE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	Pension Trust Funds	Private Purpose Trust Funds *	Investment Trust Fund	Custodial Funds *
ADDITIONS				
Contributions:				
Employers	$ 513,984			
Plan Members	237,709			
Participants		19,035	263,720	
Total Contributions	751,693	19,035	263,720	
Investment Income:				
From Investing Activities:				
Net Depreciation in Fair Value of Investments	2,502,098			
Interest Income	43,422	180	630	4
Dividends	72,917			
Alternative Investment Income	47,249			
Other	24,444	1,033	2	
Gross Income from Investing Activities	2,690,130	1,213	632	4
Less Investment Activity Expenses:				
Investment Management Fees	51,281		466	
Custodial Fees	711			
Investment Administrative Expense	688			
Investment Advisor Fees	700			
Investment Professional Fees	438			
Total Investment Activity Expenses	53,818		466	
Total Net Income from Investing Activities	2,636,312	1,213	166	4
Federal Revenue				56,104
Other				98,104
Total Additions	3,388,005	20,248	263,886	154,212
DEDUCTIONS				
Benefits/Distributions to Participants	911,094	9,024		12,524
Refunds of Contributions	19,896			
Administrative Expense	8,817			
Professional Fees	548			
Other	245	1,116	283,503	85,982
Total Deductions	940,600	10,140	283,503	98,506
Change in Net Position	2,447,405	10,108	(19,617)	55,706
NET POSITION HELD IN TRUST FOR BENEFITS & OTHER PURPOSES				
Net Position - July 1, as restated (Note 1.U)*	9,199,261	8,917	233,755	5,732
Net Position - June 30	$ 11,646,666	$ 19,025	$ 214,138	$ 61,438

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

Component Units Financial Statements

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2021
(Expressed in Thousands)

	University System of New Hampshire	Non-Major Component Units	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 85,670	$ 53,753	$ 139,423
Cash and Cash Equivalents - Restricted		17,880	17,880
Operating Investments	130,477	9,264	139,741
Accounts Receivable	27,037	13,640	40,677
Other Receivables	2,549	16,335	18,884
Notes Receivable - Current Portion	1,742	3,087	4,829
Prepaid Expenses & Other	9,903	622	10,525
Total Current Assets	257,378	114,581	371,959
Noncurrent Assets:			
Investments	1,001,247	35,116	1,036,363
Notes & Other Receivables	15,454	11,520	26,974
Other Assets	1,557	41,157	42,714
Capital Assets:			
Land & Land Improvements	15,256		15,256
Building & Building Improvements	1,900,245	200,918	2,101,163
Equipment	160,656	480	161,136
Construction in Progress	60,264		60,264
Less: Accumulated Depreciation	(1,034,981)	(216)	(1,035,197)
Net Capital Assets	1,101,440	201,182	1,302,622
Total Noncurrent Assets	2,119,698	288,975	2,408,673
Total Assets	2,377,076	403,556	2,780,632
DEFERRED OUTFLOWS OF RESOURCES	46,463	38,688	85,151
LIABILITIES			
Current Liabilities:			
Accounts Payable	81,510	14,762	96,272
Accrued Salaries and Wages		5,892	5,892
Accrued Employee Benefits - Current	37,462	51	37,513
Other Payables & Accrued Expenses		7,016	7,016
Other Liabilities	5,342		5,342
Deposits and Unearned Revenues	56,012	5,572	61,584
Long Term Debt - Current Portion	30,675	1,377	32,052
Total Current Liabilities	211,001	34,670	245,671
Noncurrent Liabilities:			
Revenue Bonds Payable	381,003		381,003
Accrued Employee Benefits	33,926		33,926
Other Postemployment Medical Benefits Payable	80,797	119,846	200,643
Derivative Instruments - Interest Rate Swaps	22,280		22,280
Net Pension Liability		74,546	74,546
Other Long Term Debt	24,562	56,991	81,553
Total Noncurrent Liabilities	542,568	251,383	793,951
Total Liabilities	753,569	286,053	1,039,622
DEFERRED INFLOWS OF RESOURCES	11,346	40,512	51,858
NET POSITION			
Net Investment in Capital Assets	722,339	185,111	907,450
Restricted:			
Nonexpendable	306,566		306,566
Expendable	299,440	60,132	359,572
Unrestricted Net Position (Deficit)	330,279	(129,564)	200,715
Total Net Position	$ 1,658,624	$ 115,679	$ 1,774,303

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	University System of New Hampshire	Non-Major Component Units	Total
EXPENSES	$ 912,227	$ 158,420	$ 1,070,647
PROGRAM REVENUES:			
Charges for Services:			
Tuition & Fees	508,057	54,764	562,821
Student Financial Aid	(207,222)	(26,073)	(233,295)
Sales, Services, & Other Revenue	188,681	27,532	216,213
Operating Grants & Contributions	386,279	72,475	458,754
Capital Grants & Contributions	64,568	3,653	68,221
Total Program Revenues	940,363	132,351	1,072,714
Net Expenses	28,136	(26,069)	2,067
Interest & Investment Income	40,082	8,658	48,740
Payments from State of New Hampshire	93,062	55,360	148,422
Change in Net Position	161,280	37,949	199,229
Net Position - July 1	1,497,344	77,730	1,575,074
Net Position - June 30	$ 1,658,624	$ 115,679	$ 1,774,303

Notes to the Basic Financial Statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

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 (U.S. GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB), which is the 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 all component units for which the State is financially accountable. There are no 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. 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 and the primary government is in a relationship of financial benefit/burden with the organization.

Component units are 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. 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 (USNH) is a body corporate and politic with a governing board of twenty-seven 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 USNH funds its operations through tuition and fees, government grants and contracts, auxiliary operations, and State appropriations which impose a specific financial burden on the State. USNH financials can be obtained by contacting USNH at 5 Chenell Drive Suite 301, Concord, NH 03301.

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 State Treasurer. The State currently guarantees outstanding loans and principal on bonds of the BFA, which creates the potential for the BFA to impose a financial burden on the State. BFA's financials can be obtained by contacting the 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. Additionally, CDFA imposes a financial burden on the State as 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 the CDFA at 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, 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 55 International Drive, Portsmouth, NH 03801.

The Community College System of New Hampshire (CCSNH) - The CCSNH 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 includes colleges in Berlin, Claremont, Concord, Laconia, Manchester, Nashua and Portsmouth. It is governed by a single board of trustees with 23 voting members appointed by the Governor and Executive Council. The CCSNH funds its operations through tuition, room and board, fees, grants, legacies and gifts, and state appropriations which impose a specific financial burden on the State.

CCSNH's financials can be obtained by contacting CCSNH at 26 College Drive, Concord, NH 03301.

Fiduciary Component Units:
The State's fiduciary component units consist of the Pension Trust Funds, which include the following:

New Hampshire Retirement System - The New Hampshire Retirement System (NHRS) 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 (the "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.

NHRS is administered by a 13 member Board of Trustees on which the State does not represent a voting majority. The Board has all the powers of a corporation. It is fiduciarily responsible for NHRS assets and directs the investment of those 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 NHRS.

NHRS 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 some administrative costs of NHRS.

New Hampshire Judicial Retirement Plan – The New Hampshire Judicial Retirement Plan (NHJRP) 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, and circuit court judges employed within the State.

NHJRP is administered by a seven member Board of Trustees that is appointed by the State. The Board is fiduciarily responsible for NHJRP assets and oversees the investment of those assets, approving the actuarial valuation of NHJRP including assumptions, interpreting statutory provisions and generally supervising the operations of NHJRP.

These component units are presented along with other fiduciary funds of the State and have been omitted from the State's government-wide financial statements.

Related Organizations:
The State is responsible for appointing voting members of the governing boards of the following legally separate organizations; however, the State is not financially accountable for these organizations. Although the Treasurer may serve as a Trustee and have certain involvement with the organizations, the organizations are not fiscally dependent upon the primary government and the organizations do not provide specific financial benefit to or impose financial burden on the primary government. Exclusion of these organizations from the State's financial statements would not render the financial statements to be misleading.

Related Organizations Excluded:
- Maine – New Hampshire Interstate Bridge Authority
- New Hampshire Health and Education Facilities Authority
- New Hampshire Housing Finance Authority
- New Hampshire Municipal Bond Bank
- Land and Community Heritage Investment Program

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements
The Statement of Net Position 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 Position* presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position from net investment in capital assets includes capital assets net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net position is restricted when constraints are externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as part of restricted net position. The remaining net position is considered unrestricted.

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. 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. Derived tax revenues are recognized as revenues in the period the underlying transaction occurs. 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 the State generally considers revenues to be available if they are collected within 60 days after year end. Receivables not expected to be collected within 60 days are offset by deferred inflows of resources. An exception to this policy is federal grant revenue, which generally is considered to be available if collection is expected within 12 months after year end. 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 when available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service and other long-term obligations including compensated absences, post-employment benefits, pollution remediation obligations 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.

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.

Coronavirus Relief Fund: The Coronavirus Relief Fund is used to account for revenues and expenditures related to federal revenue received under section 601 (a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). During fiscal year 2020, the CARES Act established the Coronavirus Relief Fund and the State received an allocation of $1.25 billion.

Highway Fund: The Highway Fund is used to account for the revenues and expenditures used in the construction, maintenance and operations of the State's public highways and the supervision of traffic thereon.

Education Trust Fund: 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 as part of the Proprietary Fund Financial Statements:

The *Turnpike System* accounts for the revenues and expenses used in the construction, maintenance and operations of three limited access highways: the Blue Star Turnpike (I-95), the Spaulding Turnpike and the Central Turnpike. The Turnpike System primarily serves the major cities located in the central and eastern sections of southern New Hampshire.

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 Commission and the State's Racing & Charitable Gaming activities.

The *State Revolving Fund* makes loans to public water systems and local governments for wastewater treatment facilities and safe drinking water systems, funded by programs under the U.S. Environmental Protection Administration.

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

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

Governmental Funds
Fish and Game Fund – accounts for the operation of fish hatcheries, inland and marine fisheries and wildlife areas and functions related to law enforcement, land acquisition and wildlife management and research. Principal revenues include fees from fish and game licenses, the marine gas tax, penalties, recoveries, federal grants-in-aid related to fish and game management and other funding as approved by the Legislature.

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
Internal Service Fund - provides services primarily to employees and retirees 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 Funds – report resources that are required to be held in trusts for the members and beneficiaries of the State's contributory defined benefit plans, and post employment benefit plan. The NHRS and NHJRP are component units of the State.

Investment Trust Fund - accounts for the transactions, assets, liabilities and fund equity of the New Hampshire Public Deposit Investment Pool (NHPDIP or the Pool), an external investment pool. The NHPDIP was 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. As of June 30, 2021, the State held an investment position in NHPDIP, which is reported as the State's share of the overall pool and not by investment type based on the underlying investment securities held by the pool. 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. In accordance with GASBS 79, the pool's portfolio securities are valued at amortized cost, which approximates fair value. NHPDIP's investment detail and audited financial statements can be obtained by visiting www.nhpdip.com or contacting the Client Services Team at 1-844-4NH-PDIP.

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

Custodial Funds - report resources identified as a fiduciary activity which are not held in a trust or equivalent arrangement.

Reporting Periods
The accompanying financial statements of the State are presented as of June 30, 2021, and for the year then ended, except for the New Hampshire Judicial Retirement Plan which is as of December 31, 2020, and for the year then ended.

D. CASH EQUIVALENTS

For the purposes of reporting in the Statement of Net Position, Statement of Fiduciary Net Position and 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 and are valued at cost, which approximates fair value, or net asset value. Cash equivalents include certain money market and demand deposit accounts, a government-sponsored enterprise (GSE) instrument, the external portion of the NHPDIP holdings classified as cash equivalents and funds on deposit with the U.S. Treasury for the Unemployment Compensation Fund.

E. INVESTMENTS

Primary Government
Investments are reported at fair value. In determining fair value, the State utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. If an investment is in an active market where quoted prices exist, the market price of an identical security is used to report fair value. Corporate fixed income securities and certain U.S. government securities utilize pricing that may involve estimation using similar securities or trade dates. As these investments are generally not traded in an active market, fair value measurements are determined using market data and matrix pricing. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices. Money market mutual funds are generally reported at net asset value (NAV) reported by the fund managers and assessed as reasonable by the State, which is used as a practical expedient to estimate the fair value.

Non Pension Fiduciary Funds
In accordance with GASB 79, NHPDIP portfolio securities are valued at amortized cost, which approximates fair value. All other non pension trust fund investments are reported at fair value.

Pension Trust Funds and Major Component Unit
See Note 2 for further discussion of fair value techniques.

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 where the underlying exchange has occurred in the period ending June 30 or prior, and for federal grants, which reimburse the State for expenditures incurred pursuant to federally funded programs. Tax and grant revenues are susceptible to accrual in accordance with measurable and available criteria under the modified accrual basis of accounting.

Other Receivables - Restricted includes loans receivable made to public water systems and local governments under the State Revolving Fund (SRF) for wastewater treatment facilities and safe drinking water systems. Loans are funded by federal grants from programs by the U.S. Environmental Protection Agency, with federal grants and partially matching state funds. Loan funds are disbursed to borrowers on a cost reimbursement basis, and interest begins accruing when funds are disbursed. After construction is completed, the borrower can elect to add the construction period interest to the loan amount, or they can pay it in total with the first loan repayment. Loans are typically repaid over periods of five, ten, fifteen or twenty years, and repayment of the loans must begin within one year of construction completion. Repayments are credited to special accounts and then used to lend out more funds to communities and qualified private water organizations. In addition to interest, portions of loan repayment and federal grants are allowed to be allocated to administrative costs. There is no provision for uncollectible accounts, as all repayments are current, and management believes all loans will be repaid according to the loan terms. Loan amounts classified currently represent those loan amounts expected to be satisfied within the forthcoming fiscal year.

Under federal regulations, a portion of each federal grant award is required to be provided as additional subsidy to borrowers. This additional subsidy comes in the form of principal forgiveness and ranges from 12% for CWSRF federal loans to a range of between 20-30% for DWSRF federal loans. Borrowers must meet selected criteria to be eligible for the additional subsidy. Principal forgiveness eligibility and amount is calculated when the loan is finalized and goes into repayment status. For CWSRF loans, principal forgiveness is recognized with the first loan repayment. For DWSRF loans, principal forgiveness is recognized on a payment by payment basis. If a borrower defaults on a loan, the total amount unpaid is deemed owed.

G. INVENTORIES

Inventories for materials and supplies are determined by physical count. Both the Lottery and Liquor Commissions use the lower of cost or market to value their inventories. Lottery uses the first-in, first-out (FIFO) 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 nonspendable fund balance designation that indicates they do not constitute available spendable resources.

H. 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 and in the proprietary fund financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value.

Equipment is capitalized when the cost of individual items exceeds $10,000, and all other capital assets are capitalized when the cost of individual items or projects exceeds $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

I. UNEARNED REVENUE

In the government-wide financial statements, governmental fund financial statements and proprietary fund financial statements, unearned revenue is recognized when cash, receivables or other assets are recorded prior to their being earned. As of June 30, 2021, unearned revenue reported in governmental funds was $874.8 million, and in business-type activities was $17.3 million. The governmental funds includes the Coronavirus Relief Fund, which reflects unearned revenue of $66.7 million. This represents the remainder of the $1.25 billion allocation received in fiscal 2020, for which revenue and corresponding expenditures to date have not yet been recognized.

J. ACCOUNTS PAYABLE

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30.

K. COMPENSATED ABSENCES

All full-time State employees in classified service earn annual and sick leave. In previous fiscal years, 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, should generally be taken within one year or in accordance with applicable collective bargaining agreements.

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, Medicare and retirement contributions. The current portion of the leave liability is calculated based on the characteristics of the type of leave and on a last-in, first-out (LIFO) 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 is 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.

L. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

M. POSTEMPLOYMENT LIABILITIES

The State participates in two defined benefit pension plans, the State of New Hampshire Retirement System (NHRS) and the New Hampshire Judicial Retirement Plan (NHJRP). The State also participates in two other postemployment benefit (OPEB) plans, a funded plan administered by NHRS, hereafter referred to as the Trusted OPEB Plan, and a nonfunded plan, hereafter referred to as the Non Trusted OPEB Plan. See footnote 11 for activity related to these plans.

For purposes of measuring the total/net Pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to these liabilities and related expense, information about the fiduciary net position of the NHRS and NHJRP, and additions to/deductions from the fiduciary net position has been determined on the same basis as it is reported by NHRS, NHJRP and the State OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

N. FUND BALANCES

Fund balances for all governmental funds are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of the fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents the amount that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature. Assigned fund balance is constrained by the Legislature's or other executive authority's intent to be used for specific purposes.

The State maintains a stabilization account referred to as the Revenue Stabilization Account (the "Rainy Day Fund") in the general fund and reported as unassigned fund balance. See Note 16 for additional information about fund balances and the stabilization account.

O. BOND DISCOUNTS AND PREMIUMS

In the government-wide and proprietary fund financial statements, bond discounts/premiums are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond discounts and premiums are recognized 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.

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.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. In the governmental funds, when expenditures are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's general policy to spend committed resources first followed by assigned and unassigned resources, respectively.

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 and notes. Capital outlay includes expenditures for equipment, real property or infrastructure including the Highway Fund's capital outlays for the 10-year state capital highway construction program.

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 generally reported as nonoperating.

Other Financing Sources (Uses) – These additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds and financing provided by bond proceeds. 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 include 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 Lottery Commission to the Education Trust Fund). 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 government-wide Statement of Net Position, except for the amounts due between governmental and business-type activities.

R. ENCUMBRANCES AND CAPITAL PROJECTS

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.

Governmental activities generally 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.

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, as appropriate 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 comparison statements. Fiduciary funds and permanent funds are not budgeted.

In addition to the enacted biennial operating budget, state departments may submit to the Legislature and Governor and Council, as required, supplemental budget requests necessary to meet expenditures during the current biennium. Appropriation transfers can be made within a department with the appropriate approvals; therefore, the legal level of budgetary control is generally at the expenditure class level within each accounting unit within each department.

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 Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

Unexpended balances of appropriations at year end will generally lapse to assigned or unassigned 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 restricted, committed or assigned 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 basic financial statements and accompanying notes. Actual results could differ from those estimates.

U. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended June 30, 2021, the State adopted the following new accounting standards issued by the GASB:

GASB No. 84: *Fiduciary Activities*. The objective of this standard is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard resulted in the reclassification of certain balances between governmental and fiduciary financial statements. The standard also resulted in the elimination of the previously presented *Agency Fund: Combining Statement of Assets and Liabilities and Combining Statement of Changes in Assets and Liabilities*, and the incorporation of a new component of the *Fiduciary Fund Financial Statements* reflecting activity in custodial accounts.

(Expressed in Thousands)	Governmental Activities	Permanent Funds	Other Governmental Funds	Private Purpose Funds	Custodial Funds
Net Position, as previously reported	$304,016	$26,944		$13,907	
GASB 84 Implementation Adjustment	12,086	(3,023)	15,109	(4,990)	5,732
Net Position, as restated	$316,102	$23,921	$15,109	$8,917	$5,732

GASB No. 89: *Accounting for Interest Cost Incurred before the End of a Construction Period;* The objectives of this standard are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of the construction period. The effective date for implementation is June 30, 2022 and should be applied prospectively. Early implementation of this standard did not have a material effect on the State's financial statements and prior period restatements are not applicable.

GASB No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* was implemented during fiscal year 2021 and had no material effect on the State's financial statements.

GASB No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* (GASB 95) addresses the temporary relief to governments and other stakeholders in the light of the COVID-19 pandemic by postponing the effective dates of certain GASB pronouncements that first became effective or are scheduled to become effective for periods beginning after June 25, 2018 and later. The effective dates for certain pronouncements are postponed by one year and GASB Statement 87 *Leases* is postponed by eighteen months. The primary government and component units have implemented GASB 95. As a result, the implementation of GASB No. 87 *Leases* will be implemented during fiscal year 2022.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

PRIMARY GOVERNMENT AND NON PENSION FIDUCIARY FUNDS

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 statements of financial position under the captions "Cash and Cash Equivalents" and "Investments."

The table below presents the cash, cash equivalents, and investments as reflected in the financial statements (expressed in thousands):

		Unrestricted		Restricted		
		Cash and Cash Equivalents	Investments	Cash and Cash Equivalents	Investments	Total
Per Statement of Net Position	Primary Government	$ 1,641,055	$ 25,143	$ 365,808	$ 748,044	$ 2,780,050
Per Statement of Fiduciary Net Position	Private Purpose	3,236	15,789			19,025
	Investment Trust	136	213,885			214,021
	Custodial Funds	61,155	283			61,438
Total per Financial Statements		**$ 1,705,582**	**$ 255,100**	**$ 365,808**	**$ 748,044**	**$ 3,074,534**

INVESTMENTS:

The State's Treasury Department (State Treasury) is responsible for managing certain State cash and investments in accordance with policies to ensure reasonable rates of return on investments while minimizing risk factors. Approved investments are defined in statute (RSA 6:8 and 383-B:3-303). Additionally, investment guidelines exist for operating funds as well as trust and custodial funds. All investments are denominated in U.S. dollars.

Fair Value Hierarchy of Investments: In accordance with GASBS 72, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the State categorizes the fair value measurements of its investments within the fair value hierarchy established by U.S. GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into the following levels:

- Level 1 inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the State has the ability to access at the measurement date. Most of the State's directly held marketable equity securities would be examples of Level 1 investments.
- Level 2 inputs are other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities, as well as the State's holdings in U.S. government obligations and corporate bonds, are categorized in Level 2.
- Level 3 inputs are significant unobservable inputs. The State held no Level 3 investments as of June 30, 2021.

The fair value hierarchy gives the highest priority to Level 1 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. If an investment is held directly by the State and an active market with quoted prices exists, such as for domestic equity securities, registered mutual funds and exchanged traded funds, those securities are classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using market data and matrix pricing.

Investments in money market mutual funds are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the State's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. At June 30, 2021 the State had no plans or intentions to sell investments at amounts different from NAV. NAVs determined by fund managers generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Because of the inherent uncertainties of valuation, the estimated fair values used in NAV calculations may differ significantly from values that would have been used had a ready market existed, and the differences could be material.

The following table summarizes the State's investments and cash equivalents, by type, as of June 30, 2021 (expressed in thousands):

	Investments Classified in the Fair Value Hierarchy		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Investments measured at fair value:			
U.S. Government Obligations		$ 374,341	$ 374,341
Equity Securities	$ 23,332		23,332
Corporate Bonds		1,960	1,960
Total Investments measured at fair value	23,332	376,301	399,633
Investments measured at the Net Asset Value (NAV):			
Money Market Mutual Funds			243,352
Equity Open Ended Mutual Funds			27,971
Fixed Income Open Ended Mutual Funds			20,985
Total Investments measured at the Net Asset Value (NAV)			292,308
Investments and Cash Equivalents not measured at fair value:			
External portion of NH Public Deposit Investment Pool			213,885
Internal Investment in NH Public Deposit Investment Pool			5,787
Investment CDs greater than 90 days; repurchase agreement			91,531
Cash and Cash Equivalents			2,071,390
Total Investments and Cash Equivalents not measured at fair value			2,382,593
Grand Total	$ 23,332	$ 376,301	$ 3,074,534

Note to the table above: Rates range from 0.0% to 5.95% and maturities from fiscal year 2021 to 2028.

Equity Securities and Mutual Funds:

The State's policy relative to operating funds and mitigation of concentration and credit risk does not permit investing in equity securities. 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. All equity mutual funds are open ended and not exposed to custodial credit risk. There is no credit, custodial, or concentration risk to the State for the amounts held in the State's abandoned property program. These assets represent securities remitted to the State simply for safe-keeping with the goal of eventual return to the rightful owner.

Credit Risk: The risk that the issuer or other counterparty will not fulfill its obligations. The NHPDIP is rated AAAm by Standard & Poor's Rating Services. The AAAm principal stability rating is the highest assigned to principal stability government investment pools. Money market funds to be considered and utilized are those funds invested in the U.S. Treasury, Agency or other securities commonly referred to as being "within first tier categories" and/or which have the highest rating available from at least one nationally recognized rating agency.

Debt Securities: The State invests in several types of debt securities including corporate and municipal bonds, and securities issued by the U.S. Treasury and Government Agencies.

There is no credit, interest rate, custodial, or concentration risk to the State for amounts held in the State's abandoned property program. These assets represent securities remitted to the State simply for safe-keeping with the goal of eventual return to the rightful owner.

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

Interest Rate Risk: The risk that changes in interest rates will adversely affect the fair value of an investment. 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 for operating purposes are limited to those with average maturity not to exceed 3 years. Trust and custodial funds manage and monitor interest rate risk primarily through a weighted average maturity (WAM) approach. 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, an investor 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 are aimed at investing only with high quality institutions where default is extremely unlikely.

Concentration Risk: The risk of loss attributed to the magnitude of the State's investment in a single issuer. The State does not have a formal policy relative to operating funds and mitigation of concentration of credit risk. This risk is applicable to the State's investments in corporate bonds which are held in certain trust and custodial accounts. 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 exposed risks at June 30, 2021 are noted below:

Credit Risk and Interest Rate Risk (expressed in thousands)

Type	Governmental & Business Type			Fiduciary		
	Credit Risk		Interest Rate Risk	Credit Risk		Interest Rate Risk
	Investment Grade	Unrated	WAM in years	Investment Grade	Unrated	WAM in years
Corporate Bonds	$ 1,882		3.3			
U.S. Government Obligations Held in Permanent Funds	1,175		3.9			
U.S. Government Obligations Held in Governmental and Business Type Activities	373,166		1.3			
Fixed Income Open Ended Mutual Funds		8,858	3.4		$ 10,080	5.4
Municipal Bonds						

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 credit 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 deposits at FDIC-insured depository institutions (including noninterest bearing accounts) are insured by the FDIC up to the standard maximum amount of $250,000 for each deposit insurance ownership category.

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.

The table below details the State's bank balances at June 30, 2021 exposed to custodial credit risk and excludes $0.1 million in cash and cash equivalents held by the Investment Trust Fund (expressed in thousands):

	Governmental & Business-Type			Fiduciary		
Type	**Insured**	**Collateral & held in State's name**	**Uncollateralized**	**Insured**	**Collateral & held in State's name**	**Uncollateralized**
Demand Deposits	$ 2,414	$ 1,928,648	$ 26,158		$ 64,724	$ 71
Money Mkt/Svgs Acct		4,692			16	178
Total	$ 2,414	$ 1,933,340	$ 26,158		$ 64,740	$ 249

FIDUCIARY COMPONENT UNIT (New Hampshire Retirement System – NHRS)

Investments in both domestic and non-U.S. marketable securities traded on a national or international exchange are valued at quoted market prices. Domestic and non-U.S. securities not traded on a national or international exchange are based upon quoted prices for comparable instruments with similar yields and risk in active and inactive markets. NHRS uses a trade-date accounting basis for both domestic and non-U.S. securities and values are expressed in U.S. dollars. Investments in non-registered commingled funds are valued at net asset value (NAV) as a practical expedient to estimate fair value.

Real estate includes investments in commingled funds which are reported at NAV. The NAVs for real estate investments recorded in this report were obtained from statements provided by the general partners of commingled funds. Real estate commingled funds are selected by NHRS's discretionary real estate manager.

Alternative investments include investments in private equity, private debt and absolute return strategies which are reported at NAV. The NAVs for alternative investments recorded in this report were obtained from statements provided by the investment managers.

Cash and cash equivalents are valued at cost, which approximates fair value. Cash and cash equivalents primarily represent investments in the pooled short term investment fund managed by NHRS's master custodian. This fund invests mainly in high-grade money market instruments with maturities averaging less than three months. The fund provides daily liquidity.

The Plan holds no investments, either directly or indirectly, nor participates in any loans or leases, nor other party-in-interest transactions with any NHRS officials, New Hampshire State Government officials, or parties related to these officials.

RSA 100-A:15, I, provides separate and specific authorities to the Board of Trustees and the Independent Investment Committee for the management of the funds of the Plans and charges them with exercising the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence, acting in a like capacity and familiar with such matters, would use in the conduct of a pension plan of like character and with like aims of the Plans.

To aid in the prudent investment of the Plans' assets, NHRS has adopted an Investment Manual which includes an investment policy. Primary components of the investment policy include the delineation of roles and responsibilities of the Board of Trustees, Independent Investment Committee, staff, and service providers; investment objectives; asset allocation policy; and asset class performance measurement and monitoring policy. This policy may be modified by the Board of Trustees as deemed necessary. In addition, the Investment Manual includes asset class guidelines which provide parameters for investment management.

Professional investment managers are bound by policy and contract to a standard of care that establishes a fiduciary relationship, to the extent permitted by law, requiring the manager to act prudently and solely in the best interest of the Plans and beneficiaries. Investment guidelines provide portfolio-level standards for separate account management including permissible investment types; security concentration thresholds; investment restrictions; and benchmarks for performance measurement and monitoring. NHRS utilizes a custodial bank compliance system to monitor the marketable investment portfolios against their respective guidelines.

NHRS's asset allocation as of June 30, 2021, as recommended by the Independent Investment Committee and adopted by the NHRS Board of Trustees, is as follows:

ASSET ALLOCATION	**2021**	
Asset Class:	**Target**	**Range**
Large Cap Equities	22.5 %	
Small/Mid Cap Equities	7.5 %	
Total Domestic Equity	**30.0 %**	**20–40%**
Int'l Equities (Unhedged)	13.0 %	
Emerging Int'l Equities	7.0 %	
Total International Equity	**20.0 %**	**15–25%**
Core Bonds	4.5 %	
Short Duration	2.5 %	
Global Multi-Sector Fixed Income	11.0 %	
Absolute Return Fixed Income	7.0 %	
Total Fixed Income	**25.0 %**	**20–30%**
Private Equity	10.0 %	
Private Debt	5.0 %	
Total Alternative Investments	**15.0 %**	**5–25%**
Real Estate	10.0 %	
Total Real Estate	**10.0 %**	**5-20%**
TOTAL	**100.0 %**	

Custodial Credit Risk - Deposits: Custodial credit risk for deposits is the risk that in an event of a bank failure, deposits may not be recovered. NHRS does not have a deposit policy to manage custodial credit risk on deposits. At June 30, 2021, NHRS held deposits of $8.7 million in the local custodian bank. These deposits are fully insured or collateralized and are used to support the daily working capital needs of NHRS.

Custodial Credit Risk - Investments: Investment securities are exposed to custodial credit risk if the investment securities are uninsured, are not registered in the name of the Plan, and are held by either:

a. The counterparty to a transaction or,

b. The counterparty's trust department or agent but not in the Plan's name.

All of NHRS's securities are held by NHRS's bank in NHRS's name.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of the Plans' investments in a single issuer. NHRS policy is expressed through individual separate account manager guidelines which limit investments in a single issuer to 10%, or less, of the portfolio value in order to control the overall risk of loss on a total portfolio level. This threshold is set as an upper limit, and in actual practice, managers generally do not reach this limit. Certain securities may be excluded from this limitation due to the nature of the investments (such as U.S. government securities, government-sponsored enterprise obligations, and supranational debt). NHRS fixed income managers have consistently adhered to the established guidelines for issuer concentration. The fixed income commingled fund managers have established investment guidelines regarding concentration of credit risk. The total portfolio is broadly-diversified across equities, fixed income, cash equivalent securities, real estate and alternative investments. Due to this diversification, the concentration of credit risk in a single issuer is below 5% at the total portfolio level.

Interest Rate Risk - Fixed Income Investments: Interest rate risk is the effect on the fair value of fixed income investments from changes in interest rates. Duration measures a debt investment's change in fair value arising from a change in interest rates.

Interest rate risk is illustrated below using the effective duration or option-adjusted methodology. This methodology is widely-used in the management of fixed income portfolios to quantify the risk associated with interest rate changes. The effective duration methodology takes into account the most likely timing and magnitude of variable cash flows, such as callable options, prepayments and other factors, and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve.

The NHRS policy on duration is expressed through individual portfolio guidelines with each investment manager in lieu of a broad, plan-level policy. Duration guidelines have been established with each fixed income manager in order to manage interest rate risk within the separate account portfolios. The fixed income commingled fund managers also have established investment guidelines regarding duration. These provisions specify that the duration of each individual fixed income portfolio will be managed within a specified percentage or number of years relative to its benchmark index. NHRS fixed income managers follow the established guidelines for duration. If there is an occasional exception, the manager prudently remedies the guideline breach.

The following effective duration table quantifies the interest rate risk of the Plan's fixed income assets, as of June 30, 2021 (dollars expressed in thousands):

Investment Type	Fair Value June 30, 2021	Percentage of Fixed Income Investments	Effective Duration in Years	Weighted Average Effective Duration Years
Collateralized/Asset Backed Obligations	$ 243,843	11.1 %	3.5	0.4
Corporate Bonds	574,226	26.2 %	7.9	2.1
Government and Agency Bonds	509,853	23.2 %	5.7	1.3
Commingled Fund	220,193	10.0 %	3.5	0.4
Commingled Fund	386,434	17.6 %	6.5	1.1
Commingled Fund	260,239	11.9 %	1.2	0.1
Totals	**$ 2,194,788**	**100.0 %**		**5.4**

Credit Risk - Fixed Income Securities: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

NHRS controls credit risk on debt securities by establishing requirements for average credit quality at the separate account portfolio level and through credit quality standards for individual securities. The NHRS policy on credit quality is expressed through individual portfolio guidelines with each investment manager in lieu of a broad, plan-level policy. The investment guidelines are customized to the individual manager's strategy. NHRS fixed income managers follow established guidelines for credit quality. If there is an occasional exception, the manager prudently remedies the guideline breach. NHRS applies standards with regard to securities rated by nationally recognized statistical rating organizations ("NRSRO") and uses the lowest agency ratings for evaluating the credit quality of a specific security. The fixed income commingled fund managers have established investment guidelines regarding credit risk.

The following schedule illustrates the Plan's fixed income investments as of June 30, 2021, including the distribution of those investments by Standard & Poor's quality credit ratings (dollars expressed in thousands):

Investment Type	Fair Value June 30, 2021	AAA	AA	A	BBB or Lower	Unrated
	Quality Ratings[1]					
Collateralized/Asset Backed Obligations	$ 243,843	$ 152,550	$ 6,004	$ 17,387	$ 28,728	$ 39,174
Corporate Bonds	574,226	4,675	26,024	135,751	397,849	9,927
Government and Agency Bonds [2]	125,942	5,775	21,275	20,619	71,732	6,541
Commingled Fund [3]	260,239				260,239	
Commingled Fund [3]	386,434				386,434	
Commingled Fund [3]	220,193				220,193	
Totals	**$ 1,810,877**	**$ 163,000**	**$ 53,303**	**$ 173,757**	**$1,365,175**	**$ 55,642**
Percent of Total Fair Value		**9.00 %**	**2.94 %**	**9.60 %**	**75.39 %**	**3.07 %**

[1] Ratings were derived primarily from Standard & Poors (S&P). In instances where S&P did not rate a security, the Moody's rating was used.

[2] Government and Agency Bonds exclude U.S. government securities and securities explicitly guaranteed by the U.S. government ($383,911) because these securities are not considered to have credit risk.

[3] Average credit quality ratings for the commingled funds was provided by Blackrock SIO, Fidelity, and Manulife respectively.

Investments in asset-backed and mortgage-backed securities are reported at fair value. Although not generally considered to be derivatives, asset-backed and mortgage-backed securities receive cash flows from interest and principal payments on the underlying assets and mortgages. As a result, they are exposed to prepayment risk. As of June 30, 2021, the Plan's combined investment in asset-backed and mortgage-backed securities held in separate account portfolios totaled $816.9 million.

Foreign Currency Risk - Investments: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

NHRS manages its foreign currency risk primarily through its strategic asset allocation policy. As of June 30, 2021, investments in non-U.S. equity securities have a target asset allocation of 20% of total investments with a target range of 15–25%. As of June 30, 2021, non-U.S. fixed income securities represent 0.9% of the total investments as a result of the managers' security selection process. Non-U.S. investments are permitted in the alternative investment asset class, which includes private equity, private debt and absolute return strategy investments. The target allocation for alternative investments is 15% and the NHRS investment policy does not set limits for foreign investments in this asset class. The target allocation for real estate investments is 10%, and up to 35% of the Plan's real estate allocation may be invested in non-U.S. investments.

In addition, foreign currency risk is mitigated through the investment guidelines. NHRS manages its foreign exposure by requiring that separate account managers diversify their non-U.S. portfolios by country, sector and issuer to limit both foreign currency risk and security risk. Managers of commingled funds have discretion over their respective investment guidelines which must be consistent with strategies approved by NHRS. In certain instances, where permitted in the investment guidelines, investment managers may also use foreign currency forward contracts to hedge against foreign currency risk.

The Plan's exposure to foreign currency risk at June 30, 2021 is presented on the following schedule (expressed in thousands):

Currency	Equity	Fixed Income	Real Estate and Alternative Investments	Cash and Cash Equivalents	Totals
Total investments subject to foreign currency risk	**$1,098,477**	**$ 1,246,643**	**$ 132,192**	**$ 631,455**	**$ 3,108,767**

Derivatives: Derivative instruments are contracts whose values are based on the valuation of an underlying asset, reference rate or index. Derivatives include futures, options, forward contracts and forward foreign currency exchanges. NHRS managers may enter into certain derivative instruments primarily to enhance the efficiency and reduce the volatility of the portfolio. There were no investments in options within the separate account portfolios. The NHRS investment policy and certain investment manager guidelines allow for the use of derivative instruments. The use of futures, options, or forward contracts is not permitted for any speculative hedging or leveraging of the portfolios and is prohibited in separate account mandates. Managers of commingled funds have discretion over their respective investment guidelines which may allow for the use of derivative instruments.

The Plans could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. To mitigate this risk, investment managers conduct assessments of their counterparties and utilize exchanges which have trading standards.

NHRS managers may use futures, options, and foreign currency exchange contracts in order to manage currency risk or initiate transactions in non-U.S. investments. NHRS may be positively or negatively impacted by foreign currency risk due to fluctuations in the value of different currencies. NHRS may also be positively or negatively impacted by interest rate risk due to changes in interest rates. The Plans could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. To mitigate this risk, investment managers conduct assessments of their counterparties and utilize exchanges which have trading standards. The fair value of open foreign currency exchange contracts including unrealized appreciation or depreciation is recorded on the Statements of Fiduciary Net Position as Due from Brokers for Securities Sold and as Due to Brokers for Securities Purchased.

Foreign currency exchange contracts open at June 30, 2021 are summarized below (expressed in thousands):

FOREIGN CURRENCY EXCHANGE CONTRACTS PURCHASED & SOLD

	Unrealized Appreciation	Unrealized (Depreciation)
Totals	$ 1,610	$ (2,174)

Fair Value: NHRS categorizes the fair value measurements of its investment within the fair value hierarchy established by generally accepted accounting principles as described in detail earlier in Note 2. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable. NHRS had no level 3 investments as of June 30, 2021.

Investments that are measured at fair value using the net asset value (NAV) as a practical expedient are not classified in the fair value hierarchy. At June 30, 2021 NHRS had no plans or intentions to sell investments at amounts different from NAV.

The categorization of investments within the hierarchy is based on the pricing transparency of the investment and should not be perceived as the particular investment's risk.

The following table summarizes NHRS's investments measured at fair value, by type, as of June 30, 2021 (expressed in thousands):

	2021				
	Fair Value Measurements Using (in thousands)				
Investments at Fair Value	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Net Asset Value (NAV)**	**Unfunded Commitments**
Fixed Income:					
U.S Government Obligations (1)	$ 388,029	$ 327,309	$ 60,720		
Domestic Fixed Income (2)	841,129		841,129		
Commingled Funds (3)	866,867			866,867	
International Fixed Income (4)	98,763		98,763		
Equity:					
Domestic Equity Securities	3,954,960	3,949,226	5,734		
Commingled Funds (5)	589,378			589,378	
International Equity Securities	1,121,309	1,121,309			
Real Estate:					
Real Estate Funds (6)	1,129,863			1,129,863	261,723
Alternative Investments:					
Private Equity (7)	1,643,888			1,643,888	731,325
Private Debt (8)	572,100			572,100	357,701
Total Investments	**$ 11,206,286**	**$ 5,397,844**	**$ 1,006,346**	**$ 4,802,096**	**$ 1,350,749**

Notes to the table above:

(1) Fiscal 2021 rates range from 0.125% to 5.490%, and maturities from 2022 to 2050. Fiscal 2020 rates range from 0.125% to 5.490%, and maturities from 2021 to 2050.

(2) Fiscal 2021 rates range from 0.00% to 8.375%, and maturities from 2022 to 2069. Fiscal 2020 rates range from 0.00% to 9.250%, and maturities from 2021 to 2069.

(3) This represents investments in three commingled fixed income funds that invest globally in both developed and emerging markets with investments consisting primarily of corporate bonds (investment grade and high yield), sovereign bonds and securitized bonds. These funds may also invest in convertible bonds and currencies. The redemption frequency for these investments range from daily to monthly with one to 30 business days' prior written notice.

(4) Fiscal 2021 rates range from 3.00% to 10.000%, and maturities from 2021 to 2048. Fiscal 2020 rates range from 1.00% to 10.000%, and maturities from 2021 to 2050.

(5) This represents investments in three commingled equity funds that invest primarily in common stock of companies located outside the U.S., including emerging markets. These investments have daily liquidity and require up to 10 business days' notice for redemption.

(6) This represents investments in 65 real estate vehicles consisting of 12 strategic open-end funds and 53 tactical non-core investments. Redemption from the open-end funds can be requested on a quarterly basis with 45-90 days' notice periods. The tactical non-core investments are not redeemable. NHRS has no direct property investments as of June 30, 2021.

(7) This represents 41 investments in private partnerships focused primarily on the following strategies: buyouts, growth equity, secondaries and energy. These private partnerships typically have 10 to 15 year life cycles during which limited partners are unable to redeem their positions, but instead, receive distributions as the partnerships liquidate their underlying assets.

(8) This represents 28 investments in private partnerships focused primarily on the following strategies: direct lending, mezzanine and distressed debt. These private partnerships typically have 6 to 10 year life cycles during which limited partners are unable to redeem their positions, but instead, receive distributions from coupon payments and/or as the partnerships liquidate their underlying asset.

FIDUCIARY COMPONENT UNIT (New Hampshire Judicial Retirement Plan - NHJRP)

Investments are reported at fair value. Investments in mutual funds are valued at current market prices. Alternative investments include investments in limited partnerships valued at net asset value (NAV) as a practical expedient to estimate fair value. The NAVs for alternative investments were obtained from statements provided by the investment managers in good faith by the funds' managers or underlying investments' general partners. These values may not reflect the amount that would be realized upon an immediate sale due to lack of liquidity or other market conditions. Due to the uncertainty of valuation, the investment manager's estimated values may differ from the values that would have been used had a ready market existed for the fund's investments, and the difference could be material. The net appreciation (depreciation) in the fair value of investments held by NHJRP is based on the valuation of investments as of the date of the statement of fiduciary net position.

The investment philosophy of the Board of Trustees of NHJRP flows from its responsibility as fiduciary with respect to the NHJRP members and beneficiaries. As such, the Plan's assets are invested and managed for the exclusive purpose of providing plan benefits and are invested pursuant to RSA 100-C:12. The Board of Trustees pursues an investment strategy designed to meet the long-term funding requirements of NHJRP as determined by the NHJRP's actuary.

The Board's investment policy permits NHJRP assets to be invested in U.S. and non-U.S. equities, U.S. and non-U.S. fixed income securities, and certain hedge funds and alternative fund-of-funds, subject to certain portfolio restrictions. Asset allocations among various classes are as follows as of December 31, 2020:

ASSET ALLOCATION		
Asset Class:	**Target**	**Policy Range**
Large Cap Equities	31.000 %	
Small Cap Equities	4.000 %	
Domestic Equity	**35.000 %**	**35–45%**
International Equity	**15.500 %**	**8–20%**
Core Fixed Income	37.000 %	
Fixed Income	**37.000 %**	**10–33%**
U.S. REITs	2.500 %	
Alternatives	9.000 %	
Alternatives	**11.500 %**	**0–33%**
Cash and cash equivalents	**1.000 %**	**0-15%**

Custodial Credit Risk - Deposits: At times, NHJRP maintains cash balances in excess of the amount insured by the Federal Deposit Insurance Corporation. NHJRP has not experienced any losses in such accounts. NHJRP believes it is not exposed to any significant risk with respect to these accounts held at Bank of New Hampshire.

Custodial Credit Risk - Investments: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, NHJRP will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of NHJRP and are held by either the counterparty, or the counterparty's trust department or agency, but not in NHJRP's name.

NHJRP does not have a written policy in place to address custodial credit risk on investments. As of December 31, 2020, NHJRP's investments included in the Statement of Fiduciary Net Position were exposed to custodial credit risk. The investments were held by the counterparty, not in the name of NHJRP.

Concentration of Credit Risk: NHJRP's investment policy prohibits more than 5% of the portfolio, at fair value, to be invested in the securities of any one company. These guidelines mitigate the magnitude of risk and loss attributable to a single issuer.

Interest Rate Risk - Fixed Income Investments: Interest rate risk associated with adverse effects of changes in the fair value of fixed income securities is not addressed in the policy by NHJRP. While policies do exist to limit the percentage of market value in a single issue at any one time and of the total percentage held of any issuer's debt instruments, the duration of the remaining life of individual securities is not subject to any limitations and may therefore introduce a measure of interest rate risk.

Credit Quality Risk - Fixed Income Investments: The investment policy uses quality ratings by Standard & Poor's and Moody's as the primary guide for corporate fixed income investments. There are no limits on the use of U.S. Government, agency or guaranteed issues. In addition, there are no limits on the use of issues of Canadian, British, Japanese, Australian, or European monetary systems bloc governments and their agencies and supranational borrowers in local currency or European Currency Unit. A 15% limit is placed on all other issues. NHJRP's fixed income investments are in mutual funds for which ratings are not available.

Fair Value: NHJRP categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are other significant observable inputs. Level 3 inputs are unobservable inputs. NHJRP has the following recurring fair value measurements as of December 31, 2020 (expressed in thousands):

	Fair Value Measurements as of December 31, 2020 Using:				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	Total
Investments at fair value					
Domestic equity	$ 30,208				$ 30,208
International equity	14,792				14,792
Fixed income	22,954				22,954
Alternatives	2,024			328	2,352
	$ 69,978			$ 328	$ 70,306

NHJRP's alternative investments valued at NAV are subject to redemption restrictions. At December 31, 2020, the alternative investment at NAV is subject to quarterly redemption with 65 days notice. The alternative investment at NAV seeks consistent stable returns by allocation of the fund's assets to a wide range of alternative investment strategies across the global financial markets. NHJRP's assets are managed primarily through investments in other corporations and other investment vehicles, as well as indirectly through segregated portfolio companies. The alternative investment at NAV is a globally diversified, multi-strategy, multi-manager portfolio that seeks to maximize expected active return from investing in hedge funds while minimizing passive risk and managing exposure to shock risk. Shock risk is a portfolio's exposure to losses that occur when markets function poorly. The alternative investment at NAV does not use formal targets for strategy allocations; rather, it focuses efforts on continuously driving strategy allocations toward areas of greater opportunity, subject to all the normal constraints (portfolio risk management, manager capacity availability, liquidity constraints and expected fund flows).

MAJOR COMPONENT UNIT (University System of New Hampshire - USNH)

Cash, cash equivalents, and short-term investments are recorded at fair value. USNH's investment policy and guidelines specify permitted instruments, durations, required ratings and insurance of USNH cash, cash equivalents and short-term investments. The investment policy and guidelines are intended to mitigate credit risk on investments individually and in the aggregate through restrictions on investment type, liquidity, custodian, dollar level, maturity, and rating category. Money market funds are placed with the largest national fund managers. These funds must be rated AA/Aa by Standard & Poor's and Moody's Investor Service and comply with Securities and Exchange Commission Rule 2A-7. Repurchase agreements must be fully collateralized at 102% of the face value by U.S. Treasuries, or 103% of the face value by US Government-backed or guaranteed agencies or government sponsored enterprises. In addition, USNH investments may not exceed 5% of any institution's total deposits or 20% of any institution's net equity.

Cash equivalents represent amounts invested for the purpose of satisfying current operating liabilities and include repurchase agreements, money market funds and other mutual funds. Repurchase agreements are limited to overnight investments only. Short-term investments are highly liquid amounts held to support specific current liabilities. Cash, cash equivalents and short-term investments are generally uninsured and uncollateralized against custodial credit risk, and the related mutual funds are not rated. Cash and cash equivalents totaled $85.7 million and short-term investments totaled $130.4 million at June 30, 2021.

The components of cash, cash equivalents and short-term investments are summarized below ($ in thousands):

	Level 1	Level 2	Total	Weighted Average Maturity
Cash balance	$42,166		$42,166	Less than 1 year
Repurchase agreements		$4,845	4,845	Less than 1 year
Money market funds	76,896		76,896	Less than 1 year
Domestic equity	795		795	Less than 1 year
Mutual funds	91,407		91,407	1-5 years
U.S. government and agencies, other		38	38	1-5 years
Total cash, cash equivalents and short-term investments	$211,264	$4,883	$216,147	

USNH's investment policy and guidelines specify permitted instruments, duration and required ratings for pooled endowment funds. The policy and guidelines are intended to mitigate risk on investments individually and in the aggregate while maximizing total returns and supporting intergenerational equity of spending levels. Illiquid investments are limited to 20% of the USNH consolidated endowment pool. Credit risk is mitigated by due diligence in the selection and continuing review of investment managers as well as diversification of both investment managers and underlying investments. Except in unusual circumstances, no more than 15% of total portfolio assets may be invested in any one actively managed strategy. If an investment manager is retained to manage more than one strategy, that manager will be limited to 20% of total portfolio assets. Passively managed investment strategies will not be limited within the portfolio; however, any one manager of passive strategies will be limited to 20% of total portfolio assets. Any manager positions exceeding these limits will be reviewed by the Finance Committee for Investments and this committee will decide the appropriate course of action to bring active manager exposures back in line with the concentration limit. Private global equity investments are limited to 20% of the endowment pool. No USNH endowment investments were denominated in foreign currencies as of June 30, 2021.

Endowment and similar investments are reported at estimated fair value in accordance with the following hierarchy. For investments classified in Level 1, the fair value is based on quoted prices (unadjusted) in active markets for identical assets that are accessible at the measurement date. Investments classified in Level 2 consist of investments that have valuations based on inputs other than quoted prices that are observable for an asset either directly or indirectly. For investments classified in Level 3 the fair value is based on unobservable inputs for an asset.

In determining fair value of investment assets, USNH utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. As a practical expedient to estimate the fair value of USNH's interests, certain investments in commingled funds and limited partnerships are reported at the net asset value (NAV) determined by the respective fund managers, without adjustment when assessed as reasonable by USNH, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Because these 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. As of June 30, 2021, USNH had no plans or intentions to sell such investments at amounts different from NAV. Investments reported at NAV as a practical expedient are not categorized in the fair value hierarchy.

The following tables summarize USNH's investments by type (expressed in thousands):

	Investments Classified in the Fair Value Hierarchy			Investments Measured at NAV	Total
	Level 1	Level 2	Level 3		
Endowment and similar investments - campuses					
Money market	$ 27,188				$ 27,188
Domestic equity	137,688			105,340	243,028
International equity	23,994			62,684	86,678
Global equity				10,851	10,851
Global fixed income	62,876				62,876
Inflation hedging assets	12,784			12,671	25,455
Hedge funds:					
Fund of Funds				2,009	2,009
Event-Driven				70,436	70,436
Equity Hedge				43,887	43,887
Distressed/Restructuring				21,319	21,319
Private equity & non-marketable real assets				68,977	68,977
Funds held in trust		19,725			19,725
Total endowment and similar investments - campuses	264,530	19,725		398,174	682,429
Endowment and similar investments - affiliated entities					
Money market	12,399				12,399
Domestic equity	19,815			59,346	79,161
International equity	9,825			44,043	53,868
Global equity	569			26,760	27,329
Global fixed income	16,771	3,017	4,292		24,080
Inflation hedging assets	4,311	6,313			10,624
Hedge funds:					
Equity Hedge				30,549	30,549
Distressed/Restructuring				39,918	39,918
Diversified				7,251	7,251
Private equity & non-marketable real assets				33,639	33,639
Total endowment and similar investments - affiliated entities	63,690	9,330	4,292	241,506	318,818
Total endowment and similar investments	$ 328,220	$ 29,055	$4,292	$ 639,680	$ 1,001,247

The majority of USNH's investments are units of institutional commingled funds and limited partnerships invested in equity, fixed income, hedge, natural resources, private equity, or real estate strategies. Hedge strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedge strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments which are valued by the investment manager. To the extent quoted prices exist the manager would use those; when these are not available, other methodologies maximizing observable inputs would be used for the valuation, such as discounted cash flow analysis, capitalization of current or stabilized net operating income, replacement costs, or sales contracts and recent sales comparable in the market. Private equity funds employ buyout, growth, venture capital and distressed security strategies. Real asset funds generally hold interests in private real estate. As of June 30, 2021, fixed income securities had maturities up to 7 years and carried ratings ranging from AAA to Baa3. The mutual fund investments held in the endowment pools are not rated.

As of June 30, 2021, USNH had 1 equity hedge fund and 1 global fixed income fund in a lock-up period set to expire in nine months. As of June 30, 2021, UNHF had one year lock up periods for three of its funds, one global equity and two of its hedge funds. Fixed income, private equity and real estate funds classified as illiquid have no ability to be redeemed at this time. For USNH, of the 36 funds classified as illiquid, 11 are currently in liquidation; 1 is expected to start liquidation within the next year; 18 are expected to start liquidation in 2 to 15 years, and 6 currently have no expected liquidation dates. For UNHF, 16 funds are classified as illiquid and are expected to be liquidated over the next 1 to 10 years.

As of June 30, 2021, USNH has one outstanding investment liquidation request which has been limited by the respective fund managers. USNH's estimated fair values of these investments at June 30, 2021 are $50,000. It is uncertain when, or if, the funds will be fully collected at the NAV recorded.

Unfunded commitments with various private equity and similar alternative investment funds totaled $42.4 million for USNH and $17.9 million for UNHF at June 30, 2021.

3. RECEIVABLES AND OTHER RECEIVABLES-RESTRICTED

The following is a breakdown of receivables at June 30, 2021 (expressed in thousands):

	Governmental Activities	Business-Type Activities	Total	Major Component Unit
Short-Term Receivables				
Taxes:				
Meals and Rooms	$ 48,285		$ 48,285	
Business Taxes	328,013		328,013	
Tobacco	33,144		33,144	
Real Estate Transfer	21,765		21,765	
Interest & Dividends	34,610		34,610	
Communications	3,553		3,553	
Utility Property Tax	19,900		19,900	
Gasoline Road Toll	10,971		10,971	
Subtotal	500,241		500,241	
Other Receivables:				
Turnpike System		$ 89,814	89,814	
Liquor Commission		7,315	7,315	
Lottery Commission		6,175	6,175	
Unemployment Trust Fund		161,515	161,515	
Internal Service Fund	15,311		15,311	
Federal Grants	486,871		486,871	$ 22,983
Local Grants	31,727		31,727	
Miscellaneous	55,727		55,727	7,530
Short Term Portion Of SRF Loans Receivable		27,731	27,731	
Short Term Portion Of Note/Pledge Receivable				4,291
Subtotal	589,636	292,550	882,186	34,804
Total Current Receivables (Gross)	1,089,877	292,550	1,382,427	34,804
Long-Term Receivables				
SRF Loans Receivable		475,698	475,698	
Other Loan Receivable	29,695	167	29,862	
Note/Pledge Receivable				18,043
Total Long Term Receivables (Gross)	29,695	475,865	505,560	18,043
Allowance for Doubtful Accounts	(65,454)	(164,442)	(229,896)	(6,065)
Total Receivables (Net)	$ 1,054,118	$ 603,973	$ 1,658,091	$ 46,782

State Revolving Fund (SRF):

Business-type activities include loans made under a program with the U.S. Environmental Protection Agency to improve cleanliness and potability of the State's water supplies. The SRF lends funds to municipalities and qualified private water organizations for the purpose of constructing wastewater and drinking water treatment facilities. The loans, based on specific federal criteria, may allow for forgiveness of portions of the principal. Amounts recorded as principal forgiveness totaled approximately $9.1 million for the year ended June 30, 2021.

4.CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being depreciated:				
Land & Land Improvements	$ 576,483	$ 11,554	$ (1,058)	$ 586,979
Construction in Progress	253,937	111,297	(221,242)	143,992
Work in Progress Computer Software	16,863	9,259	(14,189)	11,933
Total Capital Assets not being depreciated	847,283	132,110	(236,489)	742,904
Other Capital Assets:				
Equipment & Computer Software	538,129	54,622	(16,160)	576,591
Buildings & Building Improvements	1,018,167	40,234	(302)	1,058,099
Land Improvements	126,595	5,746		132,341
Infrastructure	4,085,797	170,176	(1,620)	4,254,353
Total Other Capital Assets	5,768,688	270,778	(18,082)	6,021,384
Less accumulated depreciation for:				
Equipment & Computer Software	(420,244)	(57,306)	16,092	(461,458)
Buildings & Building Improvements	(506,838)	(29,149)	166	(535,821)
Land Improvements	(104,315)	(2,132)		(106,447)
Infrastructure	(2,259,400)	(61,154)	751	(2,319,803)
Total Accumulated Depreciation	(3,290,797)	(149,741)	17,009	(3,423,529)
Other Capital Assets, Net	2,477,891	121,037	(1,073)	2,597,855
Governmental Activities Capital Assets, Net	$ 3,325,174	$ 253,147	$ (237,562)	$ 3,340,759
Business-Type Activities:				
Turnpike System:				
Capital Assets not being depreciated:				
Land & Land Improvements	$ 102,069			$ 102,069
Construction in Progress	34,933	17,164	(5,400)	46,697
Capital Assets not being depreciated	137,002	17,164	(5,400)	148,766
Other Capital Assets:				
Equipment & Computer Software	75,667	6,818	(23,531)	58,954
Buildings & Building Improvements	17,876	211		18,087
Land Improvements	2,003			2,003
Infrastructure	1,169,760	6,523	(172)	1,176,111
Total Other Capital Assets	1,265,306	13,552	(23,703)	1,255,155
Less accumulated depreciation for:				
Equipment	(61,520)	(5,720)	23,419	(43,821)
Buildings & Building Improvements	(3,904)	(464)		(4,368)
Land Improvements	(599)	(100)		(699)
Infrastructure	(404,425)	(22,975)	98	(427,302)
Total Accumulated Depreciation	(470,448)	(29,259)	23,517	(476,190)
Turnpike Capital Assets, Net	$ 931,860	$ 1,457	$ (5,586)	$ 927,731
Liquor:				
Capital Assets not being depreciated:				
Land	$ 1,984			$ 1,984
Construction In Progress	106	341	(41)	406
Work In Progress Computer Software	14,465	4,487	(1,013)	17,939
Total Capital Assets not being depreciated	16,555	4,828	(1,054)	20,329
Other Capital Assets:				
Equipment	10,924	162	(888)	10,198
Buildings & Building Improvements	48,996	2,360	(316)	51,040
Land Improvements	743	33		776
Total Other Capital Assets	60,663	2,555	(1,204)	62,014
Less accumulated depreciation for:				
Equipment	(9,115)	(1,135)	853	(9,397)
Buildings & Building Improvements	(15,832)	(1,736)	228	(17,340)
Land Improvements	(593)	(10)	(4)	(607)
Total Accumulated Depreciation	(25,540)	(2,881)	1,077	(27,344)
Liquor Capital Assets, Net	$ 51,678	$ 4,502	$ (1,181)	$ 54,999
Lottery Commission:				
Land & Buildings	2,999			2,999
Equipment	717	103		820
Less Accumulated Depreciation for Land & Buildings:	(100)	(77)		(177)
Less Accumulated Depreciation for Equipment:	(632)	(24)		(656)
Lottery Capital Assets, Net	$ 2,984	$ 2		$ 2,986

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

Governmental Activities:		
General Government	$	15,278
Administration of Justice and Public Protection		24,996
Resource Protection and Development		4,703
Transportation		77,491
Health and Social Services		27,054
Education		219
Total Governmental Activities Depreciation Expense	$	149,741

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 requires 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 System of New Hampshire (expressed in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	$ 17,962		$ (2,706)	$ 15,256
Building and Building Improvements	1,858,870	49,096	(7,721)	1,900,245
Equipment	152,326	10,259	(1,929)	160,656
Construction in Progress	66,152	43,208	(49,096)	60,264
Subtotal	2,095,310	102,563	(61,452)	2,136,421
Less: Accumulated Depreciation	(975,385)	(68,861)	9,265	(1,034,981)
Total	$ 1,119,925	$ 33,702	$ (52,187)	$ 1,101,440

Contractual Obligations for major construction projects totaled approximately $66.0 million at June 30, 2021.

5. LONG-TERM DEBT

PRIMARY GOVERNMENT

Bonds/Notes Authorized and Unissued: Bonds/Notes authorized and unissued amounted to $573.1 million at June 30, 2021. The proceeds of the bonds/notes will be applied to the following funds when issued (expressed in millions):

Capital Projects Fund	$	224.1
Federal Highway/Garvees		298.8
Turnpike System		50.2
Total	$	573.1

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 $766.0 million of bonds to support this project. The State has issued $715.8 million of revenue bonds for these projects.

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):

Date of Advance Refunding	Amount Outstanding at June 30, 2021
Governmental Fund Types (General Obligation Bonds):	
November 30, 2016	$12,775
Subtotal	$12,775

Bond/Note Issuances:

Effective July 1, 2014, Chapter 17 of the Laws of 2014 and as amended by Chapter 276:210 and 276:211, Laws of 2015, authorized the use of a $0.042 cent increase in motor vehicle fuel fees (referred to as a 'road toll' in New Hampshire laws) to fund $200 million in general obligation bonds or revenue bonds, or both, to complete the I-93 Salem to Manchester widening project. Subsequent legislation specifically authorized a Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan as an alternative to a traditional general obligation bond issue including, without limitation, a pledge of the revenue collected from adjustments under RSA 260:32-a for rates that exceed $0.18 per gallon less required distributions under RSA 235:23, I, on said revenues.

The State, through the State Treasurer and the NH Department of Transportation (Department) was approved for a TIFIA loan in May of 2016. The TIFIA loan resulted in $200.0 million of funding at a favorable 1.09% interest rate that will allow the Department to perform additional bridge repair and pavement maintenance and completion of the I-93 project within the time frame of the law. This increase under Chapter 17 of the Laws of 2014, as amended, will expire once all debt service payments for the I-93 project have been made or 20 years after the initial issuance of such bonds, whichever is earlier. As of June 30, 2021, $196.2 million of TIFIA proceeds had been received under this arrangement, representing a long-term note payable. This compares to $174.9 million as of June 30, 2020. The TIFIA obligation is payable on an interest-only basis initially, with principal payments beginning in 2025. A final principal payment schedule will be established once all proceeds have been drawn against the loan. Interest paid during the fiscal year ended June 30, 2021 was $2.0 million.

The TIFIA loan agreement also requires that the State expend certain annual amounts of the increased road toll revenues on non-federally aided highway projects in the State. In the event, the State does not meet these requirements the interest rate on the loan will increase to 2.17% until the spending requirements are met. In addition, the TIFIA loan agreement provides for a default rate of interest equal to 3.09%.

The State issued $2.3 million General Obligation Capital Improvement Bonds, 2020 Series A (Series B Bonds") on August 18, 2020. The 2020 Series B Bonds were issued through a private placement with the New Hampshire Municipal Bond Bank (NHMBB). The NHMBB purchased the Series B Bonds to use as an investment in its required debt service reserve fund. The Series B Bonds are structured to pay interest every six months with two maturities, $0.3 million on 8/15/2029 and the second and final maturity on 8/15/2040. The State uses the proceeds to fund its ongoing capital program while benefiting from a reduced cost of capital compared to that of a conventional "new money" issue. This transaction resulted in a net true interest cost of 1.55%.

The State issued $47.2 million General Obligation Capital Improvement Bonds, 2020 Series C through a competitive sale on December 15, 2020 that closed on December 22, 2020, of which $45.7 million was for governmental activities and $1.5 million was for Liquor projects. This sale resulted in an overall true-interest-cost (TIC) to the State of 1.59% with coupons ranging from 1.00% to 5.00% and with final maturity on 12/01/2040. The proceeds of these bonds will be used to fund all or part of various capital projects of the State.

Also on December 15, 2020 the State issued two separate series of refunding bonds. The first was a tax exempt current refunding issuance of $49.5 million General Obligation Refunding Bonds, 2020 Series D which were issued to refinance a total of $60.3 million in previously issued and currently outstanding bonds at an overall true-interest-cost (TIC) to the State of .45% and achieving present value savings of just over $4.7 million or 7.8% of the refunded bonds. Directly following that sale, the State issued taxable advance refunding bonds, $37.6 million General Obligation Refunding Bonds, Series E (Federally Taxable) of which $36.1 million was for governmental activities and $1.5 million was for Liquor projects, to advance refund $35.6 million of previously issued and currently outstanding bonds ($34.1 million of governmental activities and $1.5 million of Liquor projects) at an overall true-interest-cost (TIC) to the State of .23% and achieving present value savings of nearly $6.7 million or 18.8% of the refunded bonds. Both refunding series closed on December 22, 2020. Neither refunding extended maturities beyond the refunded bonds. In the aggregate, these refinancings produced savings of approximately $10.8 million over ten years with the majority coming in the first two years, specifically $2.1 million in state fiscal year 2021 and $8.7 million in state fiscal year 2022.

The State does not have any other debt arrangements that need to be disclosed regarding direct placement debt or other debt related to (1) lines of credit, (2) assets pledged as collateral, (3) terms specified in debt agreements related to significant (a) events of default with financial consequences, (b) termination events with financial consequences, (c) subjective acceleration clauses.

Changes in Long-Term Liabilities: The following is a summary of the changes in the long-term liabilities as reported by the primary government during the fiscal year (expressed in thousands):

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Current	Non-Current
General Obligation Bonds Payable	$ 649,839	$ 131,263	$ 174,323	$ 606,779	$ 67,804	$ 538,975
Direct Placement Bonds Payable	29,564	2,270		31,834	1,295	30,539
Federal Highway Grant Anticipation Bonds	90,800		15,000	75,800	14,400	61,400
Premium on Bonds	91,166	25,839	14,575	102,430		102,430
Notes Payable	174,917	21,321		196,238		196,238
Compensated Absences	97,530	2,842	1,604	98,768	10,944	87,824
Claims Payable	48,678	305,984	303,600	51,062	30,451	20,611
Net Pension Liability	897,841	370,212	94,314	1,173,739		1,173,739
Other Postemployment Benefits Payable	1,703,228	388,115	3,537	2,087,806		2,087,806
Pollution Remediation Obligation	72,460	8,478	2,247	78,691	16,206	62,485
Capital Lease	16,925	2,527	2,552	16,900	3,705	13,195
Federal Highway Administration Liability		27,846		27,846	8,000	19,846
Total Governmental	$ 3,872,948	$ 1,286,697	$ 611,752	$ 4,547,893	$ 152,805	$ 4,395,088
Business-Type Activities						
Turnpike System						
Revenue Bonds	$ 317,692		$ 27,482	$ 290,210	$ 26,285	$ 263,925
Pollution Remediation Obligation	4,867	111	626	4,352	269	4,083
Compensated Absences	1,234	33	47	1,220	135	1,085
Claims Payable	2,337	315	728	1,924	627	1,297
Other Postemployment Benefits Payable	22,734	8,138	1,221	29,651		29,651
Net Pension Liability	10,559	3,868	937	13,490		13,490
Total	$ 359,423	$ 12,465	$ 31,041	$ 340,847	$ 27,316	$ 313,531
Liquor Commission						
General Obligation Bonds Payable	$ 38,590	$ 1,582	$ 3,078	$ 37,094	$ 3,460	$ 33,634
Capital Lease	93		93			
Compensated Absences	2,342		131	2,211	245	1,966
Claims Payable	2,945	1,833	1,050	3,728	905	2,823
Other Postemployment Benefits Payable	49,734	11,349	2,751	58,332		58,332
Net Pension Liability	23,464	9,684	2,153	30,995		30,995
Total	$ 117,168	$ 24,448	$ 9,256	$ 132,360	$ 4,610	$ 127,750
Lottery Commission						
Compensated Absences	$ 588	$ 540	$ 431	$ 697	$ 70	$ 627
Claims Payable	2	1	1	2	2	
Mortgage Loan Payable	2,815		111	2,704	115	2,589
Other Postemployment Benefits Payable	12,438	2,640	822	14,256		14,256
Net Pension Liability	3,835	1,944	375	5,404		5,404
Total	$ 19,678	$ 5,125	$ 1,740	$ 23,063	$ 187	$ 22,876
State Revolving Fund Programs						
General Obligation Bonds Payable	$ 11,227		$ 2,072	$ 9,155	$ 2,072	$ 7,083
Compensated Absences Payable	1,219		111	1,108	167	941
Other Postemployment Benefits Payable	5,214	2,520	129	7,605		7,605
Net Pension Liability	5,722	2,361	525	7,558		7,558
Total	$ 23,382	$ 4,881	$ 2,837	$ 25,426	$ 2,239	$ 23,187
Total Business-Type	$ 519,651	$ 46,919	$ 44,874	$ 521,696	$ 34,352	$ 487,344

The General Fund and Highway Fund are primarily responsible for financing governmental activities long-term liabilities other than debt.

Bond and Revenue Anticipation Notes: In general, the State Treasurer, with the approval of the Governor and Council, is authorized to issue bond anticipation notes maturing within five years of their dates of issue. Refunding notes must be paid within five years of the dates of issue of the original notes. Also, to the extent monies in the General Fund, Highway Fund, or Fish and Game Fund are at any time insufficient for the payment of obligations payable from such funds, the State Treasurer, under the direction of the Governor and Council, is authorized to issue notes to provide funds to pay such obligations. Outstanding revenue anticipation notes issued for the General Fund may not exceed $200 million; for the Highway Fund, $15 million; and for the Fish and Game Fund, $0.5 million. As of June 30, 2021, the State had no bond or revenue anticipation notes outstanding.

Pollution Remediation Obligations: Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the U.S. Environmental Protection Agency expends superfund trust monies for cleanup. Currently there are several 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. Per GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, pollution liabilities of $78.7 million and $4.4 million were reported for governmental activities and business-type activities, respectively, at June 30, 2021. 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 as well as Federal Highway Grant Anticipation Bonds and TIFIA note payable, 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 supporting" 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 including expected federal interest subsidies described earlier are as follows (expressed in thousands):

	SOURCE OF PRINCIPAL PAYMENTS									DEBT SERVICE			
	Governmental Activities						Business-Type Activities			TOTAL ALL FUNDS			
							Liquor Commission	SRF Funds	Turnpike System				
Payable June 30,	General Fund	Direct Placement	Highway Fund	Federal Highway (GARVEE)	Self Supporting	Total	General Obligations	General Obligations	Revenue	Principal	Interest	Less: Federal Interest Subsidy	Net Total
2022	$ 50,436	1,295	$ 9,628	$ 14,400	$ 7,740	**$ 83,499**	$ 3,460	$ 2,072	$ 26,285	$ 115,316	$ 46,246	$ 4,926	**$ 156,636**
2023	52,059		9,543	14,790	6,981	**83,373**	3,498	2,072	21,650	110,593	40,046	4,360	**146,279**
2024	48,550		9,753	15,145	7,066	**80,514**	2,867	557	18,795	102,733	35,582	3,724	**134,591**
2025	44,775		10,067	15,530	7,144	**77,516**	2,668	557	12,840	93,581	30,888	3,073	**121,396**
2026	35,895	2,300	9,101	15,935	6,944	**70,175**	2,548	557	9,465	82,745	26,769	2,461	**107,053**
2027-2031	131,290	11,230	28,968		24,992	**196,480**	10,846	1,671	55,735	264,732	88,395	8,718	**344,409**
2032-2036	56,726	11,604	13,214		3,907	**85,451**	8,037	1,669	56,205	151,362	42,265	5,137	**188,490**
2037-2041	25,093	5,405	5,927		980	**37,405**	3,170		58,510	99,085	12,415	1,367	**110,133**
2042-2046									12,300	12,300	497		**12,797**
Subtotal	**444,824**	**31,834**	**96,201**	**75,800**	**65,754**	**714,413**	**37,094**	**9,155**	**271,785**	**1,032,447**	**323,103**	**33,766**	**1,321,784**
Unamortized (Discount) / Premium	100,230	2,200				102,430			18,425	120,855			**120,855**
Total	**$ 545,054**	**$ 34,034**	**$ 96,201**	**$ 75,800**	**$ 65,754**	**$816,843**	**$ 37,094**	**$ 9,155**	**$290,210**	**$1,153,302**	**$323,103**	**$ 33,766**	**$ 1,442,639**

Revenue Bond Resolutions: Turnpike System revenue bonds are secured by a pledge of substantially all Turnpike System revenues and monies deposited into accounts created by the bond resolutions, subject only to the payment of operating expenses.

The bond resolutions require the Turnpike System to establish and collect tolls which are adequate at all times, when combined with other available sources of revenues, to provide for the proper operation and maintenance of the Turnpike System and for the timely payment of the principal and interest on all bonds, notes, or other evidences of indebtedness. The resolutions further require the Turnpike System to collect sufficient tolls so that in each fiscal year net revenues as defined by the resolutions will be at least equal to the greater of: (a) 120% of current year debt service on the revenue bonds, or (b) 100% of current year debt service on the revenue bonds and on all general obligation or other bonds, notes or other indebtedness, and the additional amount, if any, required to be paid from the revenue bond general reserve account to satisfy the Renewal & Replacement (R&R) requirement for the fiscal year.

The resolutions further require the Turnpike System to request payment from the Revenue Bond Construction Account and an Authorized Officer shall sign a written order and file the request with the State Treasurer.

The Turnpike System is required to review the adequacy of its tolls after each fiscal year. If this review indicates that the tolls and charges are, or will be, insufficient to meet the requirements described above, then the Independent Engineer of the Turnpike System will make a study and recommend a schedule of tolls and charges which will provide revenues sufficient to comply with the requirements described above. For fiscal year 2021, the toll rate schedule was deemed to be sufficient to meet all required payments in connection with the Turnpike System, and as such, no Independent Engineer's study was necessary.

The resolutions establish an R&R requirement with respect to each fiscal year. R&R costs consist of rehabilitation, renewals, replacements, and extraordinary repairs necessary for the sound operation of the Turnpike System or to prevent loss of revenues, but not costs associated with new construction, additions or extensions. Total R&R costs for fiscal year 2021 were $20.3 million, of which $9.0 million were recorded as current year expenses and $11.3 million were capitalized.

Management believes the Turnpike System has complied with all of its material financial bond covenants as set forth in the resolutions.

MAJOR COMPONENT UNIT

Changes in Long-Term Liabilities: The University System of New Hampshire's long-term liabilities include: Revenue Bonds Payable of $406.3 million; capital lease obligations of $5.4 million; deferred obligations interest swaps of $22.3 million; accrued employee benefits and compensated absences of $71.4 million; other postemployment benefits of $86.0 million; and other liabilities of $32.9 million (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current	Long-Term
University System of NH	$614,096	$86,910	$76,622	$624,384	$81,816	$542,568

* Current portion includes $8.3 million reported as accounts payable.

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

	UNIVERSITY SYSTEM OF N.H.		
Payable June 30,	Principal	Interest	Total
2022	28,760	15,320	44,080
2023	23,902	14,277	38,179
2024	24,598	13,350	37,948
2025	25,675	12,381	38,056
2026	18,986	11,472	30,458
2027-2031	95,106	45,916	141,022
2032-2036	99,785	25,571	125,356
2037-2041	40,555	9,870	50,425
2042-2046	28,065	3,528	31,593
2047	1,695	26	1,721
Subtotal	387,127	151,711	538,838
Unamortized Discounts/Premium, net	24,551		24,551
Total	$411,678	$151,711	$563,389

6. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The components of deferred outflows and inflows of resources in the government-wide financial statements related to the primary government at June 30, 2021 are as follows (expressed in thousands):

	Governmental Activities	Business-Type Activities	Primary Government
Deferred outflows of resources:			
Pension related amounts:			
New Hampshire Retirement System	$ 308,014	$ 16,007	$ 324,021
New Hampshire Judicial Retirement Plan	6,933		6,933
Total pension related amounts	314,947	16,007	330,954
OPEB related amounts:			
Trusted OPEB Plan	10,411		10,411
Non Trusted OPEB Plan	299,483	18,333	317,816
Total OPEB related amounts	309,894	18,333	328,227
Loss on refunding of debt, net	8,631	315	8,946
Total deferred outflows of resources	$ 633,472	$ 34,655	$ 668,127
Deferred inflows of resources:			
Pension related amounts:			
New Hampshire Retirement System	$ (40,702)	$ (3,580)	$ (44,282)
New Hampshire Judicial Retirement Plan	(4,643)		(4,643)
Total pension related amounts	(45,345)	(3,580)	(48,925)
OPEB related amounts:			
Trusted OPEB Plan	(675)		(675)
Non Trusted OPEB Plan	(463,579)	(33,163)	(496,742)
Total OPEB related amounts	(464,254)	(33,163)	(497,417)
Total deferred inflows of resources	$ (509,599)	$ (36,743)	$ (546,342)

The components of deferred inflows of resources related to the governmental funds at June 30, 2021 are as follows (expressed in thousands):

	General	Highway	Education	Total Governmental Funds
Deferred inflows of resources:				
Taxes considered unavailable	$ 177,389		$ 116,415	$ 293,804
Local assistance	18,576			18,576
Other loans	917			917
Indigent representation advances	851			851
Banking assessments	887			887
Miscellaneous fees & fines	1,036	1,306		2,342
Total deferred inflows of resources	$ 199,656	$ 1,306	$ 116,415	$ 317,377

MAJOR COMPONENT UNIT

The University System of New Hampshire's deferred outflows and deferred inflows of resources at June 30, 2021 are as follows (expressed in thousands):

Deferred outflows of resources:	
Accumulated decrease in fair value of hedging derivatives	$22,280
Accounting loss on debt refinancing, net	6,585
Changes of assumptions:	
Operating Staff Retirement Plan	29
Postretirement Medical Plan	11,891
Additional Retirement Contribution Program	80
Net Difference between projected and actual earnings:	
Operating Staff Retirement Plan	124
Difference between expected and actual experience:	
Postretirement Medical Plan	616
Benefit payments subsequent to the measurement date:	
Postretirement Medical Plan	2,965
Additional Retirement Contribution Program	$675
Asset retirement obligations	$1,218
Total deferred outflows of resources	$46,463

Deferred inflows of resources:	
Accounting gain on debt financing, net	$100
Annuities unconditional remainder interest	2,161
Changes of assumptions:	
Operating Staff Retirement Plan	15
Postretirement Medical Plan	6,192
Additional Retirement Contribution Program	23
Net Difference between projected and actual earnings:	
Operating Staff Retirement Plan	697
Difference between expected and actual experience:	
Operating Staff Retirement Plan	136
Postretirement Medical Plan	1,734
Additional Retirement Contribution Program	288
Total deferred inflows of resources	$11,346

7. RISK MANAGEMENT AND INSURANCE

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.

Principle of Self-insurance

As a general operating rule, the State self-insures against all damages, losses and expenses except to the extent that provisions of law require the purchase of commercial insurance or a risk assessment has indicated that commercial insurance is economical and beneficial for the State or the general public. In such instances, the State may elect to purchase commercial insurance. There are approximately 26 such commercial insurance programs in effect. These include, but are not exclusive to, state owned real property insurance, fleet automobile liability, watercraft insurance, foster parent liability, ski area liability for Cannon Mountain, data security and privacy cyber liability insurance, and a fidelity and faithful performance bond. In general, claims settled in the past three years under the insurance programs have not exceeded commercial insurance coverage; however, one fleet claim was settled in excess of policy limits during fiscal year 2016. As of June 30, 2021, there are no outstanding fleet claims that are currently expected to exceed the policy coverage. The State's exposure per claimant is limited by law to a total of $475 thousand under RSA 541-B:14 and the State's current fleet policy coverage is $250 thousand per claimant.

Employee and Retiree Health Benefits

During fiscal year 2004, the State established an Employee Benefit Risk Management Fund (the Fund), an internal service fund, to account for its uninsured risks of loss related to employee and retiree health benefits. Currently, the State retains all of the risk associated with the self-funded benefits, and utilizes an actuarially-established IBNR (incurred but not reported) claims reserve, which totaled $20.8 million as of June 30, 2021. In addition, state law requires the Fund to maintain a reserve in the amount of at least 3% of estimated annual self-funded claims and administrative costs, for unexpected costs. For fiscal year 2021, this reserve equaled $17.6 million for the Fund. The State maintains a reserve for four plans in the Fund: Actives, Troopers, Retirees, and Dental. The Trooper plan is reported as part of the Active plan, however, the Trooper component of the Active reserve amount represents 67% of the estimated annual claims and administrative expenses for the Trooper health plan account due to its small member size (approximately 800 members), which equaled $2.9 million for fiscal year 2021. The Active (without

Trooper), Retiree, and Dental reserves totaled $10.4 million, $4.0 million, and $0.4 million, respectively. Outside of the Trooper component, the Active, Retiree, and Dental accounts maintained a reserve of 5%, 5%, and 3%, respectively, of the estimated annual claims and administrative expenses. Health and Dental Plan Rates are established annually, by actuaries, based on an analysis of past claims, State and other medical trend, and annual projected plan claims and administrative expenses. The process used in estimating claim liabilities may not result in an exact payout amount due to variables such as medical inflation, or changes in law, enrollment or plan design.

Workers' Compensation

Since February 2003, the State has been self-insured for its workers' compensation exposures, retaining all of the risk associated with workers' compensation claims. The State utilizes an actuarial study that provides an annual estimate of the outstanding liabilities for the prior years' claims. The study also contains assumptions about loss development patterns, trends, and other claim projections based upon the State's historical loss experience. According to the fiscal year 2021 actuarial study, the Estimated Workers' Compensation Unpaid Loss and Allocated Loss Adjustment Expense (ALAE), which comprises past claims, claim trends, and future estimated loss experience, is $32.8 million as of June 30, 2021.

The following table presents the changes in claim liabilities during the fiscal years ending June 30, 2020 and 2021 (expressed in thousands):

Governmental Activities	6/30/2019 Balance	Increases	Decreases	6/30/2020 Balance	Increases	Decreases	6/30/2021 Balance	Current	Long-Term
Workers Compensation Claims Payable	$ 29,436	$ 3,257	$ 4,899	$ 27,794	$ 6,847	$ 7,539	$ 27,102	$ 6,491	$ 20,611
Health Claims Payable*	23,152	269,151	271,419	20,884	299,137	296,061	23,960	23,960	
Total	52,588	272,408	276,318	48,678	305,984	303,600	51,062	30,451	20,611
Business-Type Activities									
Turnpike System									
Workers Compensation Claims Payable	1,592	1,989	1,244	2,337	315	728	1,924	627	1,297
Total	1,592	1,989	1,244	2,337	315	728	1,924	627	1,297
Liquor Commission									
Workers Compensation Claims Payable	2,485	970	510	2,945	1,833	1,050	3,728	905	2,823
Total	2,485	970	510	2,945	1,833	1,050	3,728	905	2,823
Lottery Commission									
Workers Compensation Claims Payable	11		9	2	1	1	2	2	
Total	11		9	2	1	1	2	2	
Total Business-Type	$ 4,088	$ 2,959	$ 1,763	$ 5,284	$ 2,149	$ 1,779	$ 5,654	$ 1,534	$ 4,120

* Health Claims Payable is recorded in the Internal Service Fund

8. INTERFUND RECEIVABLES AND PAYABLES

Due From or To Other Funds for the primary government on the fund financial statements represent amounts resulting from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made, and consist of the following as of June 30, 2021 (expressed in thousands):

RECEIVABLES / DUE FROM	AMOUNT	PAYABLES / DUE TO	AMOUNT
Highway Fund	$ 1,151	Turnpike System	$ 1,151
General Fund	7,999	Turnpike System	7,999
General Fund	8,013	Unemployment Compensation	8,013
General Fund	5,457	Liquor Commission	5,457
General Fund	28,467	Non-Major Fund	28,467
Non-Major Fund	3,432	Liquor Commission	3,432
Liquor Commission	80	General Fund	80
Turnpike System	1,424	General Fund	1,424
Turnpike System	2	Highway Fund	2
Turnpike System	223	Liquor Commission	223
Education Fund	2,117	Lottery Commission	2,117
Lottery Commission	400	Liquor Commission	400
Total	$ 58,765	Total	$ 58,765

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 activities receivable of $26.7 million from business-type activities represents the "internal balances" amount on the statement of net position. The $28.5 million between governmental funds, and the $0.6 million between enterprise funds has been eliminated on the government-wide financial statements.

9. INTERFUND TRANSFERS

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

	Transfer to							
Transferred From	General Fund	Highway Fund	Education Fund	Non-Major Funds	Total Governmental Funds	Unemployment Compensation	Total Enterprise Funds	Total
Governmental Funds								
General Fund		$ 43,247		$ 1,639	$ 44,886			$ 44,886
Coronavirus Relief						50,000	50,000	50,000
Highway Fund	3,275				3,275			3,275
Education Fund	1,173				1,173			1,173
Non-Major Funds	6,513				6,513			6,513
Total Governmental Funds	10,961	43,247		1,639	55,847 *	50,000	50,000	105,847
Proprietary - Enterprise Funds								
Liquor Commission	182,451				182,451			182,451
Lottery Commission			144,237		144,237			144,237
Unemployment Compensation	23,097				23,097			23,097
Turnpike								
Total Proprietary - Enterprise Funds	$205,548		$ 144,237		$ 349,785			$349,785

* 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:

- Transfer of Lottery Commission profits of $144.2 million to fund education
- Transfer of Liquor Commission profits of $163.9 million to the General Fund for government operations, $10.0 million to the General Fund pursuant to RSA 176:16, III for the Alcohol Abuse Prevention and Treatment Fund and $8.5 million pursuant to RSA 126-AA:3, IV for the Granite Advantage Health Care Fund.

Pursuant to RSA 260:60, $1.0 million of unrefunded gas tax in the Highway Fund was transferred to the General Fund.

Transfer of OHRV license fees of $6.5 million to the General Fund for Natural and Culture Resources from Fish & Game Fund.

Transfer of Unemployment Compensation Contingency Fund of $23.1 million to the General Fund.

Pursuant to RSA 186-C:18, $1.2 million was transferred from the Education Trust fund to the General Fund.

Consistent with HB 3, funding of $36.2 million from the General Fund was transferred to support the Highway Fund and $2.3 million was transferred from the Highway Fund to the General Fund.

In October 2020 the Governor authorized $50 million of CARES Act Relief Funds to be transferred into the Unemployment Compensation fund, in order to stabilize that fund going forward.

Transfer of General Fund appropriations of $7.0 million to the Highway Fund for Federal Highway Administration repayment.

10. CONTRACTUAL COMMITMENTS

Contractual Commitments: The State Department of Transportation has estimated its share of contractual obligations for construction contracts to be $77.2 million at June 30, 2021. This represents total obligations of $207.6 million less $130.4 million in estimated federal aid.

Other Contractual Commitments: Encumbrances by fund for the State at June 30, 2021, excluding contractual commitments noted above, were as follows:

Expressed in Millions		
General Fund	$	104.5
Highway Fund		8.5
Non-Major Governmental Funds		0.2
	$	113.2

11. 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 ("NHRS") 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. NHRS is a contributory defined-benefit plan providing service, disability, death, and vested retirement benefits to members and beneficiaries. NHRS 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. NHRS 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 (age 65 for members beginning service on or after July 1, 2011) 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 (1.667%) of average final compensation multiplied by years of creditable service (1/66 of AFC times creditable service for members beginning service on or after July 1, 2011). AFC is defined as the average of the three highest salary years for members vested as of January 1, 2012 and five years for members not vested as of January 1, 2012. At age 65, the yearly pension amount is recalculated at 1/66 (1.515%) 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 a minimum of 20 years of creditable service (age 50 with a minimum of 25 years of creditable service or age 60 for members beginning service on or after July 1, 2011) can receive a retirement allowance at a rate of 2.5% of AFC for each year of service not to exceed 40 years (2% of AFC times creditable service up to 42.5 years for members beginning service on or after July 1, 2011). A member who began service on or after July 1, 2011 shall not receive a service retirement allowance until attaining age 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service. However, the allowance will be reduced by ¼ of one percent for each month prior to age 52.5 that the member receives the allowance.

Group II members hired prior to July 1, 2011 who have non-vested status as of January 1, 2012 are subject to graduated transition provisions for years of service required for regular service retirement, the minimum age for service retirement, and the multiplier used to calculate the retirement annuity, which shall be applicable on January 1, 2012.

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, NHRS also provides a postretirement medical premium subsidy for Group I employees and teachers and Group II police officers and firefighters.

NHRS 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: NHRS is financed by contributions from the members, the State and local employers, and investment earnings. By statute, Group I members contributed 7.0% of gross earnings. Group II firefighter members contributed 11.80% of gross earnings and group II police officers contributed 11.55% 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 NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The State contributed 10.88% of gross payroll for Group I members, 26.43% of gross payroll for Group II firefighter members, and 24.77% of gross payroll for Group II police officer members.

The State's required and actual contributions for the year ended June 30, 2021 were $94.8 million, which included an amount for other postemployment benefits of $9.5 million.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

As of June 30, 2021, the State reported a liability of $1,192.5 million for its proportionate share of the net pension liability of NHRS. This net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll the total pension liability forward to June 30, 2020. The State's proportion of the net pension liability was based on the State's share of contributions to NHRS relative to the contributions of all participating employers, actuarially determined. As of the measurement date, the State's proportion was 18.64%, which was a decrease of 15 basis points from its proportion measured as of the previous measurement date. For the year ended June 30, 2021, the State recognized total pension expense of $166.1 million.

As of June 30, 2021, the State reported deferred outflows and inflows of resources on its government-wide financial statements related to pensions in the primary government of $238.7 million (excluding $85.3 million in contributions subsequent to the measurement date) and $44.3 million, respectively, from the following sources:

(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	73,755	
Differences between expected and actual experience	32,203	(12,803)
Changes in assumptions	117,962	
Changes in employer proportion	13,200	(29,896)
Changes in internal proportion	1,583	(1,583)
Contributions subsequent to the measurement date	85,318	
Total	$ 324,021	$ (44,282)

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount (in thousands)
2022	$32,211
2023	47,203
2024	61,118
2025	53,889
	$194,421

Actuarial Assumptions: NHRS total pension liability, measured as of June 30, 2020, was determined by a roll forward of the actuarial valuation as of June 30, 2019, for which the following actuarial assumptions were used:

Inflation	2.0%
Salary increases	5.6% average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with creditability adjustments for each group and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 - June 30, 2019.

Long-Term Rates of Return: The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected geometric real rate of return: 2020
Large Cap Equities	22.50 %	3.71 %
Small/Mid Cap Equities	7.50 %	4.15 %
Total domestic equity	30.00 %	
International Equities (unhedged)	13.00 %	3.96 %
Emerging International Equities	7.00 %	6.20 %
Total international equity	20.00 %	
Core Bonds	9.00 %	0.42 %
Global Multi-Sector Fixed Income	10.00 %	1.66 %
Absolute return fixed income	6.00 %	0.92 %
Total fixed income	25.00 %	
Private equity	10.00 %	7.71 %
Private debt	5.00 %	4.81 %
Total alternative investments	15.00 %	
Real estate	10.00 %	2.95 %
Total real estate investments	10.00 %	
Total	100.00 %	

Discount Rate: The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are determined based on the expected payroll of current members only. Employer contributions are determined based on NHRS's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, NHRS's fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The following table illustrates the sensitivity of the State's proportionate share of NHRS's net pension liability to changes in the discount rate. In particular, the table presents the State's proportionate share of NHRS's net pension liability measured at June 30, 2020 assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the single discount rate (in millions):

1% Decrease to 5.75%	Current single rate assumption 6.75%	1% Increase to 7.75%
$1,543.8	$1,192.5	$905.4

Pension Allocations: The Statewide amounts for net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense detailed above were allocated among governmental and business-type activities based on each reporting unit's share of the Statewide employer contribution to NHRS. Pension-related amounts for each reporting unit are as follows (expressed in thousands):

	Governmental Activities	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Business-type Activities	Primary Government
Proportionate share of Statewide amount	95.19 %	1.13 %	2.60 %	0.45 %	0.63 %	4.81 %	100.00 %
Net pension liability	$ 1,135,038	$ 13,490	$ 30,995	$ 5,404	$ 7,558	$ 57,447	$ 1,192,485
Pension expense	158,221	1,589	4,416	734	1,105	7,844	166,065
Deferred outflows of resources representing contributions subsequent to the measurement date	81,254	916	2,198	411	539	4,064	85,318
Deferred outflows of resources representing the changes in employer proportion	12,564	149	343	60	84	636	13,200
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	70,203	834	1,917	334	467	3,552	73,755
Deferred outflows of resources representing changes in assumptions	112,278	1,335	3,066	535	748	5,684	117,962
Deferred outflows of resources representing the differences between expected and actual experience	30,652	364	837	146	204	1,551	32,203
Deferred inflows of resources representing the differences between expected and actual experience	(12,187)	(144)	(333)	(58)	(81)	(616)	(12,803)
Deferred inflows of resources representing the changes in employer proportion	(28,455)	(338)	(777)	(136)	(190)	(1,441)	(29,896)
Deferred outflows of resources representing change in proportion within the entity	1,063	168	66	214	72	520	1,583
Deferred inflows of resources representing change in proportion within the entity	(60)	(1,191)	(143)	(142)	(47)	(1,523)	(1,583)
Amortization of deferred amounts:							
2022	31,142	(14)	747	105	231	1,069	32,211
2023	45,370	81	1,219	227	306	1,833	47,203
2024	58,250	564	1,602	326	376	2,868	61,118
2025	51,296	546	1,408	295	344	2,593	53,889
Total	186,058	1,177	4,976	953	1,257	8,363	194,421
Sensitivity analysis:							
Net pension liability at 5.75% discount rate	1,469,412	17,463	40,126	6,996	9,784	74,369	1,543,781
Net pension liability at 7.75% discount rate	861,810	10,242	23,534	4,103	5,739	43,618	905,428

JUDICIAL RETIREMENT PLAN

Plan Description: The New Hampshire Judicial Retirement Plan (NHJRP), a single-employer 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. NHJRP 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. Information and financial reports of the New Hampshire Judicial Retirement Plan can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301, or from the State's website at http://www.nh.gov.

Members covered by benefit terms: As of December 31, 2020, the following members were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefits	76
Inactive members entitled to but not yet receiving benefits	2
Active or vested members	56
Total members	134

The NHJRP is administered by an appointed Board of Trustees (Board), separate from the New Hampshire Retirement System. The Board consists of 7 members, 2 of which are appointed by the Governor and Council and 1 of whom the Governor shall designate to serve as chairman of the Board of Trustees, and who shall be qualified persons with business experience and not members of NHJRP. The Chief Justice of the state supreme court shall appoint 3 trustees, at least 2 of whom shall be active members of NHJRP and one of whom may be a retired member of NHJRP. One member of the state senate and one member of the house of representatives shall be appointed biennially. Certain daily administrative functions of NHJRP have been delegated by the Board to the New Hampshire Retirement System such as retirement request processing, member record maintenance and serving as the NHJRP's information center. The NHJRP 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 NHJRP.

Any member of the NHJRP 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 creditable 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 NHJRP 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 NHJRP's initial unfunded accrued liability. All eligible judges are required to contribute 10% of their salaries to the NHJRP until they become eligible for a service retirement equal to 75% of their final year's salary. The State was required to and contributed 41% of the members' salary through June 30, 2013. Effective July 1, 2013 the State was required to and contributed 64.5% of the member's salary. The State's required contribution rate was 75.4% of the member's salary for the period July 1, 2017 through June 30, 2019. Effective July 1, 2019, the State's required contribution rate was 69.4% of the member's salary. For the year ended June 30, 2021, State contributions to the NHJRP totaled $6.5 million.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of June 30, 2021, the State reported a net pension liability of $38.7 million for the NHJRP. The NHJRP's net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Changes in the components of net pension liability for the measurement period ended December 31, 2020 are as follows (in thousands):

	Changes in Net Pension Liability		
	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2019	$102,253	$65,186	$37,067
Changes for the year:			
Service cost	4,333		4,333
Interest on total pension liability	6,872		6,872
Effect of differences between expected and actual experience	1,154		1,154
Effect of changes in actuarial assumptions	4,477		4,477
Benefit payments	(7,396)	(7,396)	
Employer contributions		6,652	(6,652)
Member contributions		830	(830)
Net investment income		7,999	(7,999)
Administrative expenses		(279)	279
Balances as of December 31, 2020	$111,693	$72,992	$38,701

For the year ended June 30, 2021, the State recognized pension expense of $6.4 million for the NHJRP. As of June 30, 2021, the State reported deferred outflows and inflows of resources on its government-wide financial statements related to the NHJRP of $4.0 million (excluding $3.0 million in contributions subsequent to the measurement date) and $4.6 million, respectively, from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		$ (4,643)
Net difference between expected and actual experience	814	
Change in assumptions	3,160	
Contributions subsequent to the measurement date	2,959	
Total	$ 6,933	$ (4,643)

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount (in thousands)	
2022	$	309
2023		1,104
2024		(1,351)
2025		(731)
	$	(669)

Actuarial Assumptions: The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%
Salary increases	2.25%
Investment rate of return	6.50%

Mortality rates were based on the PubG-2010 Mortality table with generational projection per the MP Ultimate scale as of January 1, 2020.

The actuarial assumptions used in the January 1, 2018 valuation were not based on the results of a recent actuarial experience study. The Plan has not had a formal actuarial experience study performed since one performed for the period July 1, 2005 - June 30, 2010.

Long-Term Rates of Return: The long-term expected rate of return on NHJRP investments was selected from a best estimate range determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Cash	1.000 %	0.87 %
Core Fixed Income	37.000 %	2.18 %
U.S. REITs	2.500 %	3.42 %
Large Cap US Equities	31.000 %	3.33 %
Small Cap US Equities	4.000 %	3.91 %
International equity	15.500 %	4.70 %
Alternatives	9.000 %	3.03 %

Discount Rate: The single discount rate used to measure the collective total pension liability was 6.50%, which is the same rate used for the prior year measurement of total pension liability. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the NHJRP's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table illustrates the sensitivity of the NHJRP's net pension liability to changes in the discount rate. In particular, the table presents the net pension liability of NHJRP, calculated using the discount rate of 6.50%, as well as what the NHJRP's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current discount rate (expressed in thousands):

1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
$49,246	$38,701	$29,919

OTHER POSTEMPLOYMENT BENEFITS

General Information about the Trusted OPEB Plan

Plan Description: Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, NHRS administers a cost-sharing multiple employer defined benefit postemployment medical subsidy healthcare plan designated in statute by membership type. This plan has been previously defined as the Trusted OPEB plan but is also commonly referred to as "medical subsidy plan". The membership groups are Group II Police Officers and Firefighters and Group I State Employees.

NHRS 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

Benefits Provided: The Trusted OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employers of its members, or their insurance administrator, toward the cost of health insurance for a qualified retiree, spouse, and certifiably dependent children with a disability who is living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving Trusted OPEB Plan benefits differ for Group I and Group II members. Eligibility for the medical subsidy payment is determined by the relevant RSA's, however, the medical subsidy plan is closed to new entrants. The State is a recipient of these medical subsidy payments on behalf of its former employees.

Contributions: Pursuant to RSA 100-A:16, III, and the biennial actuarial valuation, funding for the medical subsidy payment is via the employer contribution rates set forth by NHRS. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the NHRS actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The State contributed 1.05% of gross payroll for Group I members, 3.66% of gross payroll for Group II firefighter members, and 3.66% of gross payroll for Group II police officer members. Employees are not required to contribute to the Trusted OPEB Plan.

The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the medical subsidy plan. Employer contributions made by the State to NHRS for the medical subsidy component amounted to $9.5 million in fiscal year 2021 and $9.3 million in fiscal year 2020.

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the State reported a liability of $86.9 million for its proportionate share of the net Trusted OPEB Plan liability. The net Trusted OPEB Plan liability was measured as of June 30, 2020, and the total Trusted OPEB Plan liability used to calculate the net Trusted OPEB Plan liability was determined by an actuarial valuation as of June 30,2019 and rolled forward to June 30, 2020, utilizing procedures incorporating the actuarial assumptions. The State's proportion of the net Trusted OPEB Plan liability was based on the projection of the State's long-term share of contributions to the Trusted OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. As of the measurement date, the State's proportionate share was 19.85 percent. For the year ended June 30, 2021, the State recognized OPEB expense of $5.4 million.

As of June 30, 2021, The State reported deferred outflows and inflows of resources on its government-wide financial statements related to OPEB in the primary government of $0.9 million (excluding $9.5 million in contributions subsequent to the measurement date) and $0.7 million, respectively, from the following sources.

(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 325	
Differences between expected and actual experience		$ (252)
Changes in employer proportion		(423)
Changes in assumptions	$ 559	
Contributions subsequent to the measurement date	9,527	
Total	$ 10,411	$ (675)

Amounts reported as deferred outflows of resources related to the Trusted OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net Trusted OPEB Plan liability in the year ended June 30, 2022. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to Trusted OPEB Plan will be recognized in OPEB expense as follows:

Year ended June 30,	Amount (in thousands)
2022	$(91)
2023	96
2024	115
2025	89
	$209

Actuarial Assumptions: The total Trusted OPEB Plan liability, measured as of June 30, 2020, was determined by a roll forward of the actuarial valuation as of June 30, 2018, for which the following actuarial assumptions were used:

Inflation	2.0%
Salary increases	5.6% average, including inflation
Investment rate of return	6.75%, net of OPEB plan investment expense, including inflation for determining solvency contributions
Healthcare cost trend rates	N/A - benefits are fixed cash stipends

Mortality rates were based on the Pub-2010 Healthy Retiree mortality tables credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 - June 30, 2019.

Long-Term Rates of Return: The long-term expected rate of return on Trusted OPEB plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target Allocation	Weighted average long-term expected geometric real rate of return: 2020
Large Cap Equities	22.50 %	3.71 %
Small/Mid Cap Equities	7.50 %	4.15 %
Total domestic equity	30.00 %	
International Equities (unhedged)	13.00 %	3.96 %
Emerging International Equities	7.00 %	6.20 %
Total international equity	20.00 %	
Core Bonds	9.00 %	0.42 %
Global Multi-Sector Fixed Income	10.00 %	1.66 %
Absolute return fixed income	6.00 %	0.92 %
Total fixed income	25.00 %	
Private equity	10.00 %	7.71 %
Private debt	5.00 %	4.81 %
Total alternative investments	15.00 %	
Real estate	10.00 %	2.95 %
Total real estate investments	10.00 %	
Total	100.00 %	

Discount Rate: The discount rate used to measure the collective total Trusted OPEB Plan liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are determined based on the expected payroll of current members only. Employer contributions are determined based on actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Trusted OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total Trusted OPEB Plan liability.

The following table illustrates the sensitivity of the State's proportionate share of the net Trusted OPEB Plan liability to changes in the discount rate. In particular, the table presents the State's proportionate share of the Trusted OPEB Plan liability measured at June 30, 2020 assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the single discount rate (in thousands):

1% Decrease to 5.75%	Current single rate assumption 6.75%	1% Increase to 7.75%
$ 94,344	$ 86,882	$ 80,402

General Information about the Non Trusted OPEB Plan

Plan Description: RSA 21-I:30 specifies that the State provide certain health care benefits for retired employees and their spouses through a single employer (primary government with component units) defined benefit postemployment benefit plan, previously defined as the Non Trusted OPEB Plan. These benefits include group hospitalization, hospital medical care, surgical care and other medical 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 benefits. During fiscal year 2011, legislation was passed that requires Group II employees to have 20 years of State service to qualify for retiree health benefits. Additionally, during fiscal year 2012, legislation was passed requiring Group I employees hired after July 1, 2011 to have 25 years of state service and increased the normal retirement age for Group I and Group II employees hired after July 1, 2011. 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, previously defined as the Fund, a single-employer group health fund, which is the state's self-insurance internal service fund for active state employees and retirees. The Fund covers the cost of medical and prescription drug claims by charging actuarially developed working rates to State agencies for participating employees, retirees and eligible spouses. An additional major source of funding for retiree benefits is from the medical subsidy payment described earlier, which totaled approximately $10.6 million, $11.0 million and $11.4 million, respectively, for the fiscal years ended June 30, 2021, 2020 and 2019. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees covered by benefit terms: As of December 31, 2018 the following employees were covered by the benefit terms:

Retired members and beneficiaries currently receiving benefits	12,396
Retired employees entitled to but not yet receiving benefit payments	463
Active employees	10,374
	23,233

Total OPEB Liability

The primary government's proportionate share of the total Non Trusted OPEB Plan liability of $2,110.1 million was measured as of June 30, 2020, and was determined by an actuarial valuation as of December 31, 2018, adjusted forward. The primary government's proportionate share of the total Non Trusted OPEB Plan liability is the ratio attributable to each fund/component unit based on each participant's calculated liability. As of the measurement date, the primary government's proportion was 94.83%, which was a decrease from 94.85% as of the previous measurement date.

Changes in the total OPEB Liability: The total OPEB liability at June 30, 2021 is $2,225.9 million of which the primary government's proportionate share is $2,110.1 million.

(dollars in thousands)	Total OPEB Liability
Balance at 6/30/19	$ 1,795,462
Changes for the year:	
Service cost	62,882
Interest	64,137
Differences between expected and actual experience	(10,282)
Changes in assumptions	358,302
Benefit payments	(44,600)
Net changes	430,439
Balance at 6/30/20	$ 2,225,901

Actuarial Assumptions and other inputs: The total Non Trusted OPEB Plan liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Group I employees: 14.75% decreasing over 12 years to an ultimate level of 3.25% Group II employees: 27.75% decreasing over 8 years to an ultimate level of 4.25% (Police) and 3.75% (Fire)
Discount rate	2.21% as of June 30, 2020
Healthcare cost trend rates	Medical: Non-Medicare: -17.05% for one year, 17.20% for one year and then 5.5% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Medicare: -12.2% for one year then 4.5% per year. First-year Medicare medical trend reflects known Medicare Advantage rate guarantees through 2020 Prescription Drug: Non-Medicare: -12.17% for one year, 3.30% for one year then 7.50% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Medicare: 9.75% for one year, 6.20% for one year then 6.50% decreasing by 0.25% each year to an ultimate level of 4.5% per year.
	Contributions: Retiree contributions for 2020 were adjusted based on actual working rate changes and are expected to increase with a blended medical and prescription drug trend.

The discount rate was based on the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/ Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index. This determination is in accordance with GASB Statement No 75.

Other changes in assumptions reflect 1) the discount rate was decreased to 2.21%, 2) the trend assumptions were revised to reflect known changes in claims experience, 3) the demographic and salary increase assumptions were updated consistent with the NHRS 4-year Experience Study July 1, 2015 through June 30, 2019, with the exception of using the headcount-weighted mortality tables rather than the amount-weighted mortality tables , 4) the projection of the excise tax on high cost health plans was removed as the tax was repealed effective December 20, 2019.
Mortality rates were based on the PubG-2010 Headcount-Weighted Employee/Healthy Retiree General Mortality Tables for Group I and the PubS-2010 Headcount-Weighted Employee/Healthy Retiree Safety Mortality Tables for Group II projected generationally for males and females with Scale MP-2019 and the PubNS-2010 Headcount-Weighted Non-Safety Disabled Retiree Mortality Table for Group I and the PubS-2010 Headcount- Weighted Safety Disabled Retiree Mortality Table for Group II projected generationally for males and females with Scale MP-2019. The assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study by New Hampshire Retirement System for the period July 1, 2015 through June 30, 2019.

Sensitivity of the total Non Trusted OPEB Plan liability to changes in the discount rate:

The following presents sensitivity of the primary government's proportionate share of the total Non Trusted OPEB Plan liability to changes in the discount rate. In particular, the table presents the primary government's proportionate share of the Total Non Trusted OPEB Plan liability measured at June 30, 2020 if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (in thousand):

1% Decrease	Current Discount Rate	1% Increase
$2,529,886	$2,110,767	$1,782,988

Sensitivity of the total Non Trusted OPEB Plan liability to changes in the healthcare cost trend rates:

The following presents sensitivity of the primary government's proportionate share of the total Non Trusted OPEB Plan liability to changes in the healthcare cost trend rates. In particular, the table presents the primary government's proportionate share of the total Non Trusted OPEB Plan liability measured at June 30, 2020, if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare trend cost rates (in thousands):

1% Decrease	Current Trend Rate	1% Increase
$1,732,936	$2,110,767	$2,609,104

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the primary government recognized OPEB expense of $(14.9) million. As of June 30, 2021, the primary government reported deferred outflows and inflows of resources on its government-wide financial statements related to the Non Trusted OPEB Plan of $282.1 million (excluding $35.7 million in contributions subsequent to the measurement date) and $496.7 million, respectively, from the following sources:

(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ (27,881)
Changes in assumptions	271,815	(460,423)
Changes in employer proportion	10,323	(8,438)
Contributions subsequent to the measurement date	35,678	
Total	$ 317,816	$ (496,742)

Amounts reported as deferred outflows of resources related to the Non Trusted OPEB Plan resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the total Non Trusted OPEB Plan liability in the year ended June 30, 2022. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to the Non Trusted OPEB Plan will be recognized in OPEB expense as follows:

Year ended June 30,	Amount (in thousands)
2022	$ (135,389)
2023	(135,390)
2024	(9,922)
2025	66,097
	$ (214,604)

OPEB Allocations: The Statewide amounts for the total Non Trusted OPEB Plan liability, deferred outflows or resources, deferred inflows of resources, and OPEB expense detailed above were allocated among governmental activities, business-type activities, and component units based on each reporting unit's share of the participants within the Non Trusted OPEB Plan. OPEB related amounts for each reporting unit are as follows (expressed in thousands):

	Governmental Activities	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Business-type Activities	Primary Government
Proportionate share of Statewide amount	89.89 %	1.33 %	2.62 %	0.64 %	0.34 %	4.93 %	94.83 %
Total OPEB liability	$ 2,000,924	$ 29,651	$ 58,332	$ 14,256	$ 7,605	$ 109,844	$2,110,768
OPEB expense	(12,561)	(627)	(1,583)	(536)	366	(2,380)	(14,941)
Deferred outflows of resources representing contributions subsequent to the measurement date	33,821	501	986	241	129	1,857	35,678
Deferred outflows of resources representing changes in assumptions	257,670	3,818	7,512	1,836	979	14,145	271,815
Deferred inflows of resources representing changes in assumptions	(436,461)	(6,468)	(12,724)	(3,110)	(1,660)	(23,962)	(460,423)
Deferred inflows of resources representing the differences between expected and actual experience	(26,430)	(392)	(771)	(188)	(100)	(1,451)	(27,881)
Deferred outflows of resources representing change in proportion within the entity	7,992	852			1,479	2,331	10,323
Deferred inflows of resources representing change in proportion within the entity	(688)	(2,086)	(4,095)	(1,569)		(7,750)	(8,438)
Amortization of deferred amounts:							
2022	(126,742)	(2,318)	(4,911)	(1,350)	(68)	(8,647)	(135,389)
2023	(126,742)	(2,319)	(4,911)	(1,350)	(68)	(8,648)	(135,390)
2024	(7,778)	(697)	(1,284)	(484)	321	(2,144)	(9,922)
2025	63,345	1,058	1,028	153	513	2,752	66,097
Total	(197,917)	(4,276)	(10,078)	(3,031)	698	(16,687)	(214,604)
Sensitivity analysis:							
Total OPEB liability at -1% discount rate	2,398,234	35,538	69,914	17,086	9,114	131,652	2,529,886
Total OPEB liability at +1% discount rate	1,690,203	25,046	49,274	12,042	6,423	92,785	1,782,988
Total OPEB liability at - 1% healthcare cost trend rates	1,642,756	24,343	47,890	11,704	6,243	90,180	1,732,936
Total OPEB liability at + 1% healthcare cost trend rates	$ 2,473,329	$ 36,651	$ 72,104	$ 17,621	$ 9,399	$ 135,775	$2,609,104

	Pease Development Authority	Community Development Finance Authority	Community College System of New Hampshire	Component Units	Total Government
Proportionate share of Statewide amount	0.34 %	0.02 %	4.81 %	5.17 %	100.00 %
Total OPEB liability	$ 7,652	$ 346	$ 107,136	$ 115,134	$ 2,225,902
OPEB expense	(13)	(4)	(1,332)	(1,349)	(16,290)
Deferred outflows of resources representing contributions subsequent to the measurement date	129	6	1,811	1,946	37,624
Deferred outflows of resources representing changes in assumptions	985	45	13,797	14,827	286,642
Deferred inflows of resources representing changes in assumptions	(1,669)	(75)	(23,370)	(25,114)	(485,537)
Deferred inflows of resources representing the differences between expected and actual experience	(101)	(5)	(1,415)	(1,521)	(29,402)
Deferred outflows of resources representing change in proportion within the entity	1,015	5	388	1,408	11,731
Deferred inflows of resources representing change in proportion within the entity	(776)	(11)	(2,506)	(3,293)	(11,731)
Amortization of deferred amounts:					
2022	(449)	(23)	(7,446)	(7,918)	(143,307)
2023	(449)	(23)	(7,446)	(7,918)	(143,308)
2024	(71)	(4)	(1,285)	(1,360)	(11,282)
2025	423	9	3,071	3,503	69,600
Total	(546)	(41)	(13,106)	(13,693)	(228,297)
Sensitivity analysis:					
Total OPEB liability at -1% discount rate	9,171	414	128,409	137,994	2,667,880
Total OPEB liability at +1% discount rate	6,464	292	90,499	97,255	1,880,243
Total OPEB liability at - 1% healthcare cost trend rates	6,282	284	87,959	94,525	1,827,461
Total OPEB liability at + 1% healthcare cost trend rates	9,459	427	132,430	142,316	2,751,420

Summary of Employee Benefit Plans:

(Expressed in Thousands)	Governmental Activities	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Business-type Activities	University of New Hampshire	Non-Major Component Units	Component Units
Pension									
New Hampshire Retirement System	$ 1,135,038	$ 13,490	$ 30,995	$ 5,404	$ 7,558	$ 57,447		$ 74,546	$ 74,546
New Hampshire Judicial Retirement Plan	38,701								
Net Pension Liability	$ 1,173,739	$ 13,490	$ 30,995	$ 5,404	$ 7,558	$ 57,447		$ 74,546	$ 74,546
OPEB									
Trusted OPEB Plan	$ 86,882							$ 4,712	$ 4,712
Non Trusted OPEB Plan	2,000,924	29,651	58,332	14,256	7,605	109,844		115,134	115,134
Other *							80,797		80,797
Post Employment Benefits Payable	$ 2,087,806	$ 29,651	$ 58,332	$ 14,256	$ 7,605	$ 109,844	$ 80,797	$ 119,846	$ 200,643

* Does not include short term portion of OPEB classified as other current liabilities on the Statement of Net Position

Summary of Employee Benefit Plans Expense:

(Expressed in Thousands)	Governmental Activities	Turnpike System	Liquor Commission	Lottery Commission	State Revolving Fund	Business-type Activities	University of New Hampshire	Non-Major Component Units	Component Units
Pension Expense									
New Hampshire Retirement System	158,221	1,589	4,416	734	1,105	7,844		6,898	6,898
New Hampshire Judicial Retirement Plan	6,355								
Pension Expense	164,576	1,589	4,416	734	1,105	7,844		6,898	6,898
OPEB Expense									
Trusted OPEB Plan	5,428							368	368
Non Trusted OPEB Plan	(12,561)	(627)	(1,583)	(536)	366	(2,380)		(1,349)	(1,349)
Other							(5,108)		(5,108)
Post Employment Benefits Expense	(7,133)	(627)	(1,583)	(536)	366	(2,380)	(5,108)	(981)	(6,089)

12.CONTINGENT AND LIMITED LIABILITIES

PRIMARY GOVERNMENT

Nonexchange Financial Guarantees: The State of New Hampshire extends nonexchange financial guarantees to municipalities, political subdivisions, and certain Authorities indefinitely within certain statutory limits. Guarantees may include, but not be limited to, bonds sold by municipalities and school districts, first mortgages on industrial and recreational property, as well as airport and development projects. Arrangements for the State to recover payments is described in the enabling statutes or in agreements authorized by the Governor and Executive Council. Based on the review of qualitative factors and available historical data relative to the financial position of guaranteed entities, the State determined that it is less than likely the State would have to make payments related to the nonexchange guarantees extended. The following table includes the composition of the State's $66.7 million of financial guarantees outstanding and statutory limits as of June 30, 2021 (expressed in thousands):

				June 30, 2021		
	RSA	Guarantee Limit	Remaining Capacity	Principal	Interest	Total
Municipalities and Political Subdivisions						
Water Pollution Bonds	485-A:7	$ 50,000	$50,000			
School Construction Bonds	195-C:2	95,000	79,788	13,095	2,117	15,212
Solid Waste Bonds	149-M:31	10,000	10,000			
Super Fund Site Cleanup Bonds	33:3-f	20,000	* 20,000			
Related Organizations						
Business Finance Authority (BFA) - Unified Contingent Credit Limit	162-A:22	115,000	* 63,534	51,307	159	51,466
Business Finance Authority (BFA) - Additional State Guarantee	Laws of 2019 CH 346	30,000	30,000			
Pease Development Authority - Guarantees for Loans	12-G:31	70,000	13,900			
Housing Finance Authority - Child Care Loans	204-C:79	300	300			
Totals		$ 390,300	$ 267,522	$ 64,402	$ 2,276	$66,678

* Plus Interest

13. LEASE COMMITMENTS

OPERATING LEASES

The State has lease commitments for equipment and space requirements which are accounted for as operating leases. Rental expenditures for fiscal year 2021 for governmental activities and business-type activities were approximately $24.2 million and $10.3 million, respectively. The leases for space, which are subject to continuing appropriation, extend forward a number of years and may contain rent escalation clauses and renewal options. The following is a schedule of future minimum space rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2021 (expressed in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2022	$10,402	$8,431
2023	6,628	8,509
2024	5,960	8,286
2025	5,324	7,511
2026	4,070	6,082
2027-2031	7,099	19,195
2032-2036		14,360
2037-2041		9,441
2042-2046		1,511
Total	$39,483	$83,326

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, 2021 are as follows (expressed in thousands):

Payable June 30,	Governmental Activities
2022	$ 3,705
2023	3,374
2024	3,112
2025	2,779
2026	2,402
2027-2031	5,845
Total	21,217
Amount Representing Interest	(4,317)
Present Value of Minimum Lease Payments	$ 16,900

The assets acquired through capital leases and included in capital assets at June 30, 2021 include the following (expressed in thousands):

	Governmental Activities
Equipment	$ 5,042
Buildings & Building Improvements	18,152
Total	23,194
Less: Accumulated Depreciation	(4,854)
Net	$ 18,340

14. TAX ABATEMENTS

For financial reporting purposes, a tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefit the government or its citizens. The State has conducted an analysis of tax abatement programs that meet the definition for disclosure, which are described below.

As a result of the statutory deadline of December 15th for the current fiscal year tax credit reporting, the state has elected to disclose tax credit amounts and number of applicable taxpayers for the previous fiscal year. Fiscal year 2021 credits reported for the existing programs and any newly established tax credit programs are not expected to have a material impact on the state's financial position.

Economic Revitalization Zone Tax Credit (ERZTC) (RSA 162-N:7)

Description: The authority to enter into Community Reinvestment and Opportunity (CROP) Zone Credit Agreements became effective July 1, 2003. The CROP Zone tax credit was replaced with the ERZTC and shall be available to taxpayers only for tax liabilities arising during the five consecutive tax periods following the signing of the agreement. ERZTC shall be applied against tax due under RSA 77-A, the Business Profits Tax (BPT). Any unused portion may be applied against tax due under RSA 77-E, the Business Enterprise Tax (BET). For the purpose of the credit allowed under RSA 77-A:5, XII, the BPT, the ERZTC shall be considered taxes paid under RSA 77-E. ERZTCs shall not be transferable. This tax credit has carryforward provisions.

The ERZTC is a "cascading" tax credit that may be used to reduce a BET liability and, as considered "taxes paid" under RSA 77-E, may then be used to reduce a BPT liability. The amount disclosed below is total the reduction in revenue to the State whether applied against BPT, BET, or both tax liabilities. There were no other commitments made by the State other than the agreement to credit taxes.

Agreement: An agreement between the State and the taxpayer determines the amount of credit awarded and includes provisions such as quality and quantity of full-time jobs to be created, duration of the taxpayer's commitments with respect to the economic revitalization zone, the amount of the taxpayer's investment in the project, and a precise definition of the location of the facility eligible for the credit. There are no provisions to recapture previous credits.

Methodology: Credit used is the amount actually reported by 50 taxpayers and used to offset a tax liability on the New Hampshire BPT return, BET return, or both.

Tax returns filed in fiscal year 2020: The tax credit used against BPT, BET, or both totaled $524,000. The maximum aggregate credit amount allowable for all taxpayers was $825,000.

Education Tax Credit (RSA 77-G)

Description: Chapter 287, Laws of 2012 (SB 372) enacted a law that allows a business organization and business enterprise to make a money donation (up to $400,000 in the first year of the program and $600,000 in the second year of the program) to an approved scholarship organization(s) for which the business organization or business enterprise will receive a tax credit against the BPT and/or BET for 85% of their donation. The donations are used by an approved scholarship organization(s) to grant scholarships for children to attend private schools. The Education Tax Credit Program began January 1, 2013. The program was extended to the I&D Tax and a five year carryforward provision was added only for the BPT and BET, effective July 1, 2018.

This tax credit is not a "cascading" credit. The tax credit may only be used to offset tax liabilities incurred in the tax year in which the donation was made.

The amount disclosed below is the total reduction in revenue to the State whether applied against BPT, BET, and/or I&D returns. There were no other commitments made by the State other than the agreement to credit taxes.

Agreement: For each contribution made to a scholarship organization, a business organization or business enterprise may claim the credit on their return per the allowable amount calculated by the Department of Revenue Administration. There are no provisions to recapture previous credits.

Methodology: Credit used is the amount actually reported by 110 taxpayers and used to offset a tax liability on the New Hampshire BET, BPT, and I&D returns.

Tax returns filed in fiscal year 2020: The tax credit used against BPT, BET and I&D totaled $1,372,000. The maximum aggregate credit amount allowable for all taxpayers was $5,100,000.

15. LITIGATION AND OTHER MATTERS

The State, its agencies, officials and employees are defendants in numerous lawsuits. Although the State is unable to predict the ultimate outcomes of these suits, based on the information provided by the Attorney General's Office, it does not appear that such litigation resulting, either individually or in the aggregate, in final judgments against the State, would materially affect its financial position. Immaterial provisions, if appropriate, for such ultimate liability has been made in the financial statements. Notable cases that could potentially result in a material transaction are described herein.

Department of Health and Human Services (DHHS)

Christopher Willott, Individually and as Administrator of the Estate of Sadence Willott v. Division of Children, Youth and Families (DCYF).

In August 2018, the plaintiff filed a lawsuit for the wrongful death of Sadence Willott, as well as loss of consortium. The plaintiff also alleges negligence stemming from incidents of assault prior to her death. Sadie was murdered by her mother in September 2015. The plaintiff (Sadie's biological father), claims that DCYF was negligent in handling her case, which caused her death in September 2015, as well as various injuries that predate her death. While this case would typically be subject to the statutory cap on damages—and the $50,000 statutory cap for loss of consortium—the plaintiff alleges the Estate is entitled to damages for multiple incidents of harm. Following rulings on DCYF's motions to dismiss based on statute of limitations and sovereign immunity defenses, and an interlocutory appeal of the dismissal, the New Hampshire Supreme Court vacated the lower court's order in light of a decision in another case, and returned it to the lower court for further proceedings, and DCYF's renewed motion to dismiss was denied. The parties have structured the case and are now in the discovery phase. The Plaintiff's attorney has recently requested to renew settlement discussions. At present, it is not possible to predict an outcome of this case.

***A.A., et al. v. DCYF*, et al., 217-2019-CV-676 ("*A.A.*"), *C.M. p/n/f of M.M. & J.M. v. DCYF, et al.*, 217-2019-CV-677 ("*C.M.*"), *C.W. v. DCYF*, 217-2019-CV-680 ("*C.W.*"), and *Willmonton v. DCYF*, 217-2019-CV-678 ("*Willmonton*").**

DCYF is currently defending these four suits, all filed contemporaneously by the same attorney, and relating to physical and sexual abuse of children either directly or indirectly under the supervision of DCYF or reported to and investigated by DCYF. None of these claims appears to individually exceed $2 million; however, the aggregate of the claims may be more than $2 million cumulatively. These lawsuits were stayed for approximately a year, pending the outcome of several other cases then pending with the New Hampshire Supreme Court. All of the stays have now been lifted, and the cases are now in the early stages of litigation.

In *C.M.*, DCYF moved to dismiss the complaint in March 2021. The Superior Court denied the motion to dismiss on August 27, 2021. On October 27, 2021, DCYF filed an answer to the complaint. The discovery phase of the case is open, but the parties have not yet engaged in any discovery. On December 3, 2021, DCYF filed a petition for original jurisdiction with the Supreme Court of New Hampshire, seeking appellate review of the Superior Court's order denying DCYF's motion to dismiss. Whether the Supreme Court accepts the petition is within the court's discretion. It is not possible to predict the outcome of this case at this time.

In *Willmonton*, DCYF moved to dismiss the complaint, and briefing on the motion was completed in March 2021. The Superior Court denied the motion to dismiss on June 1, 2021. DCYF filed an answer to the complaint on July 1, 2021. The case is now in the discovery phase. It is not possible to predict the outcome of this case at this time.

In *A.A.*, the plaintiff filed an amended complaint. The motion to dismiss was filed pursuant to the briefing schedule entered by the court on September 30, 2021. The objection is due December 20, 2021, with replies due January 7, 2021 and January 18, 2021. A hearing on the motion to dismiss will take place on February 8, 2022. It is not possible to predict the outcome of this case at this time.

In *C.W.*, a status conference was held on September 28, 2021, and the parties agreed to a schedule pursuant to which the plaintiff has amended the complaint, and the State has renewed its motion to dismiss. Briefing remains ongoing. It is not possible to predict the outcome of this case at this time.

Additionally, the same attorney recently filed two new cases. The first case is Z.K. f/k/a Z.S. ("Z.K."), 217-2021-CV-00528 in Merrimack Superior Court, which makes similar allegations to the above-referenced cases. In Z.K. we are preparing a motion to dismiss based upon the fact that RSA chapter 541-B does not provide – expressly or otherwise – for any tolling or enlargement of this three year limited waiver of sovereign immunity against the state for personal injury for minors. In the Complaint, the plaintiff acknowledged the date of his discovery under the discovery rule of RSA 508:4, I, which will not save the suit if the trial court rejects the effort to enlarge RSA 541-B to permit minor tolling. Once the motion to dismiss is filed, we expect it will be objected to and a hearing will be set sometime after April 2022. It is not possible to predict the outcome of this case at this time.

The second new case is *R.K. v. State of New Hampshire Department of Health and Human Services, Division of Children, Youth, and Families*, which was filed on December 14, 2021. The plaintiff alleges that she was abused by her adoptive mother and her boyfriend between June 2008 and October 2016. The plaintiff alleges that DCYF began receiving reports of alleged abuse or neglect of the plaintiff starting in 2010. The plaintiff asserts claims of negligence and negligent supervision and training against DCYF, based on factual allegations that DCYF failed to provide a safe atmosphere for the plaintiff and failed to appropriately respond to continuing reports of abuse or neglect. Service of the complaint has not yet been effected. It is expected that DCYF's answer or motion to dismiss will be due in mid to late January 2022. It is not possible to predict the outcome of this case at this time.

Youth Development Center Child Abuse Litigation.

The Youth Development Center was New Hampshire's juvenile detention facility, and housed both pre-trial detained and delinquent-committed youth. In various locations, at current and now decommissioned and/or demolished physical facilities, and under different names or entities, these types of facilities have existed in New Hampshire for decades. An active criminal investigation is ongoing into allegations of child abuse which may have occurred at these facilities in past years, and a number of individuals have now been criminally charged. There is also a growing block of civil liability claims related to these allegations, for which liability, in the aggregate, will likely exceed $2 million. The following matters are a part of this block of claims.

Charles F. v. N.H. Youth Development Center. On August 2, 2019, the New Hampshire Attorney General's Office received notice that an individual known as Charles F. was seeking to recover damages against the N.H. Youth Development Center for personal injuries sustained from 1994-1995. It appears that this individual is now represented by a different attorney who has sent a request letter on his behalf, as described below.

Case Record and Facility File Requests. Beginning in October, 2019, and continuing until the present, DCYF is receiving requests for files from formerly detained or committed individuals, all coming from the same attorney, which DHHS believes to related to this block of claims. The requests currently number approximately 400, one of which appears to be Charles F., referenced above. It is not possible to know how many of these will result in additional litigation. Some of these requestors have recently filed suit, as described below, and the plaintiffs' attorney has indicated he is not through filing cases.

David Meehan v. NH Dept. of Health and Human Services, et al. On January 11, 2020, the plaintiff filed a class action lawsuit against DHHS and others alleging physical, sexual and mental/emotional abuse, solitary confinement, and deprivation of education while he resided at the Youth Development Center from December 1, 1995 to 1999. The putative class was alleged to consist of men and women who, while minors in the care custody and control of the defendants were victims of the same stated acts and treatment at the hands of defendants, their agents, employees, and/or contractors. The State filed a limited motion to dismiss in the action, which was partially granted. The class allegations were dismissed and the matter is now proceeding as a single party claim. The state defendants have answered and the matter is in the early stages of discovery. It is not possible to predict the outcome of these cases at this time.

Michael Gilpatrick v. State of New Hampshire, *New Hampshire Department of Health and Human Services, et al.*, and *John Doe #1 v. State of New Hampshire, New Hampshire Department of Health and Human Services, et al.* These two additional cases were filed in Merrimack County Superior Court on or about September 13, 2021. In both complaints, the plaintiff alleges, with no factual specificity, that he was subjected to "one or more of the following by agents and employees" of the State of New Hampshire: physical abuse, sexual abuse, mental/emotional abuse, medication without authorization/consent, excessive solitary confinement, unauthorized strip searches, excessive restraints, and/or discrimination in education. Both complaints seek relief under state tort law, and for alleged violations of the plaintiff's rights under the U.S. Constitution and Title IX of the Education Amendments Act of 1972, as well as the recovery of reasonable attorneys' fees and costs. The plaintiffs have also served discovery requests which mirror those received in the *Meehan* case. The State has moved to dismiss the federal claims in this case as brought against improper defendants, and has additionally moved to dismiss the remainder of the claims for failure to allege sufficient facts to comply with New Hampshire's notice pleading requirement. Additional grounds for dismissal have been reserved pending receipt of a more factually fulsome pleading. The state defendants are also moving to stay discovery until it is determined whether these matters may proceed. It is not possible to predict the outcome of these cases at this time.

Additional Suits by Maunsell, Murphy, John Does 2-90 and Jane Does 1-8. The State has also received an additional ninety-nine suits during December 2021, which are identical to the *Gilpatrick* and *John Doe #1* cases. The State will be making the same motions in these cases as in *Gilpatrick* and *John Doe #1,* described above. As with all of the cases in this block of claims, it is not possible to predict the outcome of these cases at this time.

John Doe, on behalf of himself and all others similarly situated v. Commissioner Jeffrey Myers, Southern New Hampshire Medical Center, and the New Hampshire Circuit Court District Division.

An individual, who was admitted to Southern New Hampshire Medical Center's Emergency Department after a suicide attempt, sued in the Federal District Court for the State of New Hampshire alleging habeas corpus relief, declaratory judgment, and appointment of a class for unconstitutional deprivation of liberty interests and lack of procedural due process based on an alleged systemic practice where individuals who may be experiencing mental health crises are involuntarily detained in hospital emergency rooms without the State providing them with due process, appointed counsel, or an opportunity to contest their "detention." This practice is sometimes referred to as "psychiatric boarding." Plaintiff is represented by the New Hampshire American Civil Liberties Union ("ACLU") who is also asking for class certification for similarly situated individuals in New Hampshire. The ACLU alleges that, as of October 31, 2018, approximately 46 adults and 4 minors were "boarded" in emergency rooms. The State will be defending both the Commissioner and the Circuit Court system.

The complaint includes 4 counts requesting relief: Count I, a class action claim alleging violations of the Fourteenth Amendment to the United State Constitution for deprivation of liberty; Count II, a class action procedural due process claim under the New Hampshire Constitution Part I, Article 15; Count III, a class action claim alleging violations of RSA 135-C:31, I; and Count IV, an individual claim on behalf of John Doe for habeas corpus relief. On November 13, 2018, Count IV was voluntarily dismissed by Plaintiff as he moved to a voluntary stay status at the hospital. The overall relief requested is declaratory judgments regarding the various counts and injunctions to discontinue the alleged violations. There is also an accompanying motion for class certification.

The State subsequently moved to dismiss the amended complaint and amended complaint-in-intervenor on substantially the same grounds on September 16, 2019. Thereafter, three of the four hospitals that had been sued for false imprisonment answered the plaintiffs' amended complaint. Two of those hospitals included cross-claims for indemnification, contribution, and a violation of certain provisions of NH RSA 135-C. The cross-claims have been dismissed on Eleventh Amendment immunity grounds. The motions to dismiss were finally briefed in 2020; the district court denied the Commissioner's motions to dismiss and subsequently granted the plaintiffs' class certification. In doing so, the district court interpreted RSA 135-C in a manner contrary to how it has been implemented by the State. As a result, different state circuit courts have begun reading the statute differently and reaching different outcomes as to whether a person has timely received a probable causes hearing under the involuntary emergency commitment statutes.

The Commissioner has filed motions for judgment on the pleadings on sovereign immunity grounds. Those motions were denied. The Commissioner appealed those decisions to the United States Court of Appeals for the First Circuit. While those motions were pending, the same state statutory interpretation arose in the context of a writ of habeas corpus in state court. The circuit court found the petitioner's involuntary emergency admission to be lawful. In addressing the writ of habeas corpus, the superior court found the petitioner's involuntary emergency admission to be unlawful based on the reading of the statute endorsed by the federal district court. The Commissioner took an expedited appeal to the New Hampshire Supreme Court. On May 11, 2021, the New Hampshire Supreme Court affirmed the superior court's decision and statutory interpretation.

The State began taking immediate action to conform the state mental health services system to the New Hampshire Supreme Court's decision. On May 20, 2021, in the federal case, the Commissioner filed a reply brief with the First Circuit arguing that the federal action is now moot in light of the New Hampshire Supreme Court's decision and the State's actions in response to conform the state mental health services system to the new interpretation of law. The plaintiffs and intervenors filed a surreply and oral argument was subsequently held. The First Circuit subsequently issued an opinion finding that the plaintiff's case could proceed and reserved the question of mootness to the federal district court on remand. The case is presently on remand and the parties are putting together a discovery and trial plan. It is not possible to predict the outcome of this case at this time.

G.K., by their next friend, Katherine Cooper, et al. v. Sununu, et al.

On January 5, 2021, four minor children in the state foster care system with mental disabilities brought an action in the United States District Court for the District of New Hampshire on behalf of themselves and all others similarly situated challenging the State's foster care system as unconstitutional and in violation of the Adoption Assistance and Child Welfare Act of 1980, Title II of the Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973. The defendants moved to dismiss the action. Following a hearing on the motion to dismiss, the court dismissed a count from the complaint contending that all class members should receive court-appointed counsel in certain DCYF proceedings. The parties submitted a joint proposed discovery plan in October 2021, upon which the Court has not taken any action. It is not possible to predict the outcome of this case at this time.

Price, et al. v. Commissioner of the New Hampshire Department of Health and Human Services, et al.

On January 11, 2021, four persons with disabilities enrolled in the New Hampshire Choices for Independence Medicaid Waiver ("CFI Waiver") sued the Commissioner of the New Hampshire Department of Health and Human Services and the agency itself on behalf of a purported class of similarly-situated persons, alleging a failure to provide them with community-based long-term care services available through the waiver program in violation of the Fourteenth Amendment of the United States Constitution, the Americans with Disabilities Act, Section 504 of the Rehabilitation Act, and the Medicaid Act. The plaintiffs claim the State has violated the integration mandate with the administration of the CFI Waiver. The plaintiffs seek declaratory and injunctive relief, as well as the recovery of reasonable attorneys' fees and costs. In March 2021, the plaintiffs filed a Suggestion of Death as to one of the four plaintiffs. The defendants moved to dismiss the action, which was recently denied in its entirety by the court. The court interpreted the integration mandate broadly and rejected the State's arguments including that the Medicaid and Due Process claims do not fail for lack of state action. However, the court indicated that the integration mandate does not impose strict liability on state actors, thus, the plaintiffs will have to show that the alleged failures to deliver CFI Waiver services are caused by the acts / omissions of DHHS. All seven counts continue to remain pending, however, the court indicated that one count may eventually be resolved easily or disposed of by a motion for summary judgment. The parties have commenced discovery in the case. Discovery will be extensive and voluminous. It is not possible to predict the outcome of this case at this time.

Verrill v. Commissioner Shibinette (Commissioner of the Dept of Health and Human Services)

The plaintiff, a 20-year old woman with severe developmental disabilities who is in school, filed a lawsuit in superior court seeking a declaration that she is entitled to home and community-based services under RSA chapter 171-A. RSA 171-A:1-a states, in relevant part, that "[t]he department of health and human services and area agencies shall provide services to eligible persons under this chapter . . . in a timely manner. The department and area agencies shall provide services in such a manner that: (a) For persons in school and already eligible for services from the area agencies, funds shall be allocated to them 90 days prior to their graduating or exiting the school system or earlier so that any new or modified services needed are available and provided upon such school graduation or exit." The Commissioner's agency has interpreted this statute to apply only to persons who are still in school and within 90 days of graduating, not to persons who are just generally in school. The superior court disagreed and interpreted it to apply regardless of a person's enrollment in school. The parties thereafter briefed the remaining request for declaratory relief, the request for injunctive relief, and the request for attorney fees. The superior court granted the request for declaratory relief, which is coterminous with the previous declaration, and the request for attorney fees, but denied without prejudice the request for injunctive relief. The State has filed an appeal, which was accepted on December 17, 2021, and awaits briefing.

Estate of A.G. v. State of New Hampshire, Department of Health and Human Services, DCYF

On October 12, 2021, counsel for the Estate of A.G. provided DCYF and the Attorney General's Office with notice that he intends to file a wrongful death lawsuit in Superior Court against DCYF, on behalf of the estate of a toddler, A.G., who died from acute fentanyl intoxication in November of 2020. The threatened lawsuit asserts, among other things, that DCYF was negligent in failing to promptly investigate allegations, instances, and indications of physical and emotional abuse and neglect, and failing to comply with its own policies, procedures, and practices to protect A.G. from foreseeable risks of harm. The parties have agreed to attempt to resolve this matter through mediation, and the mediation session has been scheduled for January 14, 2022. It is not possible to predict the outcome of this case at this time.

Secretary of State

Frye, et al. v. Gardner, et al.

In July 2020, several persons with print-based disabilities, the Nation Federation of the Blind, Inc., the National Federation of the Blind of New Hampshire, Inc., and Granite State Independent filed suit in the United States District Court for the District of New Hampshire challenging the State's absentee voting program as in violation of Title II of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973. The plaintiffs moved for a preliminary injunction in advance of the November 2020 general election. The parties settled the claims in the complaint by implementing a process to permit persons with print-based disabilities to receive and complete an absentee registration and/or absentee ballot.

Following the November 2020 general election, the defendants moved to dismiss the case on mootness grounds. The plaintiffs filed an amended complaint adding new claims into the case, including a claim that the defendants must permit persons with print-disabilities to return their absentee ballots electronically rather than through the mail or by a delivery agent and a claim that the defendants must remediate the election and voting related pages on their website and bring them into compliance with the Americans with Disabilities Act and the Rehabilitation Act.

On October 1, 2021, the parties entered into a "Proposed Agreement" to resolve this matter. The Proposed Agreement includes provisions requiring the defendants to: (a) retain as part of their absentee voting program a remote accessible vote-by-mail system that allows for the delivery and marking of absentee ballots for voters with print disabilities; (b) implement a procedure for "Responding to Requests from Voters with Print Disabilities for a Reasonable Accommodation Returning a Marked Absentee Ballot"; (c) continue to make all necessary forms for registering to vote in a format that is accessible; (d) evaluate the feasibility of implementing a commercially available electronic method for delivering to print disabled voters the election ballots and allowing them to be marked and returned to election officials using a secure cloud-based portal by consulting with an expert in voting systems and technology in 2021 and 2023; and (e) ensure that all election and voting related webpages on the defendants' website comply with the relevant standards under the Americans with Disabilities Act and the Rehabilitation Act. On October 11, 2021, the district court dismissed the case without prejudice, while retaining jurisdiction for the purpose of enforcing the terms of the "Proposed Agreement," if necessary.

League of Women Voters of New Hampshire v. Gardner; New Hampshire Democratic Party v. Gardner

On July 2, 2021, the New Hampshire Supreme Court affirmed the trial court's ruling that N.H. Laws 2017, chapter 205, also known as Senate Bill 3, was unconstitutional because it unreasonably burdens the right to vote in violation of Part I, Article 11 of the New Hampshire Constitution. The underlying litigation took place over a three to four year period of time and involved two extensive, involved merits hearings. The plaintiffs were entitled to, and sought an award of reasonable attorney's fees from the State under the substantial benefit doctrine. Subsequent to fiscal year-end, the State negotiated and paid $3 million to Counsel for the League of Women Voters of New Hampshire. The State also settled and paid the New Hampshire Democratic Party's attorney's fees claim for $350 thousand. These amounts will be reflected in the fiscal year 2022 financial statements.

Other Departments

Avery v. Hanks (Commissioner of the Department of Corrections)

On July 31, 2018, Edgar Avery, an inmate at the New Hampshire State Prison for Men, filed a breach of contract action alleging that the New Hampshire Department of Corrections is in breach of an extensive settlement agreement known as the Laaman Settlement Agreement. Mr. Avery sought specific performance of the settlement agreement based on many varied allegations. The agency moved to dismiss Mr. Avery's suit as barred by sovereign immunity, because the New Hampshire Supreme Court had interpreted RSA 491:8, the statute permitting suit against the State on contracts, to be limited to suits seeking monetary damages only. Suits seeking equitable relief were barred. The trial court dismissed the case on sovereign immunity and standing grounds. Mr. Avery appealed. While the case was pending on appeal, the legislature changed RSA 491:8 to permit persons to seek equitable relief on contracts with the State. The New Hampshire Supreme Court issued its opinion on November 20, 2020. In resolving the appeal, the New Hampshire Supreme Court held that RSA 491:8 now permits Mr. Avery to seek specific performance of the Laaman Settlement Agreement, and, if the New Hampshire Department of Corrections lacks funding sufficient to cover what is ultimately ordered, the judgment must be presented to the legislature for payment under RSA 491:8. The New Hampshire Supreme Court also held that Mr. Avery has standing to maintain the lawsuit and reversed and remanded the case. On remand, the Commissioner has filed a renewed motion to dismiss which remains pending for resolution. Mr. Avery filed a motion for preliminary injunction which was withdrawn. A hearing on the renewed motion to dismiss was held on December 10, 2021 At this time, it is not possible to predict the outcome of the case.

Richard Simone, Jr. v. Andrew Monaco, et al (Department of Safety)

On May 11, 2016, Mr. Simone led police on a multi-state vehicle chase, ending in Nashua, NH. After Mr. Simone stopped and exited his vehicle, a NH State Trooper, Andrew Monaco, and a Massachusetts State Trooper, Joseph Flynn, used excessive force in arresting Mr. Simone. Those two troopers have been convicted of crimes associated with their use of force. Mr. Monaco is no longer a NHSP Trooper. Mr. Simone brought a civil lawsuit relating to the incident, naming the NHSP Colonel and two NHSP Troopers as defendants. While Mr. Monaco is also named as a defendant, the State is not providing defense or indemnification for him. The State is defending the New Hampshire State Police Colonel, and two Troopers that did not participate in the use of force, but were alleged to be present at the scene of the arrest. Mr. Simone alleges that the State Police Defendants failed to intervene to stop the use of force, and therefore are liable under 42 U.S.C. § 1983. Similarly, Mr. Simone alleges that the State Police Colonel is liable under 42 U.S.C. § 1983 for a failure to properly train NHSP Troopers. The U.S. District Court dismissed the Colonel from the case and dismissed all claims that are brought against the State Defendants that are alleged in their official capacity. The Court denied the State's Motion to Dismiss for failure to timely effect service on and failure to state a claim with respect to the two State Troopers. Discovery is ongoing in this matter. If Mr. Simone is successful in his claims against the Troopers in their individual capacities, he is seeking damages, punitive damages, and attorneys' fees. The Plaintiff's demand for settlement from all defendants in this matter was $6 million. However, since the State is not defending and indemnifying Trooper Monaco, the risk to the State is only a fraction of this, if any.

On September 15, 2021, the Plaintiff, through counsel, acknowledged that he does not have enough factual and legal support to proceed with his claims against Sgt. Lencki. Plaintiff's counsel voluntarily dismissed the claims against Sgt. Lencki on October 8, 2021. The State filed a Motion for Summary Judgment on behalf of Trooper Suttmeier on October 13, 2021 arguing that he was unable to intervene to prevent the harm to the plaintiff and that he is entitled to qualified immunity. It is not possible to predict an amount of liability at this time.

Contoocook Valley School District v. State et al.

On March 13, 2019, several plaintiffs, including a school district and three individuals, sued the State claiming that it has failed to meet its obligations to fund an adequate education. The plaintiffs assert that certain costs like transportation costs, school nurse costs, food services costs, facilities costs, teacher benefits, and superintendent costs, must, as a matter of constitutional law, be funded by the State and are currently not funded by the State. The plaintiff requests approximately $17 million for the school district to be provided by April 1, 2019. On June 5, 2019, the trial court issued an order finding that RSA 198:40-a, II, the statutory mechanism the state uses to make adequate education payments to school districts is unconstitutional. The court did not, however, require the State to pay the plaintiffs any amount of money, and denied the plaintiffs' claims to that effect. Instead, the trial court required the legislature to fix the statute on a prospective basis. The State timely appealed the trial court's order. On March 23, 2021, the New Hampshire Supreme Court affirmed in part, reversed in part, and remanded the trial court's decision. It affirmed the trial court's dismissal of the Governor and the Commissioner of the Department of Education in their individual capacities and reversed the granting of plaintiffs' motion for summary judgment and awarding attorney's fees. It concluded that fact issues existed with respect to which the State was entitled to discovery. The case was remanded to the trial court, where it remains pending. The plaintiffs recently filed a third amended petition adding approximately 12 new school districts to the action. The defendants have answered the third amended petition, and the parties are now engaged in discovery. It is not possible to predict the outcome of this case at this time.

Conservation Law Foundation, Inc. v. New Hampshire Fish and Game Department, et al.

On October 31, 2018, the Conservation Law Foundation ("CLF") filed its Complaint pursuant to Section 505 of the Federal Water Pollution Control Act ("Clean Water Act") alleging violations by the Powder Mill State Fish Hatchery of the hatchery's federal National Pollutant Discharge Elimination System ("NPDES") Permit. Specifically, the suit alleges the following violations: (1) discharging effluent that has resulted in state water quality standards violations in the receiving waters; (2) discharging effluent that has impaired the use of receiving waters; (3) discharging formaldehyde in concentrations exceeding the limits stated in the facility's NPDES permit; (4) discharging effluent causing violation of the pH limits stated in the facility's NPDES permit; (5) discharging cleaning water in violation of the NPDES permit; and (6) failing to implement and maintain a best management practices plan as required by the NPDES permit. CLF alleged that each separate violation of the Clean Water Act subjects NHFG to a penalty of up to $52 thousand. In addition to civil penalties, CLF sought declaratory relief and injunctive relief to prevent further violations of the Clean Water Act. CLF also seeks injunctive relief to remediate past effluent and seeks recovery of costs and fees associated with this matter. A final NPDES permit was issued by EPA on October 13, 2020, and the Court postponed trial to allow further briefing on the effect of the new permit on the remaining issues. The new permit imposed strict numeric phosphorus effluent limits on the Hatchery, which became effective on January 1, 2021. Following a series of motions, the Court allowed CLF to amend its Complaint to assert claims under the new permit, including the new numeric effluent limits. The Hatchery is currently unable to comply with the new phosphorus effluent limits without a drastic reduction in fish production or the construction of a wastewater treatment system. Funds for capital improvements at the Hatchery were included in the Governor's budget proposal for the 2022-2023 biennium, but a system to achieve full compliance could exceed available funds.

In April 2021, EPA engaged with the parties to negotiate a compliance schedule for the State to achieve compliance with the new phosphorus limits and to work toward a negotiated settlement of the case. EPA has indicated it may use its enforcement authority to compel remediation of downstream phosphorus contamination, though the appropriateness, scope and cost of such potential remediation remains uncertain. As part of a settlement, EPA seeks to have the State conduct a feasibility and alternatives study for remediation of downstream waters. CLF also seeks its attorneys' fees and costs, which are approximately $400 thousand, despite having prevailed on only one minor claim. The Court stayed the case to allow settlement negotiations to proceed, with a status update due on January 28, 2022.

New Hampshire Lottery Commission v. William Barr, Attorney General

In January 2019, the United States Department of Justice ("USDOJ") issued a memorandum adopting as an official position of the agency a very broad interpretation of the federal Wire Act, 18 U.S.C. § 1084. This interpretation reverses a prior interpretation of the USDOJ from 2011 finding that the Wire Act applies only to sports betting and therefore does not prohibit States from selling lottery tickets over the Internet. The USDOJ's recent reversal of the 2011 interpretation appears to prohibit the use of wire transmissions to engage in state conducted lottery activity. The New Hampshire Lottery Commission had sued the Attorney General and the USDOJ in the United States District Court for the District of New Hampshire to declare this new interpretation of law erroneous and for a declaration that the Wire Act does not extend to state-conducted lottery activity. On June 3, 2019, the federal district court issued an order setting aside the USDOJ's new interpretation of the Wire Act under the federal Administrative Procedure Act. The USDOJ appealed. On January 20, 2021 the United States Court of Appeals for the First Circuit affirmed the federal district court's ruling. The USDOJ did not seek further appellate review.

Cassandra Caron, et al. v. New Hampshire Employment Security

On August 27, 2021, four individuals filed a lawsuit in Superior Court against New Hampshire Employment Security and Commissioner George Copadis. The plaintiffs are asking the Court to order NHES to re-enter an agreement with the United States Department of Labor for purposes of administering retroactive payment of Pandemic Unemployment Assistance, a form of federal unemployment compensation that Congress created under the CARES Act in March 2020 and that expired on September 6, 2021. Plaintiffs moved for provisional injunctive relief to which defendants objected. A hearing on Plaintiffs' motion for provisional relief was held on September 3, 2021 and the Court denied Plaintiff's motion for provisional relief and dismissed the action sua sponte on September 27, 2021. Plaintiffs have appealed, with briefings due December 27, 2021 and Defendants' brief or memorandum of law due January 26, 2022. There have been numerous similar lawsuits in other states that terminated PUA agreements with the DOL prior to the program's September 6, 2021 expiration date. Outcomes in those states have been mixed to date, with courts granting relief in some cases and denying it in others. If New Hampshire Employment Security is ordered to re-enter an agreement with DOL to administer PUA retroactively, the PUA program provides that the United States will reimburse the State of New Hampshire for the costs of the benefits it pays and for its administrative costs in doing so. An unfavorable outcome is unlikely.

Brian Collins v. Chris Sununu

On July 21, 2021, a complaint was filed against New Hampshire Employment Security in Superior Court by an individual who appears to be challenging Governor Sununu's decision to terminate the State of New Hampshire's agreement with the United States Department of Labor to administer various federal unemployment compensation programs created by the CARES Act in March 2020. Defendants moved to dismiss the complaint and alternatively for the Court to order the plaintiff to file a more definite statement. The Court granted the motion to dismiss but permitted Plaintiff to file an amended complaint, which he did. Defendants subsequently moved to dismiss and the Court granted the motion on November 10, 2021. Plaintiff did not appeal.

State v. Purdue Pharma; State v. Janssen/Johnson & Johnson; State v. McKesson Corp and Cardinal Health; State v. Mallinckrodt; State v. Richard S. Sackler, et al.

The State has filed suit against three opioid manufacturers (Purdue Pharma, Janssen, and Mallinckrodt), as well as against two opioid distributors (McKesson and Cardinal Health) and on September 16, 2019 the State filed against four members of the Sackler family, owners of Purdue Pharma, alleging unfair or deceptive business practices, nuisance and other common law counts. The Sackler complaint includes a fraudulent conveyance count. All cases were filed in Merrimack County Superior Court. The Purdue, Janssen and Distributors' cases survived motions to dismiss by the defendants. The Mallinckrodt defendants filed for bankruptcy protection on October 11, 2020. Trial in the Purdue Pharma case was scheduled for June 2020, however, on September 14, 2019, Purdue filed bankruptcy in the southern district of New York.

In September, 2021, the bankruptcy court confirmed a plan for reorganization of Purdue. New Hampshire and 8 other jurisdictions objected to the plan. The plan calls for the Sackler family to give up ownership of Purdue and to pay approximately $4.25 billion in exchange for full releases of all civil liability related to their operation of Purdue. The company would be transformed into a public benefit corporation with profits from continued sale of OxyContin and its other products being distributed to creditors for opioid abatement purposes. A number of jurisdictions, including the U.S. Trustee, CA, WA, CT, MD and DC have filed appeals of the confirmation order based, in part, on the nonconsensual third party releases to the Sackler family. New Hampshire would receive 0.6489060374% of the national amount allocation for abatement purposes over a 9-year period. Because of the pending appeals, it is not possible to predict when those payments would commence. A trial is scheduled in the Janssen/Johnson & Johnson case for February, 2022. The State has indicated its willingness to join the national multistate settlement with McKesson, Cardinal Health and Amerisource Bergen. That settlement would be in the amount of $21 billion paid over 18 years. Should that settlement go forward after a sign-up period expires for political subdivisions on January 2, 2022, New Hampshire would receive 0.6258752503% of the national amount allocated for abatement purposes. The State continues to participate in multistate settlement discussions, along with other attorneys general, aimed at a global resolution with other opioid related defendants (manufacturers and major pharmacy chains). The State entered into a multistate agreement with McKinsey & Co, a marketing firm, for its opioid promotional efforts on behalf of Purdue, Johnson & Johnson and other manufacturers and in March, 2021 received an initial payment of $2.7 million which is reflected in these financial statements, with four subsequent annual payments due in the amount of $142 thousand. It is not possible at this stage to predict any additional recovery amounts that would come to the State.

State v. Volkswagen, et al

In September of 2015, a number of states engaged Volkswagen and related companies to discuss litigation related to the company's "defeat devices". These devices disabled the emissions control systems on all affected vehicles during normal, "on road" conditions As part of a settlement between Volkswagen, the California Air Resources Board (CARB) and the U.S. EPA, New Hampshire opted-in to provisions which will provide it approximately $6 million to resolve state consumer claims and $31 million in environmental mitigation (restitution to owners was covered separately through the plaintiffs' steering committee and will result in recalls, buybacks, and cash payments). On September 15, 2016, the State sued Volkswagen for the one remaining issue, environmental penalties. The parties reached a settlement on September 27, 2021 for $1.1 million and construction of a fast charging station. The monetary settlement was received subsequent to fiscal year-end and will be reflected in the fiscal year 2022 financial statements.

<u>OTHER MATTERS</u>

During fiscal year 2017, the State recorded an expense of $21 million to recognize the impairment of certain assets that had been previously capitalized as part of the state department of transportation's project to upgrade the Conway, New Hampshire bypass corridor. This project had multiple segments, some of which were completed, and some were not completed in the timeframes required by the U.S. Department of Transportation Federal Highway Administration ("FHWA"). Capitalized expenses which met the State's definition for impairment included both preliminary engineering and right of way related expenses. The State continued to work with the FHWA in determining what portion, if any, of right of way related expenses that were incurred utilizing federal funds, would result in a potential liability to FHWA. As certain segments of the project were completed, only the bypass segment of the expenditures was at risk of being deemed ineligible by FHWA. As of July 1, 2021 the State was notified by FHWA that right of way costs totaling $27.8 million are subject to payback, and agreed with the State's proposal to pay this in increments over the next three fiscal years. The first payment of $8 million is due October 2021 and has been reflected as a governmental fund liability in these financial statements. The remainder of $19.8 million has been reflected as a long-term liability in the Statement of Net Position.

16. GOVERNMENTAL FUND BALANCES AND STABILIZATION ACCOUNT

A summary of the nature and purpose of the constraints and related amounts by fund at June 30, 2021 follows:

Governmental Fund Balances - Restricted, Committed, Assigned and Unassigned
(expressed in thousands)

	Restricted	Committed	Assigned	Unassigned
General Fund:				
General Government	$ 47,037	$ 9,568	$ 77,802	
Administration of Justice & Public Protection	68,724	20,030	34,430	
Resources Protection & Development	344,229	2,989	14,851	
Transportation	20,256		9,959	
Health & Human Services	183,241	2,727	92,271	
Education	2,882	95	12,103	
Other Purposes *				257,799
Total	666,369	35,409	241,416	257,799
Highway Fund:				
General Government	365			
Administration of Justice & Public Protection	5,944			
Transportation	130,578		26,000	
Total	136,887		26,000	
Education Trust Fund:				
Education			77,054	
Total			77,054	
Non-Major Governmental Funds:				
Resources Protection & Development	5,251	4,450	9,446	
Other Purposes	34,691			(26,981)
Total	$ 39,942	$ 4,450	$ 9,446	$ (26,981)

* Includes the Revenue Stabilization account

The deficit in the non-major governmental funds will be eliminated through future intergovernmental revenues and the future issuance of general obligation bonds.

The State maintains a Revenue Stabilization account (the Rainy Day Fund) established by RSA 9:13-e. Pursuant to RSA 9;13-e, at the close of each fiscal biennium, any General Fund Unassigned Fund Balance (Surplus) remaining, as determined by the official audit performed pursuant to RSA 21-I:8, II(a), shall be transferred to this special non-lapsing account. According to the governing statute, transfers into the Rainy Day Fund only occur in the second year of a biennium, which is fiscal year 2021. The total potential maximum balance allowable is defined by the statute as 10% of the actual general fund unrestricted revenues for the most recently completed fiscal biennium. In the event of an operating budget deficit at the close of any fiscal biennium, as determined by the official audit, and upon approval of the Fiscal Committee of the General Court and the Governor to the extent available, sufficient funds can be transferred from this account to eliminate such deficit. Such transfer shall occur only when both of the following conditions are met:

1. A general fund operating budget deficit occurred for the most recently completed fiscal biennium and
2. Unrestricted general fund revenues in the most recently completed fiscal biennium were less than the budget forecast.

No available balance in the revenue stabilization reserve account shall be utilized for any purpose other than deficit reduction without specific approval of 2/3 of each house of the General Court and the Governor.

During 2021, a transfer of $0.1 million for 10% of certain settlements, and a transfer of general fund surplus from the Fiscal 2020-2021 biennium of $142.2 million, brought the Rainy Day fund at June 30, 2021 to $257.8 million.

17. JOINT VENTURES-LOTTERY COMMISSION

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

In September 1985, the 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 retailers. In addition, each of the member states contributes services towards the management and advisory functions. Each member state including the Lottery shares in all joint venture sales and expenses, including prize expenses, based on its pro-rata share of sales. Direct charges, such as advertising, vendor fees and the Lottery's per-diem payments are charged to participating states based on services received. Prizes awarded under Tri-State games are fully funded by deposit fund contracts and investments held by Tri-State. Accordingly, 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, 2021, the Lottery recognized

$11.0 million of net income from Tri-State. At June 30, 2021 Tri-State reported total installment prize obligations owed to jackpot winners of $15.1 million, payable through the year 2045.

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 $1.9 million at June 30, 2021. The Tri-State issues a publicly available annual financial report, which may be obtained by writing to the Tri-State Lotto Commission, 1311 US Route 302 Suite 100, Barre, Vermont 05671.

In November 1995, the Lottery became a member of MUSL, which is currently comprised of 38 member state lotteries and administers the Multi-State Lottery Powerball, Lotto America, and Mega Millions 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, 2021, the Lottery recognized $24.2 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 $2.7 million at June 30, 2021. MUSL issues a publicly available annual financial report, which may be obtained by writing to the Multi-State Lottery Association, 4400 NW Urbandale Drive, Urbandale, Iowa 50322.

The New Hampshire Lottery Commission became a member of the New England regional lottery game known as Lucky for Life beginning sales on March 11, 2012, with the first drawing held on March 15, 2012. Lucky for Life is currently comprised of lotteries in twenty-five states and the District of Columbia. The Lottery sells Lucky for Life tickets, collects all revenues, and remits prize funds and operating funds to MUSL. While Lucky for Life is not a MUSL game, the party lotteries pay a fee to MUSL to act as the game administrator (clearinghouse agent). MUSL collects and re-distributes funds to the party lotteries when funds are due and purchases insurance annuities for the top two highest prize tiers when a winner does not choose a cash pay-out. The top two prize tiers are payable in installments and are satisfied through insurance annuities purchased by MUSL when a winner chooses the annuity option. Accordingly, the Lottery does not record an obligation for jackpot awards which are payable in installments from funds provided by MUSL or the other party lotteries. The Lottery does accrue a current amount due for its proportionate share of prizes and expenses.

Each member state including the Lottery shares in all joint venture sales and expenses, including prize expenses, based on its pro-rata share of sales. For the year ended June 30, 2021, New Hampshire's total share of the net income for Lucky for Life was $1.4 million. The prize liability for each Lucky for Life drawing is shared by each member Lottery based on an amount equal to a percentage of that member Lottery's Lucky for Life sales. Each member Lottery is responsible for a prize payout equal to a percentage of that member Lottery's Lucky for Life sales, said percentage being the proportion of total Lucky for Life prize liability to total Lucky for Life sales. There are no prize reserves held by MUSL for this game.

The State's total share of accrued prize and operating amounts due at June 30, 2021 amounted to $2.7 million, representing MUSL prize reserves which could be returned to the State's Education Trust Fund.

18. SUBSEQUENT EVENTS

In preparing these financial statements, the State has evaluated events and transactions occurring subsequent to June 30, 2021 for adjustment or disclosure, if deemed to materially impact the financial statements as presented.

Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) Notes:

Under the TIFIA loan agreement, the State has the ability to draw up to $200 million in funds as described in Note 5 to the Financial Statements. During the period July 1, 2020 through December 22, 2021, an additional $2.3 million of TIFIA proceeds had been requested/received under this arrangement, representing a long-term note payable.

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, 2021
(Expressed in Thousands)

	General Fund			
	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
REVENUES				
General Property Taxes	$ 290	$ 290	$ 291	$ 1
Special Taxes	1,403,846	1,382,565	1,526,100	143,535
Personal Taxes	112,652	112,652	153,050	40,398
Business License Taxes	23,032	23,033	27,316	4,283
Non-Business License Taxes	140,292	140,361	146,940	6,579
Fees	276,664	226,966	166,289	(60,677)
Fines, Penalties and Interest	5,591	9,067	13,430	4,363
Grants from Federal Government	1,800,012	3,527,810	2,445,595	(1,082,215)
Grants from Private and Local Sources	210,009	210,942	166,114	(44,828)
Rents and Leases	6,515	7,167	1,448	(5,719)
Interest Premiums and Discounts	40,940	41,860	21,617	(20,243)
Sale of Commodities	16,010	20,325	15,334	(4,991)
Sale of Services	50,614	50,505	27,383	(23,122)
Assessments	76,304	81,407	69,999	(11,408)
Grants from Other Agencies	345,600	828,798	627,451	(201,347)
Miscellaneous	656,914	817,752	480,702	(337,050)
Total Revenues	5,165,285	7,481,500	5,889,059	(1,592,441)
EXPENDITURES				
GENERAL GOVERNMENT				
Administrative Service Dept	150,756	190,228	127,364	62,864
Boxing & Wrestling Commission	10	10	6	4
Development Disabilities Council	685	1,068	643	425
Executive Council	265	254	242	12
Executive Dept	44,474	142,828	109,407	33,421
Housing Appeal Board		212	155	57
Information Technology Dept	114,342	119,360	90,659	28,701
Legislative Branch	20,490	36,701	18,383	18,318
Office of Child Advocate	551	516	484	32
Professional Licensure & Certification Office	14,144	15,828	9,579	6,249
Retirement System	12,290	14,436	10,154	4,282
Revenue Administration Dept	23,231	76,790	73,695	3,095
State Dept	10,603	21,424	14,920	6,504
Tax and Land Appeals Board	977	921	843	78
Treasury Dept	205,255	275,469	210,078	65,391
Total	598,073	896,045	666,612	229,433

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	General Fund			
	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
JUSTICE AND PUBLIC PROTECTION				
Agriculture, Markets & Food Dept	7,843	17,348	12,233	5,115
Banking Dept	6,679	6,693	5,358	1,335
Corrections Dept	143,418	150,823	138,280	12,543
Employment Security Dept	42,108	173,769	115,865	57,904
Human Rights Commission	935	823	680	143
Insurance Dept	13,299	13,746	10,680	3,066
Judicial Branch	101,671	110,609	91,376	19,233
Judicial Council	32,092	34,035	33,481	554
Justice Dept	94,822	104,533	48,509	56,024
Labor Dept	11,536	29,984	27,286	2,698
Military Affairs & Veteran Services Dept	40,936	45,605	28,599	17,006
Public Employee Relations Labor Board	487	472	455	17
Public Utilities Commission	34,779	46,946	37,454	9,492
Safety Dept	86,634	339,729	182,627	157,102
Total	617,239	1,075,115	732,883	342,232
RESOURCE PROTECTION AND DEVELOPMENT				
Business and Economic Affairs Dept	41,703	52,279	22,534	29,745
Community Development Finance Authority	196	196	196	
Environmental Services Dept	237,816	292,301	118,543	173,758
Fish and Game Dept	100	158	158	
Natural & Cultural Resources Dept	58,279	86,961	46,259	40,702
Pease Development Authority	820	11,314	2,723	8,591
Total	338,914	443,209	190,413	252,796
TRANSPORTATION				
Transportation Dept	65,808	130,443	44,792	85,651
Total	65,808	130,443	44,792	85,651

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	General Fund			
	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
HEALTH AND SOCIAL SERVICES				
Human Services	241,802	452,291	288,135	164,156
Behavioral Health	128,451	209,661	86,392	123,269
Community Based Care Svc	132	132	47	85
Health & Human Services Commissioner's	168,572	409,766	258,290	151,476
Developmental Services	438,175	504,434	370,516	133,918
Elderly & Adult Services	506,771	573,546	459,938	113,608
Glencliff Home	17,220	17,621	14,885	2,736
NH Hospital	89,140	169,354	81,128	88,226
Office of Medicaid & Business Policy	1,143,594	1,848,199	1,667,933	180,266
Public Health	129,583	360,731	147,051	213,680
Transitional Assistance	123,148	116,944	86,671	30,273
Veterans Home	41,158	42,122	30,159	11,963
Total	3,027,746	4,704,801	3,491,145	1,213,656
EDUCATION				
Community College System of NH	55,360	55,360	55,360	
Department of Education	264,283	878,336	297,505	580,831
Police Standards & Training Council	3,512	3,371	2,729	642
University System of NH	88,500	88,500	88,500	
Total	411,655	1,025,567	444,094	581,473
Total Expenditures	5,059,435	8,275,180	5,569,939	2,705,241
Excess (Deficiency) of Revenues Over (Under) Expenditures	105,850	(793,680)	319,120	1,112,800
Fund Balance - July 1	671,117	436,948	1,038,394	
Fund Balance - June 30	$ 776,967	$ (356,732)	$ 1,357,514	

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)
HIGHWAY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	Highway Fund			
	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
REVENUES				
Business License Taxes	$ 305,758	$ 305,757	$ 170,992	$ (134,765)
Non-Business License Taxes	86,338	86,338	64,805	(21,533)
Fees	67,754	67,753	34,107	(33,646)
Fines, Penalties and Interest	6,101	6,100	4,475	(1,625)
Grants from Federal Government	190,975	203,553	176,324	(27,229)
Grants from Private and Local Sources	11,684	11,684	7,367	(4,317)
Rents and Leases	96	96	14	(82)
Sale of Commodities	4,299	4,299	2,309	(1,990)
Sale of Services	5,622	5,622	3,833	(1,789)
Grants from Other Agencies	14,915	15,193	10,159	(5,034)
Miscellaneous	78,456	82,097	31,059	(51,038)
Total Revenues	771,998	788,492	505,444	(283,048)
EXPENDITURES				
General Government		173		173
Justice and Public Protection	117,481	121,506	86,800	34,706
Transportation	708,544	901,077	462,549	438,528
Total Expenditures	826,025	1,022,756	549,349	473,407
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(54,027)	(234,264)	(43,905)	190,359
Fund Balance - July 1	501,758	518,257	508,939	
Fund Balance - June 30	$ 447,731	$ 283,993	$ 465,034	

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)
EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	Education Trust Fund			
	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
REVENUES				
General Property Taxes	$ 407,299	$ 407,299	$ 401,267	$ (6,032)
Special Taxes	509,800	509,800	594,461	84,661
Personal Taxes	88,500	88,500	99,375	10,875
Fines, Penalties and Interest	1	1		(1)
Interest Premiums and Discounts			792	792
Miscellaneous	39,200	39,200	40,000	800
Total Revenues	1,044,800	1,044,800	1,135,895	91,095
EXPENDITURES				
Education	1,217,570	1,217,570	1,122,658	94,912
Total Expenditures	1,217,570	1,217,570	1,122,658	94,912
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(172,770)	(172,770)	13,237	186,007
Fund Balance - July 1	32,574	100,312	70,203	
Fund Balance - June 30	$ (140,196)	$ (72,458)	$ 83,440	

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The Budget To Actual (Non-GAAP Budgetary Basis) Schedules depict budgeted to actual expenditures using the same format, terminology and classification as in the statement of revenues, expenses and changes in fund balances with an additional expense level by department within each functional expense category.

The comparison schedule presented for the General Fund, the Highway Fund, and the Education Trust Fund, presents the original and final appropriated budgets for fiscal year 2021, as well as the actual resource inflows, outflows and fund balances stated on the budgetary basis.

The "original budget" and related estimated revenues represent the spending authority enacted into law by the appropriation bill for each biennial budget. For fiscal year 2020, the operating budget proposed in HB1 and HB2, for fiscal years 2020-2021, was not passed by June 30, 2019. As a result, the State entered a three-month continuing resolution budget based on appropriations from fiscal year 2019. On September 26, 2019, HB3 along with a companion bill, HB4, were signed into law as Chapters 345 and 346, Laws of 2019. These collective appropriations, effective beginning July 1, 2019, represent the original budget, which includes balances and encumbrances carried forward from the prior year.

Generally accepted accounting principles (GAAP) require the final legal budget be reflected in the "final budget" column for those accounts included in the original budget. Therefore, updated revenue estimates available for appropriations as of JUNE 30, 2021 rather than the amounts shown in the original budget, are reported. The final appropriations budget represents the original budget (HB3), plus HB4 and supplemental appropriations, carry-forwards, approved transfers, and any executive order reductions for budgeted accounts.

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 To Actual (Non- GAAP Budgetary Basis) schedules are presented on a "budgetary basis" under such standardized accounting methods and policies structured 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, rather than when the obligation is incurred (GAAP). Revenues (Budgetary) are based on cash received plus estimated revenues related to the budgetary expenditures. 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, 2021 (expressed in thousands).

	General Fund	Highway Fund	Education Trust Fund
Excess/(Deficiency) of revenues and other financing sources over/(under) expenditures and other financing (uses) (Budgetary Basis)	$ 319,120	$(43,905)	$13,237
Adjustments and Reclassifications:			
To record change in Accounts Payable and Accrued Payroll	470,540	1,200	(3,050)
To record change in Accounts Receivable	(581,603)	(2,155)	(146,254)
To record Other Financing Sources (Uses)	186,043	64,382	145,081
Excess/(Deficiency) of revenues and other financing sources over/(under) expenditures and other financing (uses) (GAAP Basis) including change in inventory	$ 394,100	$19,522	$9,014

Required Supplementary Information (Unaudited)

INFORMATION ABOUT THE TRUSTED OTHER POSTEMPLOYMENT BENEFITS PLAN

Schedule of the State's Proportionate Share of the Net OPEB Liability (Trusted OPEB Plan)

(dollars in thousands)	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
State's Proportion of the Net OPEB Liability	19.85%	20.62%	20.17%	19.10%
State's Proportionate Share of the Net OPEB Liability	$86,882	$90,417	$92,357	$87,317
State's Covered Payroll	$638,061	$621,426	$601,426	$587,542
State's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	13.62%	14.55%	15.36%	14.86%
NHRS Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.74%	7.75%	7.53%	7.91%

Note: The amounts presented were determined as of and for the measurement period ended June 30, 2020, 2019, 2018, and 2017.

The schedule is intended to show 10 years. Additional years will be added as they become available.

Schedule of State Contributions

(dollars in thousands)	June 30,				
	2021	2020	2019	2018	2017
Required State Contribution	$9,527	$9,259	$9,460	$8,960	$11,996
Actual State Contributions	9,527	9,259	9,460	8,960	11,996
Excess/(Deficiency) of State Contributions					
State's Covered Payroll	$649,270	$638,061	$621,182	$601,426	$587,542
State Contribution as a Percentage of its Covered Payroll	1.47%	1.45%	1.52%	1.49%	2.04%

Note: The schedule is intended to show 10 years. Additional years will be added as they become available.

Notes to the Required Supplementary Information:

Changes in benefit terms: None

Changes in assumptions: Investment return reduced from 7.25% to 6.75%, wage inflation reduced from 3.25% to 2.75%, price inflation reduced from 2.5% to 2.0%, and updated demographic assumptions and mortality tables.

Required Supplementary Information (Unaudited)

INFORMATION ABOUT THE NON TRUSTED OTHER POSTEMPLOYMENT BENEFITS PLAN

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 62,882	$ 63,317	$ 76,699	$ 111,334
Interest	64,137	75,265	81,507	84,315
Differences between expected and actual experience	(10,282)	(24,533)	(7,653)	(7,886)
Changes in assumptions	358,302	(177,243)	(235,527)	(784,281)
Changes in benefit terms			(182,835)	
Benefit payments	(44,600)	(51,333)	(51,623)	(49,772)
Net change in total OPEB liability	430,439	(114,527)	(319,432)	(646,290)
Total OPEB liability - beginning	1,795,462	1,909,989	2,229,421	2,875,711
Total OPEB liability - ending	2,225,901	1,795,462	1,909,989	2,229,421
Covered-employee payroll	$ 638,061	$ 621,182	$ 601,426	$ 587,542
Total OPEB liability as a percentage of covered-employee payroll	348.85%	289.04 %	317.58 %	379.45 %

Note: The amounts presented were determined as of and for the measurement periods ended June 30, 2020, 2019, 2018, and 2017

<u>Notes to Schedule:</u>

Changes in assumptions reflect per capita health costs and administrative expenses based on more recent data, health cost trends were updated to better reflect experience and future expectations, the projection of the exercise tax on high cost health plans beginning in 2022 was revised, the marriage assumption for future retirees was lowered from 75% to 70%, as well as changes in the discount rate. The mortality, disabilty, withdrawal, retirement and salary scale assumptions were updated to be consistent with the NHRS 4 Year Experience Study, 7/1/2015 through 6/30/19. The following are the discount rates used in each period.

2021	2.21%
2020	3.50%
2019	3.87%
2018	3.58%
2017	2.85%

Changes in benefits reflect the implementation of the Medicare Advantage Plan, a fully insured plan, as of January 1, 2020.

The schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information (Unaudited)

INFORMATION ABOUT THE NEW HAMPSHIRE RETIREMENT SYSTEM

Schedule of the State's Proportionate Share of the Net Pension Liability

(dollars in thousands)	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
State's Proportion of the Net Pension Liability	18.64%	18.80 %	18.42 %	19.83 %	19.47 %	20.07 %	19.60 %
State's Proportionate Share of the Net Pension Liability	$1,192,485	$904,354	$886,972	$975,446	$1,035,370	$794,933	$735,869
State's Covered Payroll	$638,061	$621,182	$601,426	$587,542	$562,387	$563,322	$533,457
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.89%	145.59 %	147.48 %	166.02 %	184.10 %	141.12 %	137.94 %
NHRS Fiduciary Net Position as a Percentage of the Total Pension Liability	58.72%	65.59 %	64.73 %	62.66 %	58.30 %	65.47 %	66.32 %

Note: The amounts presented were determined as of and for the measurement periods ended June 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

The schedule is intended to show 10 years. Additional years will be added as they become available.

Schedule of State Contributions

(dollars in thousands)	June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Required State Contribution	$85,318	$83,302	$82,370	$78,280	$72,680	$69,700	$67,450	$63,621
Actual State Contributions	85,318	83,302	82,370	78,280	72,680	69,700	67,450	63,621
Excess/(Deficiency) of State Contributions								
State's Covered Payroll	$649,270	$638,061	$621,182	$601,426	$587,542	$562,387	$563,322	$533,457
State Contribution as a Percentage of its Covered Payroll	13.14 %	13.06 %	13.26 %	13.02 %	12.37 %	12.39 %	11.97 %	11.93 %

Note: The schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information (Unaudited)

INFORMATION ABOUT THE NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN

Fiscal Year Ended (dollars in thousands)	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability							
Service cost	$ 4,333	$ 4,008	$ 3,921	$ 3,513	$ 3,248	$ 2,693	$ 2,351
Interest on total pension liability	6,872	6,635	6,411	6,826	6,568	5,642	5,648
Effect of differences between expected and actual experience	1,154			(10,003)	3,773		
Effect of changes in actuarial assumptions	4,477			4,435	3,806		
Benefit payments	(7,396)	(7,452)	(6,682)	(6,601)	(6,192)	(5,694)	(5,775)
Net change in total pension liability	9,440	3,191	3,650	(1,830)	11,203	2,641	2,224
Total pension liability, beginning	102,253	99,062	95,412	97,242	86,039	83,398	81,174
Total pension liability, ending (a)	111,693	102,253	99,062	95,412	97,242	86,039	83,398
Fiduciary Net Position							
Employer contributions	6,652	6,948	6,731	6,346	6,096	5,470	4,923
Member contributions	830	812	789	745	727	664	635
Investment income net of investment expenses	7,999	10,042	(3,422)	7,497	2,874	(249)	2,759
Benefit payments	(7,396)	(7,452)	(6,682)	(6,601)	(6,192)	(5,694)	(5,775)
Administrative expenses	(279)	(214)	(297)	(228)	(239)	(208)	(203)
Net change in plan fiduciary net position	7,806	10,136	(2,881)	7,759	3,266	(17)	2,339
Fiduciary net position, beginning	65,186	55,050	57,931	50,172	46,906	46,923	44,584
Fiduciary net position, ending (b)	72,992	65,186	55,050	57,931	50,172	46,906	46,923
Net pension liability, ending = (a) - (b)	$ 38,701	$ 37,067	$ 44,012	$ 37,481	$ 47,070	$ 39,133	$ 36,475
Fiduciary net position as a % of total pension liability	65.35 %	63.75 %	55.57 %	60.72 %	51.59 %	54.52 %	56.26 %
Covered payroll	$ 9,582	$ 9,624	$ 9,044	$ 8,359	$ 8,525	$ 8,031	$ 7,535
Net pension liability as a % of covered payroll	403.89 %	385.15 %	486.64 %	448.39 %	552.14 %	487.27 %	484.07 %

Note: The amounts presented above were determined as of and for the measurement period ended December 31, 2020, 2019, 2018, 2017, 2016, 2015 and 2014. The schedule is intended to show 10 years. Additional years will be added as they become available.

Schedule of Employer Contributions

(dollars in thousands)

Fiscal Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ 6,507	$ 6,649	$ 6,984	$ 6,592	$ 6,151	$ 5,678	$ 5,100	$ 4,666
Contributions in Relation to the Actuarially Determined Contribution	6,507	6,649	6,984	6,592	6,151	5,678	5,100	4,666
Excess/(Deficiency) of State Contributions								
Covered Payroll	$ 9,591	$ 9,659	$ 9,315	$ 8,825	$ 8,686	$ 8,209	$ 7,944	$ 7,348
Contribution as a Percentage of the Covered Payroll	67.84 %	68.84 %	74.98 %	74.70 %	70.82 %	69.17 %	64.20 %	63.50%

Note: The schedule is intended to show 10 years. Additional years will be added as they become available.

Notes to the Required Supplementary Information:

Valuation	Actuarially determined contribution rates are calculated as of January 1, eighteen and thirty months prior to the end of the fiscal year in which contributions are reported.
Investment rate of return	6.500%
Inflation	2.75%
Salary increases	2.25%
Cost of living adjustment	2.25%
Mortality	PubG-2010 Mortality Table with generational projection per the MP Ultimate scale, as of January 1, 2020.
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	20 years as of January 1, 2020
Asset valuation method	5-year non-asymptotic +/- 20%
Retirement age	25% are assumed to retire at age 60 with 15 years of service; 50% are assumed to retire at age 65; 100% are assumed to retire at age 70 with 7 years of service; 5% are assumed to retire at each age between 60 and 65; 15% are assumed to retire at each age between 66 and 69.

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' 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*

The Fiscal Committee of the General Court
State of New Hampshire:

We have audited, in accordance with the 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, 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, 2021, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 22, 2021. Our report includes an emphasis of matter paragraph regarding the State adopting the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our report includes a reference to other auditors who audited the financial statements of the Liquor Commission, Lottery Commission, the aggregate discretely presented component units (University System of New Hampshire, Business Finance Authority of the State of New Hampshire, Community Development Finance Authority, Pease Development Authority, Community College System of New Hampshire), New Hampshire Retirement System, New Hampshire Judicial Retirement Plan and the New Hampshire Public Deposit Investment Pool, 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. The financial statements of the New Hampshire Public Deposit Investment Pool and the Business Finance Authority of the State of New Hampshire were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the New Hampshire Public Deposit Investment Pool and the Business Finance Authority of the State of New Hampshire.

Internal Control Over Financial Reporting

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

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free from 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 financial statements. 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*.

The State's Response to Finding

The State's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Boston, Massachusetts
December 22, 2021

KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the State of New Hampshire's (State) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2021. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The State's basic financial statements include the operations of the University System of New Hampshire (UNH), Pease Development Authority (PDA), the Community Development Finance Authority (CDFA), and the Community College System of New Hampshire (CCSNH), which expended federal awards which are not included in the State's schedule of expenditures of federal awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of UNH, PDA, CDFA, and CCSNH because those component units separately engaged auditors to perform audits in accordance with the Uniform Guidance, if required.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 modified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of State's compliance.

Basis for Qualified (Scope Limitation) Opinion on the Medicaid Cluster

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the State's compliance with the Special Tests and Provisions – Medicaid National Correct Coding Initiative applicable to the Medicaid Cluster (ALN # 93.775, 93.777 and

93.778) as described in finding 2021-035. Consequently, we were unable to determine whether the State complied with the requirement applicable to that program.

Basis for Qualified Opinions on Certain Major Federal Programs

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program Name	Compliance Requirement	Report Page Number
2021-003	10.551 10.561	SNAP Cluster	Special Tests and Provisions – ADP System for SNAP	F-9
2021-004	10.551 10.561	SNAP Cluster	Special Tests and Provisions – EBT Card Security	F-11
2021-009	17.225	Unemployment Insurance	Reporting	F-21
2021-011	21.019	Coronavirus Relief Fund	Subrecipient Monitoring	F-25
2021-012	21.023	Emergency Rental Assistance Program	Subrecipient Monitoring	F-28
2021-017	84.425	Educational Stabilization Fund	Subrecipient Monitoring	F-39
2021-019	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases	Procurement, Suspension and Debarment	F-43
2021-020	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases	Reporting	F-45
2021-021	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases	Subrecipient Monitoring	F-47
2021-024	93.558	Temporary Assistance for Needy Families	Matching, Level of Effort and Earmarking – Maintenance of Effort	F-55
2021-026	93.558	Temporary Assistance for Needy Families	Eligibility	F-60
2021-027	93.568	Low Income Home Energy Assistance	Subrecipient Monitoring	F-62
2021-028	93.568	Low Income Home Energy Assistance	Reporting	F-65
2021-033	93.775 93.777 93.778	Medicaid Cluster	Eligibility	F-75

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to the identified major federal programs.

Qualified Opinions on Major Federal Programs

In our opinion, except for the possible effects of the matters descried in the Basis for Qualified (Scope Limitation) Opinion paragraph and except for the noncompliance described in the Basis for Qualified Opinions on Certain Major Federal Programs paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs listed in the Bases for Qualified Opinions paragraphs for the year ended June 30, 2021.

Unmodified Opinions on Each of the Other Major Federal Programs

In our opinion, State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 201.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-006, 2021-007, 2021-010, 2021-013, 2021-014, 2021-015, 2021-023, 2021-025, 2021-029, 2021-030, 2021-032, and 2021-034. Our opinion on each major federal program is not modified with respect to these matters.

The State's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The State's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

Report on Internal Control Over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-004, 2021-009, 2021-

010, 2021-011, 2021-012. 2021-013, 2021-015, 2021-017, 2021-019, 2021-020, 2021-021, 2021-024, 2021-026, 2021-027, 2021-028 and 2021-035 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-002, 2021-003, 2021-005, 2021-006, 2021-007, 2021-008, 2021-014, 2021-016, 2021-018, 2021-022, 2021-023, 2021-025, 2021-029, 2021-030, 2021-031, 2021-032, 2021-033, 2021-034 and 2021-036 to be significant deficiencies.

The State's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The State's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2021, and the related notes to the financial statements, which collectively comprise State's basic financial statements. We issued our report thereon dated December 22, 2021 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Boston, Massachusetts
June 29, 2022

State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
Department of Agriculture							
1000 1800	10.025	Plant and Animal Disease, Pest Control, and Animal Care		167,577	0%		-
1800	10.170	Specialty Crop Block Grant Program – Farm Bill		216,085	0%		-
5600	10.534	Child and Adult Care Food Program (CACFP) Meal Service Training Grants		19,970	70%		14,064
9500	10.542	Pandemic EBT Food Benefits (Note 3)		6,340,623	0%		-
		Supplemental Nutrition Assistance Program (SNAP) Cluster					
9500	**10.551**	**Supplemental Nutrition Assistance Program (Note 3,8)**	**97,154,282**		**0%**	**-**	
9500	**10.551**	**COVID-19 Supplemental Nutrition Assistance Program (Note 3,8)**	**66,120,106**	**163,274,388**	**0%**	**-**	**-**
9500	**10.561**	**State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Note 8)**		**10,059,202**	**0%**		**-**
		SNAP Cluster Total		**173,333,590**	**0%**		**-**
		Child Nutrition Cluster					
5600	**10.553**	**School Breakfast Program (Note 8)**	**7,306,394**		**100%**	**7,302,959**	
5600	**10.553**	**COVID-19 School Breakfast Program (Note 8)**	**2,197,975**	**9,504,369**	**100%**	**2,197,975**	**9,500,934**
5600 1400	**10.555**	**National School Lunch Program (Note 3,8)**	**25,467,179**		**100%**	**25,448,828**	
5600	**10.555**	**COVID-19 National School Lunch Program (Note 3,8)**	**4,571,827**	**30,039,006**	**100%**	**4,571,827**	**30,020,655**
5600	**10.556**	**Special Milk Program for Children (Note 8)**		**7,886**	**100%**		**7,886**
5600 1400	**10.559**	**Summer Food Service Program for Children (Note 3,8)**	**1,456,852**		**98%**	**1,433,095**	
5600 1400	**10.559**	**COVID-19 Summer Food Service Program for Children (Note 3,8)**	**1,971,138**	**3,427,990**	**99%**	**1,971,138**	**3,404,233**
5600	**10.579**	**Child Nutrition Discretionary Grants Limited Availability (Note 8)**		**42,089**	**100%**		**42,089**
		Child Nutrition Cluster Total		**43,021,340**	**100%**		**42,975,797**
9500	**10.557**	**WIC Special Supplemental Nutrition Program for Women, Infants and Children**	**7,603,113**		**34%**	**2,585,058**	
9500	**10.557**	**COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants and Children**	**802,078**	**8,405,191**	**31%**	**61,566**	**2,646,624**
5600 1400	10.558	Child and Adult Care Food Program (Note 3)	2,191,645		97%	2,127,985	
5600	10.558	COVID-19 Child and Adult Care Food Program (Note 3)	702,816	2,894,461	98%	702,816	2,830,801
5600 1400	10.560	State Administrative Expenses for Child Nutrition		871,138	0%		-

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
		Food Distribution Cluster					
9500	10.565	Commodity Supplemental Food Program (Note 3,8)		1,289,210	16%		202,529
1400	10.568	Emergency Food Assistance Program (Administrative Costs) (Note 8)	222,844		93%	206,884	
1400	10.568	COVID-19 Emergency Food Assistance Program (Administrative Costs) (Note 8)	571,138	793,982	98%	571,138	778,022
1400	10.569	Emergency Food Assistance Program (Food Commodities) (Note 3,8)	3,015,268		100%	3,015,268	
1400	10.569	COVID-19 Emergency Food Assistance Program (Food Commodities) (Note 3,8)	1,357,345	4,372,613	100%	1,357,345	4,372,613
		Food Distribution Cluster Total		6,455,805	83%		5,353,164
9500	10.576	Senior Farmers Market Nutrition Program		81,172	9%		6,995
9500	10.578	WIC Grants to States (WGS)		5,244	0%		-
5600	10.582	Fresh Fruit and Vegetable Program		1,197,096	93%		1,117,686
3500	10.664	Cooperative Forestry Assistance		349,611	46%		159,279
		Forest Service Schools and Roads Cluster					
5600	10.665	Schools and Roads – Grants to States (Note 8)		384,220	100%		384,220
-	10.666	Schools and Roads – Grants to Counties (Note 8)		-	0%		-
		Forest Service Schools and Roads Cluster Total		384,220	100%		384,220
3500	10.676	Forest Legacy Program		44,362	0%		-
3500	10.680	Forest Health Protection		115,320	2%		2,508
9600	10.683	National Fish and Wildlife Foundation		51,953	0%		-
7500	10.912	Environmental Quality Incentives Program (EQIP)		15,893	0%		-
4400	10.916	Watershed Rehabilitation Program		49,311	0%		-
		Department of Agriculture Total		**244,019,962**	**23%**		**55,491,138**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Department of Commerce					
7500	11.407	Interjurisdictional Fisheries Act of 1986	26,073	0%	-
7500	11.417	Sea Grant Support (Subaward # NA19OAR4170397 from the Wells National Estuarine Research Reserve NOAA Grant)	8,350	0%	-
4400	11.419	Coastal Zone Management Administration Awards	1,358,167	12%	169,292
7500	11.420	Coastal Zone Management Estuarine Research Reserves	576,187	0%	-
4400	11.463	Habitat Conservation	129,630	0%	-
4400	11.473	Office for Coastal Management	8,565	0%	-
7500	11.474	Atlantic Coastal Fisheries Cooperative Management Act	220,572	0%	-
7500	11.999	Marine Debris Program	339,946	0%	-
		Department of Commerce Total	**2,667,490**	**6%**	**169,292**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Department of Defense					
2200	12.002	Procurement Technical Assistance for Business Firms	337,045	0%	-
4400	12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	380,231	0%	-
1200	12.400	Military Construction, National Guard	1,339,575	0%	-
1200	12.401	National Guard Military Operations and Maintenance (O&M) Projects	23,719,055	0%	-
2200	12.617	Economic Adjustment Assistance for State Governments	236,250	0%	-
		Department of Defense Total	**26,012,156**	**0%**	**-**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Department of Housing and Urban Development					
9500	14.231	Emergency Solutions Grant Program	2,684,904	95%	2,541,607
9500	14.241	Housing Opportunities for Persons With AIDS	408,834	100%	407,357
9500	14.267	Continuum of Care Program	3,901,205	97%	3,784,175
		Department of Housing and Urban Development Total	**6,994,943**	**96%**	**6,733,139**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Department of the Interior					
		Fish and Wildlife Cluster			
7500	15.605	Sport Fish Restoration (Note 8)	3,141,047	0%	14,356
7500	15.611	Wildlife Restoration and Basic Hunter Education (Note 8)	3,455,212	5%	188,592
7500	15.626	Enhanced Hunter Education and Safety (Note 8)	71,163	0%	-
		Fish and Wildlife Cluster Total	6,667,422	3%	202,948
7500	15.608	Fish and Wildlife Management Assistance	18,140	0%	-
7500	15.615	Cooperative Endangered Species Conservation Fund	43,337	0%	-
4400	15.616	Clean Vessel Act	139,523	17%	23,769
7500	15.631	Partners for Fish and Wildlife	7,559	0%	-
7500	15.634	State Wildlife Grants	628,431	20%	128,194
7500	15.657	Endangered Species Recovery Implementation	3,118	0%	-
9600	15.663	NFWF-USFWS Conservation Partnership	86,376	0%	-
7500	15.684	White-nose Syndrome National Response Implementation	3,569	0%	-
4400	15.810	National Cooperative Geologic Mapping	67,632	0%	-
4400	15.814	National Geological and Geophysical Data Preservation	8,765	0%	-
3500	15.904	Historic Preservation Fund Grants-In-Aid	594,737	7%	42,508
3500	15.916	Outdoor Recreation Acquisition, Development and Planning	490,931	95%	467,367
4400	15.980	National Ground-Water Monitoring Network	6,000	0%	-
		Department of the Interior Total	**8,765,540**	**10%**	**864,786**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Department of Justice					
2000	16.017	Sexual Assault Services Formula Program	382,144	96%	365,810
2000	16.034	Coronavirus Emergency Supplemental Funding Program	2,792,697	77%	2,139,151
2000	16.320	Services for Trafficking Victims	199,732	79%	157,374
9500	16.540	Juvenile Justice and Delinquency Prevention	482,756	0%	-
2000	16.550	State Justice Statistics Program for Statistical Analysis Centers	1,933	0%	-
2000	16.554	National Criminal History Improvement Program (NCHIP)	52,764	0%	-
2000	16.575	Crime Victim Assistance	10,052,149	89%	8,973,346
2000	16.582	Crime Victim Assistance/Discretionary Grants	314,667	99%	311,960
2000	16.585	Drug Court Discretionary Grant Program	88,408	95%	83,619
2000	16.588	Violence Against Women Formula Grants	972,787	79%	764,675
2000	16.593	Residential Substance Abuse Treatment for State Prisoners	104,921	88%	91,876
4600	16.606	State Criminal Alien Assistance Program	38,197	0%	-
2000	16.609	Project Safe Neighborhoods	77,399	90%	69,818
2300	16.710	Public Safety Partnership and Community Policing Grants	409,574	0%	-
2000	16.735	PREA Program: Strategic Support for PREA Implementation	1,344	0%	-
2000	16.738	Edward Byrne Memorial Justice Assistance Grant Program	839,696	1%	10,000
2000 2300	16.741	DNA Backlog Reduction Program	258,433	0%	-
2000	16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	224,405	1%	2,500
2300	16.750	Support for Adam Walsh Act Implementation Grant Program	110,492	0%	-
2000	16.754	Harold Rogers Prescription Drug Monitoring Program	250,964	0%	-
2000	16.816	John R Justice Prosecutors and Defenders Incentive Act	32,981	90%	29,634
2000	16.831	Children of Incarcerated Parents	19,950	90%	17,978
2000 1000	16.838	Comprehensive Opioid Stimulant, and Substance Abuse Program	215,884	94%	202,507
5600	16.839	STOP School Violence	66,657	6%	4,006
2000 2300	16.922	Equitable Sharing Program	142,562	0%	-
		Department of Justice Total	**18,133,496**	**73%**	**13,224,254**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
Department of Labor							
2700	17.002	Labor Force Statistics		901,395	0%		-
3200	17.005	Compensation and Working Conditions		23,200	0%		-
		Employment Service Cluster					
2700 2100	17.207	Employment Service/Wagner - Peyser Funded Activities (Note 8)		1,257,348	0%		-
2700	17.801	Jobs for Veterans State Grants (Note 8)		137,732	0%		-
-	17.804	Local Veterans' Employment Representative (LVER) Program (Note 8)		-	0%		-
		Employment Service Cluster Total		1,395,080	0%		-
2700	**17.225**	**Unemployment Insurance (Note 4)**	**91,899,174**		**0%**	**-**	
2700	**17.225**	**COVID-19 Unemployment Insurance (Note 4)**	**889,337,711**	**981,236,885**	**0%**	**-**	**-**
2200	17.235	Senior Community Service Employment Program		502,283	100%		499,775
2700	17.245	Trade Adjustment Assistance		285,949	0%		-
		Workforce Investment Opportunity Act (WIOA) Cluster					
2200	17.258	WIOA Adult Program (Note 8)		1,333,298	49%		655,373
2200	17.259	WIOA Youth Activities (Note 8)		1,886,215	62%		1,171,920
2200	17.278	WIOA Dislocated Worker Formula Grants (Note 8)		838,981	29%		240,516
		WIOA Cluster Total		4,058,494	51%		2,067,809
2700	17.271	Work Opportunity Tax Credit Program (WOTC)		31,752	0%		-
2700	17.273	Temporary Labor Certification for foreign Workers		26,211	0%		-
2200	17.280	WIOA Dislocated Worker National Reserve Demonstration Grants		1,415,851	96%		1,354,228
2200	17.600	Mine Health and Safety Grants		59,639	94%		56,074
		Department of Labor Total		**989,936,739**	**0%**		**3,977,886**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
Department of Transportation							
		Highway Planning and Construction Cluster					
9600	20.205	Highway Planning and Construction (Note 8)		167,833,203	9%		14,290,012
3500	20.219	Recreational Trails Program (Note 8)		1,243,560	53%		660,707
9600	20.224	Federal Lands Access Program (Note 8)		1,066,682	0%		-
-	23.003	Appalachian Development Highway System (Note 8)		-	0%		-
		Highway Planning and Construction Cluster Total		170,143,445	9%		14,950,719
9600	20.106	Airport Improvement Program (Note 6)	1,866,986		100%	1,866,986	
9600	20.106	COVID-19 Airports Programs (Note 6)	311,302	2,178,288	100%	311,302	2,178,288
9600	20.200	Highway Research and Development		458,384	21%		96,394
		Federal Motor Carrier Safety Administration (FMCSA) Cluster					
2300	20.218	Motor Carrier Safety Assistance (Note 8)		1,223,559	0%		-
2300	20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements (Note 8)		22,238	0%		-
		Federal Motor Carrier Safety Association (FMCSA) Cluster Total		1,245,797	0%		-
		Federal Transit Cluster					
-	20.500	Federal Transit Capital Investment Grants (Note 8)		-	0%		-
9600	20.507	Federal Transit Formula Grants (Note 8)	2,424,980		0%	-	
9600	20.507	COVID-19 Federal Transit Formula Grants (Note 8)	4,065,872	6,490,852	0%	-	-
-	20.525	State of Good Repair Grants Program (Note 8)		-	0%		-
9600	20.526	Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Program (Note 8)		1,494,337	81%		1,206,327
		Federal Transit Cluster Total		7,985,189	15%		1,206,327
		Transit Services Program Cluster					
9600	20.513	Enhanced Mobility of Seniors and Individuals With Disabilities (Note 8)		2,174,650	99%		2,147,561
-	20.516	Job Access and Reverse Commute Program (Note 8)		-	0%		-
-	20.521	New Freedom Program (Note 8)		-	0%		-
		Transit Services Program Cluster Total		2,174,650	99%		2,147,561
9600	20.215	Highway Training and Education		64,832	83%		54,038
9600	20.223	Transportation Infrastructure Finance and Innovation Act (TIFIA) Program		21,320,688	0%		-
9600	20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research		(37,518)	0%		-

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
9600	20.509	Formula Grants for Rural Areas and Tribal Transit Program	352,941		0%	-	
9600	20.509	COVID-19 formula Grants for Rural Areas and Tribal Transit Program	7,246,175	7,599,116	85%	6,139,436	6,139,436
		Highway Safety Cluster					
2300	20.600	State and Community Highway Safety (Note 8)		1,219,460	52%		636,530
-	20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I (Note 8)		-	0%		-
-	20.602	Occupant Protection Incentive Grants (Note 8)		-	0%		-
`	20.609	Safety Belt Performance Grants (Note 8)		-	0%		-
-	20.610	State Traffic Safety Information System Improvements Grants (Note 8)		-	0%		-
-	20.611	Incentive Grant Program to Prohibit Racial Profiling (Note 8)		-	0%		-
-	20.612	Incentive Grant Program to Increase Motorcyclist Safety (Note 8)		-	0%		-
-	20.613	Child Safety and Child Booster Seat Incentive Grants (Note 8)		-	0%		-
2300	20.616	National Priority Safety Programs (Note 8)		2,114,676	13%		279,286
		Highway Safety Cluster Total		3,334,136	27%		915,816
2300	20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreement		44,945	0%		-
8100	20.700	Pipeline Safety Program State Base Grant		509,429	0%		-
2300	20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		75,187	99%		74,657
8100	20.720	State Damage Prevention Program Grants		11,106	0%		-
8100	20.721	PHMSA Pipeline Safety Program One Call Grant		46,738	0%		-
9600 1300	20.933	National Infrastructure Investments		3,593,495	0%		-
		Department of Transportation Total		**220,747,907**	**13%**		**27,763,236**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Department of Treasury					
0202	**21.019**	**Coronavirus Relief Fund (Note 7)**	**742,996,301**	**14%**	**107,084,567**
0202	**21.023**	**Emergency Rental Assistance Program**	**40,000,000**	**100%**	**40,000,000**
		Department of Treasury Total	**782,996,301**	**19%**	**147,084,567**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Equal Employment Opportunity Commission					
7600	30.999	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	162,370	0%	-
		Equal Employment Opportunity Commission Total	**162,370**	**0%**	**-**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
General Services Administration					
1400	39.003	Donation of Federal Surplus Personal Property (Note 3)	7,100	0%	-
3200	39.011	Election Reform Payments (Note 5)	258,423	0%	-
		General Services Administration Total	**265,523**	**0%**	**-**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
National Endowment for the Arts							
3500	45.025	Promotion of the Arts - Partnership Agreements	626,140		100%	626,140	
3500	45.025	COVID-19 Promotion of the Arts - Partnership Agreements	336,000	962,140	3%	11,124	637,264
3500	45.310	Grants to States	1,328,220		13%	173,795	
3500	45.310	COVID-19 Grants to States	23,643	1,351,863	0%	-	173,795
		National Endowment for the Arts Total		**2,314,003**	**35%**		**811,059**

State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Small Business Administration					
2200	59.061	State Trade Expansion	204,771	0%	-
		Small Business Administration Total	**204,771**	**0%**	**-**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Veterans Administration					
4300	64.015	Veterans State Nursing Home Care	8,465,297	0%	-
5600	64.124	All-Volunteer Force Educational Assistance	144,838	0%	-
1200	64.203	Veterans Cemetery Grants Program	45,331	0%	-
		Veterans Administration Total	**8,655,466**	**0%**	**-**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Environmental Protection Agency					
9500	66.032	State Indoor Radon Grants	55,966	0%	-
4400	66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	267,742	0%	-
4400	66.040	Diesel Emissions Reduction Act (DERA) State Grants	170,544	56%	96,031
1800 9500	66.204	Multipurpose Grants to States and Tribes	(8,219)	0%	-
4400	66.442	Assistance for Small and Disadvantaged Communities Drinking Water Grant Program (SDWA1459A)	23,966	100%	23,966
4400	66.444	Lead Testing in School and Child Care Program Drinking Water Grant Program (SDWA1464(d))	9,379	0%	-
4400	66.454	Water Quality Management Planning	88,039	45%	39,339
		Clean Water State Revolving Fund Cluster			
4400	66.458	Capitalization Grants for Clean Water State Revolving Fund (Note 8)	12,407,385	95%	11,839,174
-	66.482	Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Clean Water State Revolving Funds (Note 8)	-	0%	-
		Clean Water State Revolving Fund Cluster Total	12,407,385	95%	11,839,174
4400	66.460	Nonpoint Source Implementation Grants	437,057	100%	436,598
4400	66.461	Regional Wetland Program Development Grants	188,332	0%	-
		Drinking Water State Revolving Fund Cluster			
4400	66.468	Capitalization Grants for Drinking Water State Revolving Fund (Note 8)	9,875,741	73%	7,210,207
-	66.483	Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Drinking Water State Revolving Funds (Note 8)	-	0%	-
		Drinking Water State Revolving Fund Cluster Total	9,875,741	73%	7,210,207
4400 9500	66.605	Performance Partnership Grants	5,201,098	1%	77,549
4400	66.608	Environmental Information Exchange Network Grant Program and Related Assistance	125,394	0%	-
1800	66.700	Consolidated Pesticide Enforcement Cooperative Agreements	266,288	0%	-
4400 9500	66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	101,530	0%	-
9500	66.707	TSCA Title IV State Lead Grants Certification of Lead - Based Paint Professionals	143,830	0%	-
4400	66.708	Pollution Prevention Grants Program	161,456	0%	-
4400	66.802	Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements	1,817,794	0%	-
4400	66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	267,216	0%	-
4400	66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	470,737	0%	-
4400	66.817	State and Tribal Response Program Grants	890,830	0%	-
		Environmental Protection Agency Total	**32,962,105**	**60%**	**19,722,864**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Department of Energy					
0240	81.041	State Energy Program	442,892	27%	118,348
0240	81.042	Weatherization Assistance for Low-Income Persons	1,741,429	93%	1,615,834
4400	81.086	Conservation Research and Development	51,324	0%	-
0240	81.138	State Heating Oil and Propane Program	4,741	0%	-
		Department of Energy Total	**2,240,386**	**77%**	**1,734,182**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Department of Education			-		-
5600	84.002	Adult Education - Basic Grants to States	1,645,448	87%	1,433,933
5600	**84.010**	**Title I Grants to Local Educational Agencies**	**40,521,383**	**99%**	**40,094,589**
5600	84.011	Migrant Education State Grant Program	193,001	29%	55,112
5600	84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	518,508	0%	-
		Special Education Cluster			
5600	84.027	Special Education Grants to States (Note 8)	51,006,590	91%	46,502,917
5600	84.173	Special Education Preschool Grants (Note 8)	1,616,076	84%	1,360,990
		Special Education Cluster Total	52,622,666	91%	47,863,907
5600	84.048	Career and Technical Education - Basic Grants to States	6,651,682	93%	6,170,138
5600	**84.126**	**Rehabilitation Services Vocational Rehabilitation Grants to States**	**9,452,766**	**0%**	**-**
5600	84.144	Migrant Education Coordination Program	111,096	1%	1,590
0205	84.161	Rehabilitation Services Client Assistance Program	109,557	0%	-
5600	84.177	Rehabilitation Services Independent Living Services for Older Individuals Who Are Blind	206,200	0%	-
9500	84.181	Special Education Grants for Infants and Families	1,831,785	94%	1,728,302
5600	84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	821,283	37%	303,745
5600	84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	102,312	0%	-
5600	84.196	Education for Homeless Children and Youth	191,436	76%	145,694
5600	84.282	Charter Schools	74	0%	-
5600	84.287	Twenty-First Century Community Learning Centers	4,815,669	95%	4,558,016
5600	84.323	Special Education - State Personnel Development	776,945	81%	631,847
5600	84.358	Rural Education	524,535	99%	517,640
5600	84.365	English Language Acquisition State Grants	736,101	86%	629,562
5600	84.367	Supporting Effective Instruction State Grants	6,910,904	94%	6,513,234
5600	84.369	Grants for State Assessments and Related Activities	2,373,299	71%	1,693,848
5600	84.372	Statewide Longitudinal Data Systems	84,108	0%	-
5600	84.377	School Improvement Grants	27,026	100%	26,999
5600	84.419	Preschool Development Grants (Partially Funded via Subaward #HS-2018-ACF-OCC-TP-1379 from the University of New Hampshire)	10,577	0%	-
5600	84.424	Student Support and Academic Enrichment Program	3,965,274	95%	3,775,756

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
5600	**84.425**	**Education Stabilization Fund**					
		84.425 C - Coronavirus Governor's Emergency Education Relief (GEER) Fund	**423,899**		**90%**	**381,075.00**	
		84.425 D - Coronavirus Elementary and Secondary School Emergency Relief (ESSER) Fund	**17,981,223**		**99%**	**17,855,059.00**	
		84.425 R - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 Emergency Assistance for Non-Public Schools (CRRSA EANS) Program	**3,793**		**0%**	**-**	
		84.425 U - Coronavirus American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER)	**5,541**	**18,414,456**	**99%**	**-**	**18,236,134**
5600	84.902	NAEP State Coordinator		170,259	0%		-
5600	84.999	Department of Education Generic		345	0%		-
		Department of Education Total		**153,788,695**	**87%**		**134,380,046**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
U.S. Election Assistance Commission							
3200	90.401	Help America Vote Act Requirements Payments (Note 5)		103,617	0%		-
3200	90.404	2018 HAVA Election Security Grants (Note 5)	345,959		0%	-	
3200	90.404	COVID-19 2018 HAVA Election Security Grants (Note 5)	3,269,494	3,615,453	73%	2,628,240	2,628,240
2200 3500	90.601	Northern Border Regional Development		33,700	0%		-
		U.S. Election Assistance Commission Total		**3,752,770**	70%		**2,628,240**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
Department of Health and Human Services							
9500	93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation		14,168	0%		-
9500	93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	141,972		0%	-	
9500	93.042	COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	400	142,372	0%	-	-
9500	93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		102,974	100%		102,921
		Aging Cluster					
9500	93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (Note 8)	1,373,777		62%	851,518	
9500	93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services (Note 8)	70,306	1,444,083	64%	70,298	921,816
9500	93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services (Note 8)	3,869,105		100%	3,865,086	
9500	93.045	COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services (Note 8)	2,327,592	6,196,697	100%	2,325,370	6,190,456
9500	93.053	Nutrition Services Incentive Program (Note 8)		1,197,180	100%		1,195,984
		Aging Cluster Total		8,837,960	94%		8,308,256
9500	93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	753,159		45%	336,951	
9500	93.048	COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	84,304	837,463	50%	84,230	421,181
9500	93.052	National Family Caregiver Support, Title III, Part E	664,811		100%	661,878	
9500	93.052	COVID-19 National Family Caregiver Support, Title III, Part E	279,206	944,017	100%	279,027	940,905
9500	93.069	Public Health Emergency Preparedness		137,997	0%		-
9500 4400	93.070	Environmental Public Health and Emergency Response		2,434,642	12%		295,193
9500	93.071	Medicare Enrollment Assistance Program		77,506	69%		53,278
9500	93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreement		4,518,049	0%		-
5600	93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance		69,900	0%		-
9500	93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		245,331	0%		-
9500 1800 7500	93.103	Food and Drug Administration Research (Partially Funded via Subaward #G-SE-2004-02364 from the USFDA/AFDO)		782,462	0%		-
5600	93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances(SED)		1,614,846	91%		1,474,754
9500	93.110	Maternal and Child Health Federal Consolidated Programs		665,482	74%		490,004
9500	93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Program		132,575	0%		-
9500	93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		156,570	0%		-
9500	93.136	Injury Prevention and Control Research and State and Community Based Programs		2,650,546	62%		1,650,745
9500	93.150	Projects for Assistance In Transition From Homelessness (PATH)		312,402	96%		300,402

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State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
9500	93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		562,679	33%		186,140
9500	93.217	Family Planning Services		378,576	38%		143,358
9500	93.236	Grants to States to Support Oral Health Workforce Activities		250,266	0%		-
4400	93.240	State Capacity Building		124,060	15%		19,139
9500	93.241	State Rural Hospital Flexibility Program		370,441	0%		-
9500 5600 2300	93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance		5,844,005	55%		3,222,716
9500	93.251	Early Hearing Detection and Intervention		141,690	0%		-
9500	**93.268**	**Immunization Cooperative Agreements (Note 3)**	**14,260,728**		**3%**	**397,438**	
9500	**93.268**	**COVID-19 Immunization Cooperative Agreements (Note 3)**	**1,270,690**	**15,531,418**	**4%**	**227,100**	**624,538**
9500	93.270	Viral Hepatitis Prevention and Control		53,109	0%		-
9500	93.301	Small Rural Hospital Improvement Grant Program	130,426		0%	-	
9500	93.301	COVID-19 Small Rural Hospital Improvement Grant Program	1,043,873	1,174,299	0%	-	-
9500	93.305	Prevention and Public Health Funds (PPHF) 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs		44,300	0%		-
9500	93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program		115,431	0%		-
9500	**93.323**	**Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)**	**2,145,627**		**3%**	**69,567**	
9500	**93.323**	**COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)**	**50,616,812**	**52,762,439**	**34%**	**17,876,554**	**17,946,121**
							-
9500	93.324	State Health Insurance Assistance Program		235,985	65%		152,870
9500	93.336	Behavioral Risk Factor Surveillance Survey		335,751	0%		-
9500	93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		2,221,337	36%		807,229
		Head Start Cluster					
-	93.356	Head Start Disaster Recovery from Hurricanes Harvey, Irma, and Maria (Note 8)		-	0%		-
9500	93.600	Head Start (Note 8)		131,340	0%		-
		Head Start Cluster Total		131,340	0%		-
9500	93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes		287,983	0%		-
5600	93.369	Administration for Community Living (ACL) Independent Living State Grants		238,459	94%		225,254
9500	93.387	National and State Tobacco Control Program		830,226	33%		273,086
2400	93.413	The State Flexibility to Stabilize the Market Grant Program		51,239	0%		-
9500	93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke		1,607,372	40%		648,903
9500	93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)		181,727	0%		-
9500	93.448	Food Safety and Security Monitoring Project		100,941	0%		-

State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
9500	93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees		132,244	66%		86,730
		Child Care and Development Fund (CCDF) Cluster					
-	**93.489**	**Child Care Disaster Relief (Note 8)**		**-**	**0%**		**-**
9500	**93.575**	**Child Care and Development Block Grant (Note 8)**	**2,933,953**		**0%**	**-**	
9500	**93.575**	**COVID-19 Child Care and Development Block Grant (Note 8)**	**22,391,362**	**25,325,315**	**0%**	**-**	**-**
9500	**93.596**	**Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Note 8)**		**10,159,844**	**0%**		**-**
		CCDF Cluster Total		**35,485,159**	**0%**		**-**
9500	93.498	Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution		807,287	0%		-
9500	93.556	Marylee Allen Promoting Safe and Stable Families		632,517	0%		-
9500	**93.558**	**Temporary Assistance for Needy Families (TANF)**		30,154,500	0%		-
9500 2700	93.563	Child Support Enforcement		13,570,481	0%		-
9500	93.566	Refugee and Entrant Assistance State Replacement Designee Administered Programs		1,102,441	0%		-
0240	**93.568**	**Low-Income Home Energy Assistance**	**22,920,940**		**99%**	**22,742,259**	
0240	**93.568**	**COVID-19 Low-Income Home Energy Assistance**	**3,126,597**	**26,047,537**	**100%**	**3,126,597**	**25,868,856**
9500	93.569	Community Services Block Grant	3,744,881		0%	-	
9500	93.569	COVID-19 Community Services Block Grant	312,654	4,057,535	0%	-	-
9500	93.576	Refugee and Entrant Assistance - Discretionary Grants		17,784	0%		-
1000	93.586	State Court Improvement Program		289,394	0%		-
9500	93.597	Grants to States for Access and Visitation Programs		80,556	0%		-
9500	93.599	Chafee Education and Training Vouchers Program (ETV)		123,643	0%		-
9500	93.603	Adoption and Legal Guardianship Incentive Payments		91,154	0%		-
9700	93.630	Developmental Disabilities Basic Support and Advocacy Grants		627,660	25%		154,858
9700	93.631	Developmental Disabilities Projects of National Significance (Subaward #18-033 from the University of New Hampshire)		15,586	0%		-
2000	93.643	Children's Justice Grants to States		90,080	69%		61,773
9500	93.645	Stephanie Tubbs Jones Child Welfare Services Program		749,716	0%		-
9500	**93.658**	**Foster Care Title IV-E**	**17,734,019**		**0%**	**-**	
9500	**93.658**	**COVID-19 Foster Care - Title IV-E**	**523,214**	**18,257,233**	**0%**	**-**	**-**
9500	93.659	Adoption Assistance	3,940,313		0%	-	
9500	93.659	COVID-19 Adoption Assistance	358,735	4,299,048	0%	-	-
9500	93.665	Emergency Grants to Address Mental and Substance Use Disorders During COVID-19		815,970	0%		-
9500	93.667	Social Services Block Grant		7,525,711	73%		5,494,808

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title		2021 Expenditures	Pass Thru %		Amounts Provided to Subrecipients
9500	93.669	Child Abuse and Neglect State Grants		230,252	0%		-
9500	93.670	Child Abuse and Neglect Discretionary Activities		345,920	41%		143,125
9500	93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Support Services	778,843		0%	-	
9500	93.671	COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Support Services	76,529	855,372	0%	-	-
9500	93.674	John H Chafee Foster Care Program for Successful Transition to Adulthood		868,791	0%		-
9500	93.687	Maternal Opioid Misuse Model		169,325	48%		81,736
9500	93.767	Children`s Health Insurance Program		8,397	0%		-
		Medicaid Cluster					
2000	**93.775**	**State Medicaid Fraud Control Units (Note 8)**		**517,055**	**0%**		**-**
9500	**93.777**	**State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare (Note 8)**		**1,471,229**	**0%**		**-**
9500	**93.778**	**Medical Assistance Program (Note 8)**	**1,468,255,778**		**0%**	**-**	
9500	**93.778**	**COVID-19 Medical Assistance Program (Note 8)**	**118,188,404**	**1,586,444,182**	**0%**	**-**	**-**
		Medicaid Cluster Total		**1,588,432,466**	**0%**		**-**
9500	**93.788**	**Opioid State Targeted Response (STR)**		**25,119,799**	**92%**		**23,186,265**
9500	93.791	Money Follows the Person Rebalancing Demonstration		971,991	0%		-
9500	93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities		901	0%		-
9500	93.870	Maternal, Infant, and Early Childhood Home Visiting Grant Program		2,425,781	80%		1,942,688
9500	93.889	National Bioterrorism Hospital Preparedness Program		1,561,576	86%		1,342,990
9500	93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations		1,622,578	17%		271,864
9500	93.913	Grants to States for Operation of State Offices of Rural Health		240,754	0%		-
9500	93.917	HIV Care Formula Grants		1,121,679	3%		29,085
9500	93.940	HIV Prevention Activities, Health Department Based		720,536	30%		214,033
9500	93.945	Assistance Programs for Chronic Disease Prevention and Control		276,449	28%		78,524
9500	93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		144,114	0%		-
9500	93.958	Block Grants for Community Mental Health Services	2,486,241		96%	2,380,705	
9500	93.958	COVID-19 Block Grants for Community Mental Health Services	43,080	2,529,321	96%	42,210	2,422,915
9500	93.959	Block Grants for Prevention and Treatment of Substance Abuse		4,194,339	83%		3,464,662
9500	93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		297,555	0%		-
9500	93.991	Preventive Health and Health Services Block Grant		1,891,034	42%		803,336
9500	93.994	Maternal and Child Health Services Block Grant to the States		1,617,477	36%		578,070
		Department of Health and Human Services Total		**1,888,871,978**	6%		**104,513,311**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Social Security Administration					
		Disability Insurance/SSI Cluster			
5600	96.001	Social Security, Disability Insurance (Note 8)	6,803,147	0%	-
-	96.006	Supplemental Security Income (Note 8)	-	0%	-
		Disability Insurance/SSI Cluster Total	6,803,147	0%	-
		Social Security Administration Total	**6,803,147**	0%	**-**

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State of New Hampshire
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended 6/30/2021

State Agency	ALN Number	Program or Cluster Title	2021 Expenditures	Pass Thru %	Amounts Provided to Subrecipients
Department of Homeland Security					
2300	97.008	Non-Profit Security Program	56,790	100%	56,790
2300	97.012	Boating Safety Financial Assistance	1,409,930	0%	-
0240	97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	108,837	0%	-
2300	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Note 7)	111,923,447	10%	11,012,640
2300	97.039	Hazard Mitigation Grant	457,629	100%	457,629
4400	97.041	National Dam Safety Program	77,319	0%	-
2300	97.042	Emergency Management Performance Grants	3,037,236	40%	1,203,389
2300	97.043	State Fire Training Systems Grants	213,058	0%	-
2300	97.044	Assistance to Firefighters Grant	143,418	0%	-
2300	97.047	BRIC: Building Resilient Infrastructure and Communities	262,712	100%	262,676
2700	**97.050**	**Presidential Declared Disaster Assistance to Individuals and Households - Other Needs**	**92,840,079**	**0%**	**-**
2300	97.067	Homeland Security Grant Program	2,381,522	77%	1,830,168
		Department of Homeland Security Total	**212,911,977**	**7%**	**14,823,292**
		Grand Total of All Federal Assistance	**4,613,207,725**	**12%**	**533,921,292**

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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 or the SEFA) 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. Code of Federal Regulations Title 2; Grants and Agreements Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

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, 2021, with the exception of certain component units identified in Note 1 of the basic financial statements.

C. Basis of Presentation

The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the U.S. Code of Federal Regulations Title 2; Grants and Agreements Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Per §200.1 Definitions:

Federal award has the meaning, depending on the context, in either paragraph (1) or (2) of this definition:

(1) (i) The Federal financial assistance that a recipient receives directly from a Federal awarding agency or indirectly from a pass-through entity; or

(ii) The cost-reimbursement contract under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity.

(2) The instrument setting forth the terms and conditions. The instrument is the grant agreement, cooperative agreement, other agreement for assistance covered in paragraph (2) of the definition of Federal financial assistance or the cost-reimbursement contract awarded under the Federal Acquisition Regulations.

(3) Federal award does not include other contracts that a Federal agency uses to buy goods or services from a contractor or a contract to operate Federal Government owned, contractor operated facilities (GOCOs).

Federal financial assistance means:

(1) Assistance that non-Federal entities receive or administer in the form of grants, cooperative agreements, non-cash contributions or donations of property (including donated surplus property), direct appropriations, food commodities, and other financial assistance (except assistance listed in paragraph (2) of this definition).

(2) Federal financial assistance also includes assistance that non-Federal entities receive or administer in the form of loans, loan guarantees, interest subsidies; and insurance.

(3) Federal financial assistance does not include amounts received as reimbursement for services rendered to individuals as described in § 200.502(h) and (i) specifying:

(h) Medicare payments to a non-Federal entity for providing patient care services to Medicare-eligible individuals are not considered Federal awards expended under this part.

(i) Medicaid payments to a subrecipient for providing patient care services to Medicaid-eligible individuals unless a state requires the funds to be treated as Federal awards expended because reimbursement is on a cost-reimbursement basis.

The State of New Hampshire does require Medicaid payments to subrecipients be treated as Federal awards reimbursing those costs on a cost reimbursement basis. Medicaid payments to subrecipients are reported on the schedule.

Nonmonetary federal assistance, as described in Note 3, is reported as federal financial assistance on the Schedule.

Type A and Type B Programs – §200.518 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 $13,839,623 in federal expenditures, distributions, or issuances for the year ended June 30, 2021. Programs selected for audit are in bold print in the accompanying Schedule.

Pass Thru Percent – The amount of federal funds, expressed as a percentage of expenditures, passed through by State agencies to various non-state subrecipients.

Amounts Provided to Subrecipients – The amount of federal funds passed through by State agencies to various non-state subrecipients expressed in dollars.

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.

For the Public Assistance Disaster Grants, expenditures are only eligible for reimbursement subsequent to approved project worksheets from the U.S. Department of Homeland Security regardless of the date the underlying expenditures were incurred. For the Public Assistance Disaster Grants, the Schedule includes cash reimbursements received during fiscal year 2021. Underlying expenditures of $61,060,245, $50,832,895, and $30,307 were incurred in fiscal years 2021, 2020 and 2018, respectively.

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.

E. Categorization of Expenditures

The categorization of expenditures by program included in the Schedule is based upon the System of Award Management's Assistance Listings, formerly the Catalog of Federal Domestic Assistance, as required by the Uniform Administrative Guidance of Title 2 Section 200 of the Code of Federal Regulations. Changes in the categorization of expenditures occur based upon revisions to the assistance listing. The Schedule reflects assistance listing changes issued through June 2021. Federal programs that do not have an assigned 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.

The COVID 19 pandemic resulted in significant federal awards with the express intention of assisting states in responding to and recovering from the public health and economic impacts of the pandemic. Federal awards received specifically as a result of the COVID 19 pandemic are separately denoted in the schedule.

NOTE 2 - INDIRECT COST RECOVERY

The following New Hampshire state agencies have elected to utilize the 10% de minimis cost rate as allowed per 2 CFR 200.414:

- The Governor's Office of Emergency Relief and Recovery
- The Developmental Disabilities Council
- The Department of Justice

The remaining agencies and departments of the State have historically negotiated indirect cost recovery rates with their cognizant federal agencies and do not utilize the 10% de minimus cost rate.

NOTE 3 - NONMONETARY FEDERAL FINANCIAL ASSISTANCE

Pandemic EBT Food Benefits – Expenditures of $6,340,623 reported in the Schedule under ALN 10.542, Pandemic EBT Food Benefits, represent actual disbursements for client purchases of authorized food products through use of electronic benefit cards during the year ended June 30, 2021.

Supplemental Nutrition Assistance Program – Expenditures of $163,274,388 reported in the Schedule under ALN 10.551, Supplemental Nutrition Assistance Program, represent actual disbursements for client purchases of authorized food products through use of the electronic benefits card program during the year ended June 30, 2021.

Donated Foods – The State distributes federal surplus food to institutions (schools, summer feeding programs, child and adult care facilities, hospitals and other not for profit charitable institutions) 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:

ALN #	Federal Program	Amount
10.555	National School Lunch Program	$ 4,165,802
10.558	Child and Adult Care Food Program	185,116
10.559	Summer Food Service Program for Children	5,544
10.565	Commodity Supplemental Food Program	1,070,535
10.569	Emergency Food Assistance Program (Food Commodities)	4,372,613
	Total:	**$9,799,610**

Donated Federal Surplus Personal Property – The State obtains surplus property from various federal agencies at no cost. The property is sold by the State to eligible organizations for a nominal service charge. Total federal expenditures of $7,100 reported for ALN 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 $11,234,449 included on the Schedule for ALN 93.268 Immunization Cooperative Agreements, represent the federal value assigned to the vaccines distributed.

NOTE 4 - UNEMPLOYMENT INSURANCE

The New Hampshire Department of Employment Security administers the Unemployment Insurance Program (ALN 17.225). The reported expenditures comprise the following:

	Unemployment Insurance	COVID-19 Unemployment Service	Totals
State UC Benefits	$ 63,514,925	$ -	$ 63,514,925
Administrative Grants	$ 27,316,304	$ 9,524,201	$ 36,840,505
Federal Employees	$ 666,756	$ -	$ 666,756
Ex-Servicemen	$ 558,077	$ -	$ 558,077
EUC08	$ (202,996)	$ -	$ (202,996)
FAC	$ (38,402)	$ -	$ (38,402)
Trade Act	$ 56,120	$ -	$ 56,120
Extended Benefits	$ -	$ 1,517,614	$ 1,517,614
ATAA	$ 28,389	$ -	$ 28,389
Federal Pandemic Unemployment Compensation (FPUC)	$ -	$ 452,133,890	$ 452,133,890
Pandemic Unemployment Assistance (PUA)	$ -	$ 314,114,257	$ 314,114,257
Pandemic Emergency Unemployment Compensation (PEUC)	$ -	$ 90,532,237	$ 90,532,237
Mixed Earners Unemployment Compensation (MEUC)	$ -	$ 92,650	$ 92,650
Temp Comp Account for Waiting Week	$ -	$ 9,903,045	$ 9,903,045
Short-Time Compensation (Federally Funded)	$ -	$ 3,353,204	$ 3,353,204
US Emergency Relief Account for Reimb. Employer 50%	$ -	$ 8,166,614	$ 8,166,614
Total	$ 91,899,173	$ 889,337,712	$ 981,236,885

NOTE 5 - 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, in July 2004 an additional $11,596,803, in November of 2011 an additional $1,425,000, in March of 2018 an additional $3,102,253 and in April of 2020 an additional $6,741,788 as part of the Help America Vote Act of 2002. The State received $14,540 of funding in fiscal year 2021. The purpose of the funds is to establish minimum election administration standards for states and local governments with the responsibility for the administration of Federal elections. For these programs (ALN # 39.011, 90.401, and 90.404) as of June 30, 2021, the State had expended a cumulative total of $18,517,416 of $27,880,384 Election Reform payments received, leaving a remaining balance of $9,362,968.

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 6 – AIRPORT IMPROVEMENT PROGRAM (ALN #20.106)

The State of New Hampshire's schedule does not include funds related to the Federal Aviation Administration's Airport Improvement Program (AIP) for grants sponsored by the cities of Manchester and Lebanon and the Pease Development Authority (except for block grants). The AIP funds included in the schedule represent those grants sponsored by the State.

NOTE 7 – 97.036 DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS) AND 21.019 – CORONAVIRUS RELIEF FUNDS:

Expenditures of $11,012,640 reported as amounts passed through to subrecipients for Public Assistance Disaster Grants for fiscal year 2021 represent reimbursements to local entities for disasters that have approved project worksheets and expenditures incurred for fiscal years 2021 and prior.

Expenditures of $50,832,895 of Public Assistance Disaster Grant funds for fiscal year 2021 represent reimbursements of costs incurred by the State for disasters that have approved project worksheets and expenditures incurred for fiscal year 2020.

Of these costs, $36,500,000 were previously reported as Coronavirus Relief Funds reported under ALN 21.019 in the State's 2020 Schedule of Expenditures of Federal Awards. The remainder was supported with general or other state funds.

Coronavirus Relief Fund expenditures reported of $742,996,301 do not include the reversing effect of $36,500,000 originally charged to the Coronavirus Relief Fund in fiscal year 2020, subsequently transferred to the Public Assistance Disaster Grant program in fiscal year 2021.

Expenditures of $30,307 of Public Assistance Disaster Grant funds for fiscal year 2021 represent reimbursements of costs incurred by the State for disasters that have approved project worksheets and expenditures incurred for fiscal year 2018.

Expenditures of $46,535,353 for Public Assistance Disaster Grants for fiscal year 2021 represent reimbursement of costs incurred by the State for disasters that have approved project worksheets and expenditures incurred for fiscal year 2021.

NOTE 8 - CLUSTERED PROGRAMS

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards codified at 2 CFR 200 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 to be "clustered" for purposes of testing federal compliance requirements and identifying Type A programs.

ALN	Program Title		Expenditures
Supplemental Nutrition Assistance Program (SNAP) Cluster			
10.551	Supplemental Nutrition Assistance Program (SNAP)		163,274,388
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		10,059,202
	SNAP Cluster Total	$	173,333,590
Child Nutrition Cluster			
10.553	School Breakfast Program (SBP)		9,504,369
10.555	National School Lunch Program (NSLP)		30,039,006
10.556	Special Milk Program for Children (SMP)		7,886
10.559	Summer Food Service Program for Children (SFSPC)		3,427,990
10.579	Child Nutrition Discretionary Grants Limited Availability		42,089
	Child Nutrition Cluster Total	$	43,021,340
Food Distribution Cluster			
10.565	Commodity Supplemental Food Program		1.289,210
10.568	Emergency Food Assistance Program (Administrative Costs)		793,982
10.569	Emergency Food Assistance Program (Food Commodities)		4,372,613
	Food Distribution Cluster Total	$	6,455,805
Forest Service Schools and Roads Cluster			
10.665	Schools and Roads–Grants to States		384,220
10.666	Schools and Roads–Grants to Counties		-
	Forest Service Schools and Roads Cluster Total	$	384,220
Fish and Wildlife Cluster			
15.605	Sport Fish Restoration Program		3,141,047
15.611	Wildlife Restoration and Basic Hunter Education		3,455,212
15.626	Enhanced Hunter Education and Safety Program		71,163
	Fish and Wildlife Cluster Total	$	6,667,422

NOTE 8 - CLUSTERED PROGRAMS (CONTINUED)

Employment Service Cluster			
17.207	Employment Service/Wagner – Peyser Funded Activities		1,257,348
17.801	Jobs for Veterans State Grants		137,732
17.804	Local Veterans' Employment Representative (LVER) Program		-
	Employment Service Cluster Total	$	1,395,080
Workforce Investment Opportunity Act (WIOA) Cluster			
17.258	WIOA Adult Program		1,333,298
17.259	WIOA Youth Activities		1,886,215
17.278	WIOA Dislocated Worker Formula Grants		838,981
	WIOA Cluster Total	$	4,058,494
Highway Planning and Construction Cluster			
20.205	Highway Planning and Construction		167,833,203
20.219	Recreational Trails Program		1,243,560
20.224	Federal Lands Access Program		1,066,682
23.003	Appalachian Development Highway System		-
	Highway Planning and Construction Total	$	170,143,445
FMCSA Cluster			
20.218	Motor Carrier Safety Assistance Program		1,223,559
20.237	High Priority Grant Program		22,238
	FMCSA Cluster Total	$	1,245,797
Federal Transit Cluster			
20.500	Federal Transit - Capital Investment Grants		-
20.507	Federal Transit – Formula Grants		6,490,852
20.525	State of Good Repair Grants Program		-
20.526	Bus and Bus Facilities Formula Program		1,494,337
	Federal Transit Cluster Total	$	7,985,189
Transit Services Programs Cluster			
20.513	Enhanced Mobility of Seniors and Individuals With Disabilities		2,174,650
20.516	Job Access – Reverse Commute		-
20.521	New Freedom Program		-
	Transit Services Programs Cluster Total	$	2,174,650

NOTE 8 - CLUSTERED PROGRAMS (CONTINUED)

Highway Safety Cluster			
20.600	State and Community Highway Safety		1,219,460
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants		-
20.602	Occupant Protection Incentive Grants		-
20.609	Safety Belt Performance Grants		-
20.610	State Traffic Safety Information System Improvement Grants		-
20.611	Incentive Grant Program to Prohibit Racial Profiling		-
20.612	Incentive Grant Program to Increase Motorcyclist Safety		-
20.613	Child Safety and Child Booster Seat Incentive Grants		-
20.616	National Priority Safety Programs		2,114,676
	Highway Safety Cluster Total	$	3,334,136
Clean Water State Revolving Fund Cluster			
66.458	Capitalization Grants for Clean Water State Revolving Funds		12,407,385
66.482	Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Clean Water State Revolving Funds		-
	Clean Water State Revolving Fund Cluster Total	$	12,407,385
Drinking Water State Revolving Fund Cluster			
66.468	Capitalization Grants for Drinking Water State Revolving Funds		9,875,741
66.483	Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Drinking Water State Revolving Funds		-
	Drinking Water State Revolving Fund Cluster Total	$	9,875,741
Special Education Cluster			
84.027	Special Education-Grants to States		51,006,590
84.173	Special Education-Preschool Grants		1,616,076
	Special Education Cluster Total	$	52,622,666
Aging Cluster			
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services		1,444,083
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services		6,196,697
93.053	Nutrition Services Incentive Program		1,197,180
	Aging Cluster Total	$	8,837,960

NOTE 8 - CLUSTERED PROGRAMS (CONTINUED)

Head Start Cluster

93.356	Head Start Disaster Recovery from Hurricanes Harvey, Irma, and Maria		-
93.600	Head Start		131,340
	Head Start Cluster Total	$	131,340

Child Care and Development Fund (CCDF) Cluster

93.489	Child Care Disaster Relief		-
93.575	Child Care and Development Block Grant		25,325,315
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		10,159,844
	CCDF Cluster Total	$	35,485,159

Medicaid Cluster

93.775	State Medicaid Fraud Control Units		517,055
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		1,471,229
93.778	Medical Assistance Program		1,586,444,182
	Medicaid Cluster Total	$	1,588,432,466

Disability Insurance/SSI Cluster

96.001	Social Security--Disability Insurance (DI)		6,803,147
96.006	Supplemental Security Income (SSI)		-
	Disability Insurance/SSI Cluster Total	$	6,803,147

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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

Financial Statements

Type of auditors' report issued on whether financial statements were prepared in accordance with U.S. GAAP:	**Unmodified**	
Internal control over financial reporting:		
• Material weakness identified?	____ yes	X no
• Significant deficiency identified that is not considered to be a material weakness?	X yes	____ no
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards:

Internal control over major programs:		
• Material weaknesses identified?	X yes	____ no
• Significant deficiencies identified that are not considered to be material weaknesses?	X yes	____ no

Type of auditors' report issued on compliance for major programs:

SNAP Cluster (10.551, 10.561) – **Qualified**
Unemployment Insurance (17.225) **- Qualified**
Coronavirus Relief Fund (21.019) – **Qualified**
Emergency Rental Assistance Program (21.023) **- Qualified**
Education Stabilization Fund (84.425) - **Qualified**
Epidemiology and Laboratory Capacity for Infectious Diseases (93.323) - **Qualified**
Temporary Assistance for Needy Families (93.558) – Q**ualified**
Low Income Home Energy Assistance (93.568) - **Qualified**
Medicaid Cluster – (93.775, 93.777, 93.778) - **Qualified**
All Other Major Programs – **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a).	X yes	____ no

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Identification of Major Programs

ASSISTANCE LISTING	*NAME OF FEDERAL PROGRAM OR CLUSTER*
SNAP Cluster	
10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
10.579	Child Nutrition Discretionary Grants Limited Availability
CCDF Cluster	Child Care Disaster Relief
93.489	Child Care and Development Block Grant
93.575	Child Care Mandatory and Matching Funds of the Child Care
93.596	Development Fund
Medicaid Cluster	State Medicaid Fraud Control Unit
93.775	
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program

Other Programs

10.557	Special Supplemental Nutrition Program for Women, Infants and Children
17.225	Unemployment Insurance
21.019	COVID-19 Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program
84.010	Title I Grants to Local Educational Agencies
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
84.425	Education Stabilization Fund
93.268	Immunization Cooperative Agreements
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases
93.558	Temporary Assistance for Needy Families
93.568	Low Income Home Energy Assistance
93.658	Foster Care Title IV-E
93.788	State Targeted Response to the Opioid Crisis
97.050	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Dollar threshold used to distinguish between
Type A and Type B Programs: $13,839,623

Auditee qualified as low-risk auditee: ______ yes __X___ no

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Part II - Financial Statement Findings

All Findings and questioned costs related to State's basic financial statements are required to be reported in accordance with *Government Auditing Standards* are presented beginning on page F-5.

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- 7.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Part II – Findings Relating to the Financial Statements in Accordance with *Government Auditing Standards*

2021-001 Department of Administrative Services (DAS) and Department of Revenue Administration (DRA)

Credit Carryovers

Background

At the time a tax return is filed, a credit carryover obligation (CCO) represents the amount of overpaid Business Profit Taxes (BPT) and/or Business Enterprise Taxes (BET), a taxpaying entity elects to apply to future tax obligations rather than request a refund. Based on tax returns filed through June 30, 2021, the State estimated a gross CCO balance of approximately $243.1 million.

Observation

Based on a prior year recommendation from KPMG, the Department of Revenue Administration (DRA) amended its policy for calculating credit carryovers. The amended policy analyzes historical trends to identify the amount of CCO that will be applied towards a taxpaying entity's current fiscal tax obligation, the remainder representing a tax refund liability.

Of the $243.1 million gross credit carryovers, DRA estimates $179 million will be applied towards fiscal 2021 tax obligations, leaving the State with a liability due to taxpayers of $64.1 million as of June 30, 2021. For comparative purposes, the prior liabilities were $66.4 million and $85.0 million for fiscal years ending June 30, 2020 and 2019, respectively.

The State, however, does not record a CCO tax refund liability in its annual financial statements.

Recommendation

We recommend the State record an estimated tax refund payable at year-end based on DRA's analysis. Additionally, we recommend consideration be given to expanding the credit carryover analysis to include the impact on both the General Fund and the Education Trust Fund as BPT and BET taxes are reported in both of those funds.

Management Response

The State has a long-standing policy which allows taxpayers to leave overpayments "on balance" with the Department of Revenue Administration (DRA), and extensive past history has shown that taxpayers do not generally request these funds to be refunded, but typically utilize credit carryovers to satisfy future quarterly estimate payments.

DRA performs an analysis utilizing certain assumptions based on taxpayer reported data as of fiscal year-end, as well as subsequent taxpayer filing patterns based on a multi-year historical analysis. The result of this analysis is viewed by the State as a potential liability for credit carryovers, however, the State continues to believe that much of this remaining liability remains "on balance" at the taxpayer's choice. There is a low probability this balance would be utilized or paid out; thus, it does not meet the criteria for recording as a liability in the General Fund or Education Trust Fund, under the State's current accounting policy.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

However, given that the size of this potential liability, discussions with legislative policy makers have resulted in legislative changes to manage the growth over time. The FY22-23 budget trailer bill (HB2) established a commission to study limiting the Business Tax Credit Carry Over, as well as instituted a future "cap" on the credit carryover liability as follows: amending the BPT and the BET to limit the amount of any overpayment that a taxpayer may claim as a credit to 500% of the total tax liability for the taxable period (periods ending on or after December 31, 2022); 250% of the total tax liability for the taxable period (periods ending on or after December 31, 2025); and 100% of the total tax liability for the taxable period (periods ending on or after December 31, 2027), with the remainder of any overpayment refunded to the taxpayer.

DAS will also continue to work with DRA to evaluate if sufficient data can be obtained in order to determine the amount of credit carryover liability that would be attributable, separately, to the General Fund and Education Trust Fund.

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SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Part III – Findings and Questioned Costs Relating to Federal Awards

Finding Reference Number: 2021-002

Department of Health and Human Services

SNAP Cluster (Assistance Listing #10.551 and #10.561)

Federal Award Numbers 202020S51444, 204NH403S514, 214NH403S2514, 214NH403S2519

Federal Award Year: 2020, 2021

U.S. Department of Agriculture

Compliance Requirement: Reporting – Schedule of Expenditures of Federal Awards

Type of Finding: Significant Deficiency

Prior Year Finding: None

Statistically Valid Sample: No

Criteria

Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*, section 200.510(b) states the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over the Schedule of Expenditures of Federal Awards (SEFA), we noted that the New Hampshire Department of Health and Human Services (the Department) incorrectly reported $4,714,418 in Pandemic EBT Benefits (Assistance Listing #10.542) as benefits paid under the Supplemental Nutrition Assistance Program (Assistance Listing #10.551) resulting in expenditures incurred under the Supplemental Nutrition Assistance Program to be overstated on the SEFA. The error was subsequently identified and corrected as a result of the audit process.

Cause

The cause of the condition found is that the Department believed that the funds under the Pandemic EBT program were not available to be paid as such to eligible clients for the month of June 2021 and as such, reported them as benefits paid under the Supplemental Nutrition Assistance Program.

Effect

The effect of the condition found is that the Schedule of Expenditures of Federal Awards was not accurately prepared.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing policies and procedures for preparing the Schedule of Expenditures of Federal Awards to ensure that it is complete and accurate.

View of Responsible Officials

The Department concurs. SEFA procedures will be reviewed and strengthened to ensure adequate controls are in place.

Anticipated Completion Date: September 30, 2022

Contact Person

Mary Calise, Deputy Chief Financial Officer, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-003

NH Department of Health and Human Services

SNAP Cluster (Assistance Listing #10.551 and #10.561)

Federal Award Numbers 202020S51444, 204NH403S514, 214NH403S2514, 214NH403S2519

Federal Award Year: 2020, 2021

U.S. Department of Agriculture

Compliance Requirement: Special Tests and Provisions: ADP System for SNAP

Type of Finding: Significant Deficiency and Material Noncompliance

Prior Year Finding: None

Statistically Valid Sample: No

Criteria

State agencies are required to automate their SNAP operations and computerize their systems for obtaining, maintaining, utilizing, and transmitting information concerning SNAP (7 CFR sections 272.10 and 277.18). This includes: (1) processing and storing all case file information necessary for eligibility determination and benefit calculation, identifying specific elements that affect eligibility, and notifying the certification unit of cases requiring notices of case disposition, adverse action and mass change, and expiration; (2) providing an automatic cutoff of participation for households that have not been recertified at the end of their certification period by reapplying and being determined eligible for a new period (7 CFR sections 272.10(b)(1)(iii) and 273.10(f) and (g)); and (3) generating data necessary to meet federal issuance and reconciliation reporting requirements. Non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Criteria

The New Hampshire Department of Health and Human Services (the Department) administers the SNAP program and is responsible for determining eligibility for the SNAP program in accordance with federal regulations and New Hampshire policies and procedures.

During our testwork over the ADP system used for storing all case file information necessary for eligibility determination and benefit calculations (the New Heights system), we noted the following:

A. For 12 of 40 participants selected for testwork, the Department was unable to provide support to verify that the participants social security income had been matched, via a Bendex match, with the Social Security Administration (SSA) because the SSA has not provided New Hampshire authorization to share that information. Therefore, validation that the participants were deemed

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

eligible by the SSA was not able to be reviewed and we were unable to determine if the participant's benefit calculation was performed accurately.

B. For 1 of 40 participants selected for testwork, the incorrect earned income amount was used in support of the eligibility and benefit calculation process. While the amount of earned income was inaccurate, it did not result in an inaccurate eligibility determination or an error in the benefit amount paid.

Cause

The cause of the condition is that (1) the SSA has not issued a Redisclosure Memorandum for the CMS Single Audit. Without the Memorandum, states do not have permission to disclose SSA data to any auditors and (2) insufficient control procedures to ensure accurate data is entered into the New Heights system to support the participant's eligibility determination and benefit calculation.

Effect

The effect of the condition found is that the Department could be providing SNAP benefits to participants who may be ineligible for the program, or the amount paid may be inaccurate.

Questioned Costs

Not determinable.

Recommendation

The Department should obtain approval from SSA to share data with the single auditor or work with SSA to provide correspondence to the single auditor confirming eligibility for individuals during the audit process. In addition, the existing internal controls should be reviewed to ensure that there are appropriate controls in place to review the accuracy of the data entered into the New Heights system to support the eligibility determination and benefit calculation process.

View of Responsible Officials

Finding A: We concur. We have submitted a Data Exchange Coordinator request to SSA that was signed by the Commissioner.

Finding B: We concur. The case was reviewed and the caseworker made an error in not including the missing pay. It did not result in an error to the benefit payment. There was no over or under payment. The pays in the e-folder support the income amount of $1,846.01. We have informed the caseworker of this error in order to prevent this from re-occurring.

Anticipated Completion Date: Complete

Contact Person

Debra Sorli, Administrator IV, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-004

NH Department of Health and Human Services

SNAP Cluster (Assistance Listing #10.551 and #10.561)

Federal Award Numbers 202020S51444, 204NH403S514, 214NH403S2514, 214NH403S2519

Federal Award Year: 2020, 2021

U.S. Department of Agriculture

Compliance Requirement: Special Tests and Provisions: EBT Card Security

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: None

Statistically Valid Sample: No

Criteria

The state is required to maintain adequate security over, and documentation/records for, EBT cards, to prevent their theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR section 274.8(b)(3)).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

The New Hampshire Department of Health and Human Services (the Department) contracts with a third party to process all daily EBT transactions associated with the SNAP program. On a daily basis, the Department transmits data to the third-party service provider that contains information concerning participants that need a new EBT card issued. The service provider generates the EBT cards based on this request and express mails the cards to the Department. The Department reviews the listing of EBT cards that were delivered to ensure there are no missing cards and then subsequently mails the cards to the individual participant.

During our testwork over the daily reconciliation performed over EBT cards issued, we were unable to obtain documented evidence that the Department had performed a daily reconciliation to ensure that only authorized EBT cards were issued.

Cause

The cause of the condition found is that the Department only maintains support for the daily reconciliation process for a 6-month period. After 6 months the data is destroyed.

Effect

The effect of the condition found is that EBT cards could be issued that were not properly authorized.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department review its existing policies and procedures to ensure that documentation to support the activities to properly secure EBT cards is appropriately documented and maintained.

View of Responsible Officials

We concur. The Department will save and scan the inventory sheets that are accompanied with the daily EBT card delivery. The inventory sheets will be saved in a folder with the daily date as the title and saved in the correct monthly folder. Those monthly folders will then be kept in a yearly folder.

Anticipated Completion Date: May 3, 2022

Contact Person

Frank Beck, EBT Administrator, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-005

NH Department of Education

Child Nutrition Cluster (Assistance Listing #10.553, #10.555, #10.556, #10.559, and #10.579)

Federal Award Numbers: 214NH304N1099

Federal Award Year: 2020, 2021

U.S. Department of Agriculture

Compliance Requirement: Allowable Costs

Type of Finding: Significant Deficiency

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Reimbursement for meals served is not based on costs; it is determined solely by applying the applicable meals times rates formula. For the SFSP, separate rates are used to calculate reimbursement for operating and administrative costs, however a sponsor can use its entire reimbursement payment for any combination of allowable operating and administrative costs. For the FFVP, eligible elementary schools may only use the awarded subgrant funds for allowable costs of purchasing, preparing, and serving the fresh fruits and fresh vegetables during school day; these funds may not be used for the service of school meals.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over allowable costs charged to the program we noted the accuracy of meal counts are typically reviewed during the Department Administrative Reviews, as required by the United States Department of Agriculture (USDA). However, the New Hampshire Department of Education (the Department) received a waiver from the (USDA) to perform Administrative Technical Assistance Meeting (ATAM) reviews in place of the required Administrative Reviews. The waiver was granted with the understanding the Department would review all participating school food authorities (SFA). During our testwork over ATAM reviews we noted the Department did not perform a review for 2 of 7 Summer Food Service Programs SFAs selected for testwork.

Cause

The cause of the condition found is due to staffing turnover within the Department and inadequate procedures in place to ensure all reviews are competed.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Effect

The effect of the condition found is a breakdown in the Departments internal control related to the ATAM reviews. Additionally, SFAs may submit inaccurate meal counts which the Department would not know as the reviews were not performed.

Questioned Costs

Not determinable.

Recommendation

We recommend the Department review its policies and procedures related to review requirements to ensure they are sufficient to meet federal requirements.

View of Responsible Officials

The NHDOE concurs with this finding. Due to staff turnover during FY21, these two ATAM reviews fell through the cracks and therefore were not completed. The NHDOE plans to develop a procedure to ensure no other reviews are missed in the future. Food and Nutrition staff will also incorporate a process within this procedure that ensures nothing is missed when/if staff turnover arises again.

Anticipated Completion Date: June 1, 2022

Contact Person

Lindsey Labonville, Administrator III, Department of Education

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-006

NH Department of Education

Child Nutrition Cluster (Assistance Listing #10.553, #10.555, #10.556, #10.559, and #10.579)

Federal Award Numbers: 214NH304N1099

Federal Award Year: 2020, 2021

U.S. Department of Agriculture

Compliance Requirement: Special Tests and Provisions: Accountability for USDA-Donated Foods

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Maintenance of Records - Distributing and subdistributing agencies (as defined at 7 CFR section 250.3) must maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA-donated foods, including end products processed from donated foods. Failure to maintain records required by 7 CFR section 250.16 shall be considered prima facie evidence of improper distribution or loss of donated foods, and the agency, processor, or entity may be required to pay USDA the value of the food or replace it in kind (7 CFR sections 250.16(a)(6) and 250.15(c)).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During the year ended June 30, 2021, the New Hampshire Department of Administrative Services (the Department) reported expenditures related to USDA foods which totaled $4,171,346. During our testwork over accountability for USDA-Donated Foods, we noted the following related to the Departments maintenance of records:

- For 1 of 13 food receipts selected for testwork, the quantity of foods received as reported on the Departments receipt report, which agrees to the Schedule of Expenditures of Federal Awards (SEFA), was greater than the quantity of foods received. The quantity entered into the system after delivery was the correct quantity of foods actually received into the warehouse. As such, the dollar value of foods received was overstated on the SEFA.
- For 5 of the 13 food items selected for testwork, we performed a rollforward of the balance on hand using the donated food records provided by the Department. Based on this rollfoward, the balance varied from the current balance observed per the inventory count. The Department was unable to provide documentation to support these variances.
- For 1 of 40 distributions selected for testwork, the distributions per the distribution report was greater than the distributions actually received by the school. The distribution records maintained

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

by the Department included an original cancelled delivery and its true subsequent delivery without a reversal of the cancelled delivery. The warehouse did not overcharge the school as it issued a credit memo after the initial delivery's invoice and only charged for the item after it had been delivered.

Cause

The cause of the condition found is due to the breakdown of internal controls in place relating to accountability for USDA-donated foods.

Effect

The effect of the condition found is noncompliance with 7 CFR section 250.16.

Questioned Costs

Overstatement of distributions: $38.

Overstatement of receipts: $365.

Recommendation

We recommend the Department review its policies and procedures for complying with 7 CFR section 250.16 to ensure they are sufficient to meet federal requirements.

View of Responsible Officials

The New Hampshire Department of Administrative Services (NHDAS) concurs with this finding. NHDAS is working on updating the applicable policies and procedures to enhance our existing internal controls. Although all inventory variances are able to ultimately be found they are difficult to locate in a timely fashion. Moving forward, one spreadsheet will be maintained to include each adjustment and corresponding records information to provide a centralized location for easy access and review. Additional direction will be added to existing policies to prevent inaccuracies related to foods received, specifically for damaged cases upon receipt and distributions. During the audit, one cancelled case of strawberry slices did show up as cancelled on the Recon Report. After troubleshooting within the inventory system, it turned out to be a location code entry error. An additional step will be added to our reconciliation process to catch similar errors throughout the year.

Anticipated Completion Date: April 1, 2022

Contact Person

Lindsey Labonville, Administrator III, Department of Education
Kathleen Daley, Surplus Food Distribution Manager, Department of Administrative Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-007

NH Department of Health and Human Services

Special Supplemental Nutrition Program for Women, Infants, and Children (Assistance Listing #10.557)

Federal Award Numbers: 202120W100344 & 202121W100344

Federal Award Year: 2021

U.S. Department of Agriculture

Compliance Requirement: Period of Performance

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)). A period of performance may contain one or more budget periods.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over period of performance at the New Hampshire Department of Health and Human Services (the Department), we noted for 1 of 48 expenditures selected for testing, the Department had charged the expense to the new federal fiscal year grant, however, the date of service on the invoice was partially for a period prior to the start of that federal award.

Cause

The cause of the condition found is due to how the Department charges costs to federal grants.

Effect

The effect of the condition found is that the Department did not comply with the period of performance regulations.

Questioned Costs

$30.35 – the amount of the September portion of the invoice

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Recommendation

We recommend that the Department implement internal control and policies and procedures to ensure costs are appropriately charged to federal awards based on the incurred date.

View of Responsible Officials

The Division concurs with this finding. This was a staff error due to oversight at the time of month-end reconciliation. Moving forward, as we close out one grant year and begin a new one, staff will be trained to pay closer attention to the rare invoices that overlap months so that we can prorate the expenses appropriately.

Anticipated Completion Date: November 2022

Contact Person

Shelley Swanson, DPHS Finance Director, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-008

NH Department of Health and Human Services

Special Supplemental Nutrition Program for Women, Infants, and Children (Assistance Listing #10.557)

Federal Award Numbers: 202019W100344, 202019W100644, 202020W100344, 202020W100644, 202121W700344, 202120W600644, 202120W600344, 202120W100344, 202120W100644, 202121W100344, 202121W100644, 202121W500344

Federal Award Year: 2019, 2020, 2021

U.S. Department of Agriculture

Compliance Requirement: Reporting – Schedule of Expenditures of Federal Awards

Type of Finding: Significant Deficiency

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*, section 200.510(b) states the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use.

Additionally, 2 CFR 200.303states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

The New Hampshire Department of Health and Human Services (the Department) did not have adequate annual management review controls in place at a level of precision necessary to ensure proper classification of the amount of expenditures passed through to subrecipients on the State of New Hampshire Schedule of Expenditures of Federal Awards (SEFA).

For the WIC Program, the Department did not classify amounts passed through to subrecipients on the draft SEFA. Specifically, the Department had $2,646,624 in pass-through expenditures which were not properly classified as passed-through expenditures on the draft SEFA. The error was subsequently identified and corrected as a result of the audit process.

Cause

The cause of the condition found was primarily due to insufficient controls and procedures to ensure that pass-through amounts reported on the SEFA are complete and accurate.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Effect

The effect of the condition found is that the Department did not comply with 2 CFR section 200.510(b).

Questioned Costs

None.

Recommendation

We recommend the Department enhance its process including its management review control to ensure the proper classification of subrecipient expenditures for SEFA reporting purposes to ensure compliance with 2 CFR 200.510(b).

View of Responsible Officials

The Department concurs. The Department has requested of the Department of Administrative Services that a sub-recipient contract class be created in the State's accounting system to be able to better monitor and report on pass through amounts to sub-recipients for the SFY 24-25 budget cycle. In the interim staff have been told to review their existing contracts to ensure that sub-recipient pass through expenditures for SFY 22 are reported correctly. SEFA procedures will be reviewed and strengthened to ensure adequate controls are in place.

Anticipated Completion Date: Upon approval of DAS adding a separate sub-recipient contract class in the State's accounting system.

Contact Person

Mary Calise, Deputy Chief Financial Officer, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-009

NH Department of Employment Security

Unemployment Insurance (Assistance Listing #17.225)

Federal Award Numbers: Not Applicable

Federal Award Year: Not Applicable

U.S. Department of Labor

Compliance Requirement: Reporting

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

The ETA 9050, First Payment; ETA 9052, Nonmonetary Determination Time Lapse Detection; and ETA 9055, Appeals Case Aging reports are required to be filed on a monthly basis.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over the federal reporting process, we noted the following:

A. There does not appear to be a documented review over the accuracy of the ETA 9050, ETA 9052 and ETA 9055 federal reports that was performed prior to submission of the reports to the U.S. Department of Labor.

B. For each of the 3 monthly ETA 9052 reports selected for testwork, we were unable to obtain documentation to support that the reports submitted were complete and accurate.

Cause

The cause of the condition found was primarily due to the New Hampshire Department of Employment Security (the Department) not having sufficient controls in place to document the review and approval of the accuracy of the federal reports prior to submission. In addition, as it relates to the ETA 9052 reports, the Department was unable to reproduce the data using the current production system within the New Hampshire Unemployment Insurance System (NHUIS) which is the system that processes and stores all unemployment related information as it relates to the ETA 9052 reports. The original data that was generated to prepare the reports was not maintained by the Department.

Effect

The effect of the condition found is that the Department does not have documentation to substantiate that the reports filed were accurate or that the reports were reviewed prior to submission.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing internal controls, policies, and procedures to ensure that documentation to support the data contained on all federal reports is properly maintained and that all reports required to be submitted are subjected to a documented review prior to submission.

View of Responsible Officials

The first condition noted (A.) regarding a lack of a documented review of the accuracy the reports was due to the fact that emails informing staff that the reports were ready for submission were not sent during the review period. While the sending of these emails is a helpful notification, all reports are reviewed prior to submission to the DOL. The person responsible for uploading these reports to the Sun System is the same person responsible for the review of these reports. The temporary suspension of these emails, while not intentional, had no effect on the established report review process. Email notifications of these reports' readiness has resumed and will continue.

The second condition (B.), In 2018, NHES completed a rewrite of its Federal timeliness reporting. This new functionality allowed for New Hampshire to not only view historical information but also allowed for current progress in meeting timeliness. These reports, both historical and current, allow for a drill down to the claimant level to help the Department identify impediments to meeting timeliness. This new reporting was written as a new and separate component from our old reporting with the old reports continuing to run in the background. With the addition of all of the new Federal programs, code contention was discovered which created a display issue within our system, the system was combining information from its old reports with the new reports creating discrepancies in the display. This issue has been corrected. This was found to be just a display issue within NHUIS, our benefit payment system, and had no effect on the actual reporting to the Department of Labor.

Anticipated Completion Date: This issue has been resolved

Contact Person

Michael Burke, Administrator IV, Department of Employment Security

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-010

NH Department of Employment Security

Unemployment Insurance (Assistance Listing #17.225)

Federal Award Numbers: Not Applicable

Federal Award Year: Not Applicable

U.S. Department of Labor

Compliance Requirement: Special Tests and Provisions: UI Program Integrity - Overpayments

Type of Finding: Material Weakness and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

States are (1) required to impose a monetary penalty (not less than 15 percent) on claimants whose fraudulent acts resulted in overpayments, and (2) states are prohibited from providing relief from charges to an employer's UI account when overpayments are the result of the employer's failure to respond timely or adequately to a request for information.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over overpayments, for 1 of 40 items selected for testwork, we noted that a cause associated with the identified overpayment had not been identified or documented by the New Hampshire Department of Employment Security (the Department). Upon further review of the item, we noted that $500 in earnings were mistakenly entered into the system causing an overpayment to be identified for the claimant. The error resulted in an incorrect identification of an overpayment.

Cause

The cause of the condition found was due to a staff error that was not identified by the Department due to insufficient review controls in place to review the calculation of the overpayment.

Effect

The effect of the condition found is that the Department erroneously identified an overpayment and could have incorrectly sought to recoup benefits paid from the claimant.

Questioned Costs

None.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Recommendation

We recommend that the Department review its existing internal controls, policies and procedures related to the identification and subsequent review of overpayments to ensure that overpayments are properly identified and tracked.

View of Responsible Officials

We are taking a two pronged approach to the resolution of this issue. First, we will be identifying all those claimants who have an overpayment with the source unidentified, currently shown in our system as "other" or "none recorded," and will manually review for correct source codes. Secondly, we will be coding our system such that an eligibility issue cannot be resolved in an overpayment is created and a source of the overpayment is not identified. In other words, no decision will be rendered, and no determination will issue until the issue is correctly resolved.

Anticipated Completion Date: December 31, 2022

Contact Person

Michael Burke, Administrator IV, Department of Employment Security

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-011

NH Governor's Office of Emergency Relief and Recovery

Coronavirus Relieve Fund (Assistance Listing #21.019)

Federal Award Number: Not Applicable

Federal Award Year: 2020

U.S. Department of Treasury

Compliance Requirement: Subrecipient Monitoring

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: None

Statistically Valid Sample: No

Criteria

A pass-through entity must:

1. Clearly identify to the subrecipient required award information and applicable requirements described in 2 CFR section 200.332(a);
2. Evaluate each subrecipient's risk of noncompliance for the purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 300.332(b));
3. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (f). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required through the terms and conditions of the award, subaward monitoring must include following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means; and
4. Issuing a management decision for audit findings pertaining to federal award provided to the subrecipient from the subrecipient as required by 2 CFR section 200.521.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

Under the Coronavirus Relief Fund Program (CRF), the State of New Hampshire (the State) entered into various grant agreements with third parties to provide program services under the CRF program. As part of our testwork over the subrecipient monitoring process, we noted the following:

A. The State communicates award information to the subrecipient through the approved grant agreement. During our testwork over the communication of award information, we noted

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

instances where the State did not communicate all the required award information as outlined in 2 CFR section 200.331. Specifically, we noted the following:

a. The subrecipient's unique identifier was not included in 1 of 28 grant agreements selected for testwork.

b. The indirect cost rate for the federal award, including if the de minimis rate is charged, was not included in 1 of 28 grant agreements selected for testwork.

c. The federal award identification number, federal award date, federal award project description, assistance listing number and name and name of federal awarding agency was not included in 1 of 28 grant agreements selected for testwork.

d. Identification of whether the award is R&D was not included in all 28 grant agreements selected for testwork.

B. For 7 of 28 subrecipients selected for testwork, there was no evidence provided that a risk assessment had been performed for the subrecipient.

C. For 1 of 28 subrecipients selected for testwork, we noted that the State's during the award monitoring was primarily composed of periodic meetings. The State provided calendar dates of meetings held, but there were no minutes, notes or agenda items provided for the meetings and as such we were unable to substantiate the items discussed during the meeting to ensure it related to monitoring of the grant.

D. For 3 of 28 subrecipients selected for testwork, no evidence was provided of any during the award monitoring activities performed, with the exception of the review of the invoice to be paid to the subrecipient.

E. For 12 of 28 subrecipients selected for testwork, we noted that while the State was able to provide the subrecipients annual Uniform Guidance report, it was unclear as to whether or not the State had received the report on time as there was no formal tracking sheet or other documentation provided to support the tracking of the receipt of the reports. We further note that in all instances, the subrecipient's report did not require the State to issue a management decision letter as there were no findings included within the individual reports.

F. For 1 of 28 subrecipients selected for testwork, we noted that the State had performed a compliance monitoring review over the subrecipient. Per review of the report, funds provided under the Coronavirus Relief Fund were not included within the scope of the work performed. As a result, there did not appear to be any during the award monitoring performed over the subrecipient, with the exception of the review of the invoice to be paid to the subrecipient.

Cause

The cause of the condition found was primarily due to insufficient controls at the Department level to ensure compliance with subrecipient monitoring requirements due to the decentralized nature of how subrecipient grants were entered into by multiple Departments.

Effect

The effect of the condition found is that the State did not comply with 2 CFR section 200.331(a), 2 CFR section 300.331(b), and 2 CFR sections 200.331(d) through (f).

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Questioned Costs

None.

Recommendation

We recommend that the State continue to review its existing policies and procedures to ensure there are sufficient controls in place to allow the State to comply with the provisions 2 CFR section 200.331(a), 2 CFR section 300.331(b), and 2 CFR sections 200.331(d) through (f). This would include ensuring that:

1. All required award information is communicated to subrecipients;
2. Document risk assessments are performed over all subrecipients;
3. During the award monitoring activities are properly documented; and
4. Receipt of subrecipient uniform guidance reports are tracked to show that they are received and reviewed timely.

View of Responsible Officials

The State concurs in part with the findings and concurs with the recommendation.

In regard to Section A of the findings, the State has taken action to include the R & D provision in all open subawards, and believes that the remaining deficiencies are not correct. In regard to Section B, due to the unique and emergency nature of the CRF funding the recipients of subawards were sometimes not traditional partners for recipient of federal funding. GOFERR concurs that the de-centralized nature of some CRF programs contributed to failure to document risk assessment in a small number of cases. Of the 7 identified, the State believes that the finding is incorrect as to 4. However, the State has taken action to address this in all open subawards going forward. In regard to Section C and D of the findings the State believes that the monitoring was consistent with the scope of the work and adequate. In regard to Section E of the findings, the State concurs, but notes that for CRF subawards, due to the original end date for performance, in almost all instances any UG report would not have been received until after the award had already been closed. However, the State has addressed this going forward by strengthening the requirement for submission of UG reports in the templates for subawards that will be used for COVID relief funding subawards going forward and tracking receipt.

Anticipated Completion Date: The corrective actions indicated above have already been implemented as of the date of this response.

Contact Person

Chase Hagaman, Deputy Director, Executive Office
Steven Giovinelli, Financial Reporting Administrator III, Department of Administrative Services

Rejoinder

As identified in Bullets C and D in the condition found, we were unable to obtain evidence to support that during the award monitoring had been performed beyond the review and approval of the invoice that was paid by the State.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-012

NH Governor's Office of Emergency Relief and Recovery

Emergency Rental Assistance Program (Assistance Listing #21.023)

Federal Award Numbers ERA0012-ERA0435

Federal Award Year: 2020

U.S. Department of Treasury

Compliance Requirement: Subrecipient Monitoring

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: None

Statistically Valid Sample: No

Criteria

A pass-through entity must clearly identify to the subrecipient required award information and applicable requirements described in 2 CFR section 200.332(a).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

Under the Emergency Rental Assistance Program (ERAP), the New Hampshire Governor's Office of Emergency Relief and Recovery (the Department) entered into one grant agreement with a third party to provide program management services whereby the subrecipient would be responsible for the distribution of ERAP funds, including the eligibility process and determining the amount the applicant was eligible to receive. As part of our testwork over the subrecipient monitoring process, we noted the following:

A. The Department communicates award information to the subrecipient through the approved grant agreement. Per review of the grant agreement, the Department did not communicate all the required award information as outlined in 2 CFR section 200.331. Specifically, the grant award did not identify if the grant was a research and development grant.

B. Biweekly reports are required to be submitted to the Department that contains information concerning the number and value of awards that have been provided to recipients and certain demographic information as it relates to the program recipients. For the 3 biweekly reports selected for testwork, while it appeared that the Department had collected the required reports from the subrecipient, there was no evidence provided that the Department reviewed the data contained within the report.

C. On a periodic basis the subrecipient is required to perform a monitoring review that assesses compliance with participant eligibility requirements and recalculation of the benefit amount paid. Upon completion of the review, a report is sent to the Department outlining the results of the review. During our testwork over subrecipient monitoring we obtained the monitoring report that

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

was issued that covered monitoring activities through June 30, 2021. While it appeared the Department had obtained the monitoring report, there was no evidence provided that the Department reviewed the data contained within the report.

Cause

The cause of the condition found was primarily due the Department not include the required communication to identify if the grant is a research and development grant and did not appear to have any policies and procedures to formally document its review and approval of reports submitted from the subrecipient.

Effect

The effect of the condition found is that the Department did not comply with 2 CFR section 200.331(a) and may not have timely reviewed reports submitted to the Department to ensure that any compliance matters were followed up and resolved timely.

Questioned Costs

None.

Recommendation

We recommend that the Department continue to review its existing policies and procedures to ensure that the Department complies with the provisions of 2 CFR section 200.331(a) and to ensure that appropriate controls are in place to ensure compliance with 2 CFR section 200.331(b). This would include ensuring that:

1. All required award information is communicated to subrecipients; and
2. Ensuring that all bi-weekly and monitoring reports provided by the subrecipient are timely reviewed and conclusions reached as a result of the review are formally documented.

View of Responsible Officials

The State concurs in part with the findings and concurs with the recommendation.

In regard to Section A of the findings, the State concurs and has taken action to include the R & D provision in all open subawards.

In regard to Section B, the State concurs that it should take more proactive steps to document receipt and review of the biweekly reports in email correspondence, and now does so. However, the State disagrees with any inference that there has been any failure in monitoring, oversight, or review of the subrecipient or their reports. In response to the initially drafted finding, the State indicated that it has weekly, calendared discussions with its subrecipient to discuss provided reports, program updates, action steps, and even policy updates. Moreover, when these biweekly reports are received, they are cataloged on the State's "S: Drive," used to update its publicly posted program dashboard on the GOFERR website and are even shared with members of the Governor's Office for further review and discussion.

The very nature of this program and U.S. Treasury's facilitation of it has required the State and its subrecipients to stay in close contact and make regular decisions on strategies and policies within the program. In fact, the State now requires, in addition to the more detailed biweekly reports, higher-level weekly reports to monitor fund usage and trends in the program.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

In regard to Section C, the State concurs that it should take more proactive steps to document receipt and review of compliance reports and now does so. However, it reiterates that review and any relevant discussion of those reports takes place during weekly, calendared discussions with the subrecipient.

Anticipated Completion Date: The corrective actions indicated above have already been implemented.

Contact Person

Chase Hagaman, Deputy Director, Executive Office
Steven Giovinelli, Financial Reporting Administrator III, Department of Administrative Services

Rejoinder

As identified within Bullets B and C in the condition found, we noted that while we were able to obtain evidence that biweekly reports were submitted by the subrecipient and that a monitoring review had been conducted by the subrecipient, we were unable to obtain evidence that the Department had reviewed the reports or the monitoring review.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-013

NH Department of Education

Title I Grants to Local Educational Agencies (Title I, Part A of ESEA (Assistance Listing #84.010))

Federal Award Numbers: S010A190029, S010A200029

Federal Award Year: 2020, 2021

U.S. Department of Education

Compliance Requirement: Reporting

Type of Finding: Material Weakness and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Under the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over FFATA reporting at the New Hampshire Department of Education (the Department), we noted throughout the year ending June 30, 2021, the Department reported their grants in the FSRS system however, each time a change was made to an agreement and reported in the system, the Department reported the new total, rather than just the change in funding, resulting in a significant overreporting of obligated funds to the FSRS system. As the FSRS system doesn't allow modifications to prior reports, the Department has been unable to correct the reporting within the FSRS system. The Department has been working with the U.S. Department of Education to resolve the errors in the FFATA reporting. Given the severity of the errors reported in the FSRS system, we were unable to perform audit work over the FFATA reporting requirements and related internal controls in place at the Department.

Cause

The cause of the condition found is due to a misunderstanding in the FFATA reporting requirements and the Departments inability to correct previously reported grants without assistance from the FSRS technical team.

Effect

The effect of the condition found is that the Department did not comply with the Transparency Act.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Questioned Costs

None.

Recommendation

We recommend that the Department implement internal control and policies and procedures, across all Department programs to which FFATA reporting is applicable, to ensure timely and accurate reporting to the FSRS system to ensure compliance with the Transparency Act reporting requirements.

View of Responsible Officials

The NHDOE concurs with this finding and is currently working on how to correct the issue. In fact, once the error was made and detected, it could have been fixed within the audit period if: The GSA was responsive to the DOE's documented repeated requests to delete the incorrect reports. Since the GSA did not remove the reports in a timely manner, the DOE could not enter the correct uploads". As of 2/1/22 all erroneous reports have been removed by GSA and NH DOE will refile the reports in the correct format

Anticipated Completion Date: June 1, 2022

Contact Person

Lindsey Labonville, Administrator III, Department of Education

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-014

NH Department of Education

Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) (Assistance Listing #84.010)

Federal Award Numbers: S010A190029, S010A200029

Federal Award Year: 2020, 2021

U.S. Department of Education

Compliance Requirement: Special Tests and Provisions – Assessment System Security

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

State Educational Agencies (SEAs), in consultation with Local Educational Agencies (LEAs), are required to establish and maintain an assessment system that is valid, reliable, and consistent with relevant professional and technical standards. Within their assessment system, SEAs must have policies and procedures to maintain test security and ensure that LEAs implement those policies and procedures (Title I, Section 1111(b)(2)(B)(iii) of the ESEA (20 USC 6311(b)(2)(B)(iii))).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over the Department's on-site monitoring process, we noted for 1 of 7 LEA's selected for testwork, the LEA did not submit all of the required documentation to the Department, however, the Department closed their review and noted all required documentation was submitted.

Cause

The cause of the condition found was primarily due to an oversight at the Department.

Effect

The effect of the condition found is that the Department may not be in compliance with Title I, Section 1111(b)(2)(B)(iii) of the ESEA (20 USC 6311(b)(2)(B)(iii)).

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department review its existing policies and procedures over assessment security requirements and revise procedures and internal controls to ensure that reviews over LEAs are performed each year and appropriate documentation is maintained.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

View of Responsible Officials

The NHDOE concurs with this finding. A procedure will be put in place to ensure all documents are obtained and reviewed. This is the first time the Department actually had assessment monitoring happen and the NHDOE is working to improve the process. The NHDOE will seek out support to improve this process by Caveon as they are currently helping to refine the process.

Anticipated Completion Date: June 1, 2022

Contact Person

Lindsey Labonville, Administrator III, Department of Education

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-015

NH Department of Education

Education Stabilization Fund (Assistance Listing #84.425)

Federal Award Numbers: S425R210041, S425D200017, S425D210017, S425C200032, S425C210032

Federal Award Year: 2020, 2021

U.S. Department of Education

Compliance Requirement: Reporting

Type of Finding: Material Weakness and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Under the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over FFATA reporting at the New Hampshire Department of Education (the Department), we noted throughout the year ending June 30, 2021, the Department reported their grants in the FSRS system however, each time a change was made to an agreement and reported in the system, the Department reported the new total, rather than just the change in funding, resulting in a significant overreporting of obligated funds to the FSRS system. As the FSRS system doesn't allow modifications to prior reports, the Department has been unable to correct the reporting within the FSRS system. The Department has been working with the U.S. Department of Education to resolve the errors in the FFATA reporting. Given the severity of the errors reported in the FSRS system, we were unable to perform audit work over the FFATA reporting requirements and related internal controls in place at the Department.

Cause

The cause of the condition found is due to a misunderstanding in the FFATA reporting requirements and the Departments inability to correct previously reported grants without assistance from the FSRS technical team.

Effect

The effect of the condition found is that the Department did not comply with the Transparency Act.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Questioned Costs

None.

Recommendation

We recommend that the Department implement internal control and policies and procedures across all Department programs to which FFATA reporting is applicable, to ensure timely and accurate reporting to the FSRS system to ensure compliance with the Transparency Act reporting requirements.

View of Responsible Officials

The NHDOE concurs with this finding and is currently working on how to correct the issue. In fact, once the error was made and detected, it could have been fixed within the audit period if: The GSA was responsive to the DOE's documented repeated requests to delete the incorrect reports. Since the GSA did not remove the reports in a timely manner, the DOE could not enter the correct uploads". As of 2/1/22 all erroneous reports have been removed by GSA and NH DOE will refile the reports in the correct format

Anticipated Completion Date

June 1, 2022

Contact Person

Lindsey Labonville, Administrator III, Department of Education

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-016

NH Department of Education

Education Stabilization Fund (Assistance Listing #84.425)

Federal Award Numbers: S425R210041, S425D200017, S425D210017, S425C200032, S425C210032

Federal Award Year: 2020, 2021

U.S. Department of Education

Compliance Requirement: Reporting

Type of Finding: Significant Deficiency

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Direct recipients of GEER, ESSER I and ESSER II grants must submit an annual report.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over federal reporting at the New Hampshire Department of Education (the Department), we noted while the Department was able to show the annual GEER and ESSER reports were filed by the required deadline, the Department was unable to provide evidence to support the reports had followed the Departments internal control procedures, including a review and approval of the report prior to submission.

Cause

The cause of the condition found is due to a lack of proper processes and internal controls in place surrounding the submittal of GEER and ESSER reports.

Effect

The effect of the condition found is that the Department did not comply with the federal reporting requirements.

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing policies and procedures to ensure timely and accurate federal reporting to ensure compliance with the federal reporting requirements.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

View of Responsible Officials

The NHDOE concurs with this finding. NHDOE will develop a proper process that comments to the review and approval process of annual GEER and ESSER reporting. This process will also mention where the files will be saved for later auditing use.

Anticipated Completion Date: June 1, 2022

Contact Person

Lindsey Labonville, Administrator III, Department of Education

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-017

NH Department of Education

Education Stabilization Fund (Assistance Listing #84.425)

Federal Award Numbers: S425R210041, S425D200017, S425D210017, S425C200032, S425C210032

Federal Award Year: 2020, 2021

U.S. Department of Education

Compliance Requirement: Subrecipient Monitoring

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

A pass-through entity must:

1. Evaluate each subrecipient's risk of noncompliance for the purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 200.332(b))
2. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (e). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required through the terms and conditions of the award, subaward monitoring must include following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

For programs under ESSER I and GEER I (Assistance Listing 84.425C and D), an LEA that receives funds under one or both of those programs must provide equitable services in the same manner as provided under section 1117 of Title I, Part A of the ESEA (20 USC 6320) (Assistance Listing 84.010) to students and teachers in private schools as determined in consultation with private school officials (section 18005(a) of the CARES Act). To meet this requirement, an LEA must determine the proportional share of ESSER I or GEER I funds available for equitable services in accordance with section 1117(a)(4)(A) of the ESEA (20 USC 6320(a)(4)(A)). Under ESSER I and GEER I, the LEA in which a private school is located is responsible for providing equitable services to students and teachers in the school. With respect to the provision of services, in general all students and teachers in a private school are eligible to receive equitable services under ESSER I and GEER I.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Condition

The New Hampshire Department of Education (the Department) has a formal on-site programmatic monitoring policy that includes both a risk assessment process and procedures to monitor compliance at the LEA level in order to ensure that the LEA as complied with federal requirements concerning the use of Education Stabilization Fund funds. As part of the programmatic on-site monitoring process implemented by the New Hampshire Department of Education (the Department) over LEA's, the Department was to review and ensure that LEAs that receives funds under the program provided equitable services in the same manner as provided under section 1117 of Title I, Part A of the ESEA. During our testwork over subrecipient monitoring, we noted that the Department did not perform any programmatic risk assessments or monitoring during the year ended June 30, 2021. As a result, the Department did not perform any procedures to ensure LEA compliance with programmatic requirements. We further noted the requirements related to participation of private school children were not monitored.

Cause

The cause of the condition found was due to the inability of the Department to perform reviews due to the lack of staff and COVID-19.

Effect

The effect of the condition found is that the Department did not sufficiently monitor the LEA's compliance with federal regulations applicable to Education Stabilization Fund in accordance with 2 CFR section 200.332(b) and 2 CFR sections 200.332(d) through (e) and the Department did not sufficiently monitor the LEA's compliance related to private school participation.

Questioned Costs

None.

Recommendation

We recommend that the Department continue to review its existing policies and procedures over the monitoring of subrecipients in order to ensure that appropriate procedures to comply with 2 CFR section 300.332(b) and 2 CFR sections 200.332(d) through (e) are consistently performed on an annual basis. Additionally, the Department should review its existing policies and procedures over the monitoring of private school participation to ensure that specific monitoring procedures are developed and implemented to appropriately monitor the federal requirement at the LEA.

View of Responsible Officials

The NHDOE conquers with this finding. NHDOE subsequently has hired a new employee to oversee the risk assessment and program monitoring for all ESSER funds. FY22 ESSER program subrecipients will be monitored based on the risk assessment results. Additionally, because of COVID 19 staffing was seriously curtailed. As of January 1, 2022, a new program specialist IV was hired to develop and implement monitoring protocols such as equitable services during the monitoring process.

Anticipated Completion Date: Completed.

Contact Person

Lindsey Labonville, Administrator III, Department of Education

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-018

NH Department of Health and Human Services

Immunization Cooperative Agreements (Assistance Listing #93.268)

Federal Award Numbers:

Federal Award Year:

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provision – Control, Accountability and Safeguarding of Vaccine

Type of Finding: Significant Deficiency

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Effective control and accountability must be maintained for all vaccine under the Vaccine For Children (VFC) program (42 USC 1396s).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

As part of the vaccine ordering process, all enrolled providers are required to submit an electronic request for vaccines by vaccine type and quantity to the New Hampshire Department of Health and Human Services (the Department). Included with the order request is a vaccine reconciliation form that provides detailed information by vaccine concerning the beginning of period vaccine quantity included in inventory, doses administered, ending vaccine balance and number of doses requested for the current order. This information is reviewed by the Department, and if reasonable, the order request is approved. As part of our testwork over the approval process for provider vaccine orders, we noted that for 30 of the 40 orders selected for testwork, we were unable to verify that the vaccine order was reviewed and approved by the Department.

Cause

The cause of the condition found was due to a new vaccine system being implemented as of April 1, 2021. Once the new system went live, all prior vaccine orders approved in the previous system were no longer accessible.

Effect

The effect of the condition found is that the Department is unable to demonstrate that provider vaccine orders prior to April 1, 2021 were reviewed in accordance with the Department's policies and procedures.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing policies and procedures to ensure that documentation is maintained to support the review and approval of all vaccine order requests by the provider to help ensure accountability of all approved and distributed vaccines.

View of Responsible Officials

The department does not concur with the finding.

Due to the June 2021 expiration of the maintenance contract for the prior vaccine management system, the program was not allowed to access the prior vaccine management system to demonstrate the procedures for reviewing and approving orders for the purposes of this audit.

In an effort to maintain a record of order transactions from the prior system, NHIP staff extracted a report for all transactions performed within the prior system from January 1, 2020 to May 31, 2021. This report which notated staff approval of orders from July 1, 2020 to March 31, 2021 was provided to the auditors for the audit period 7/1/20-6/30/21 to serve as documented evidence for the sample requested to by the auditors. Note: approvals in the prior system were only allowable following review of order. Hence, the report did not notate "reviewed" as one could not proceed to approval without first performing a review.

During the virtual audit meeting and because of the vaccine management system's removal, access rendered the Department's staff capability of performing test work inoperable. NHIP's policy of the vaccine ordering procedure was not determined to be a finding for the period of time (April 1, 2021 – June 30, 2021), the program does not feel that a revision of existing policies and procedures are warranted except to include a note to indicate that when "**vaccine monitoring systems are inactivated a copy of transaction report shall be retained to serve as evidence of NHIP review and approval**".

Anticipated Completion Date: N/A, None Required

Contact Person

Anne Marie Mercuri- Program Section Chief, Lena Boulanger- Vaccine Accountability Coordinator, Department of Health and Human Services

Rejoinder

While the Department was able to provide the order transaction history from the prior system, we were unable to determine whether or not the Department had reviewed the vaccine orders prior to the shipment being sent to the provider as identified within the condition found.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-019

NH Department of Health and Human Services

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (Assistance Listing #93.323)

Federal Award Numbers: NUK50CK000522

Federal Award Year: 2019

U.S. Department of Health and Human Services

Compliance Requirement: Procurement and Suspension and Debarment

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

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, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at https://www.sam.gov/portal/public/SAM/ (Note: EPLS is no longer a separate system; however, the OMB guidance and agency implementing regulations still refer to it as EPLS), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Additionally, 45 CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During our testwork related to procurement and suspension and debarment, we noted the following:

A. For 5 of 22 agreements selected for testwork, we noted that the New Hampshire Department of Health and Human Services (the Department) was unable to provide documentation to support it had verified whether the contractor was suspended or debarred before entering into the covered transaction. Based on our review of the System for Award Management (SAM) Exclusions website, none of the vendors selected for testwork were included within the exclusion list indicating that they had been suspended or debarred.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Cause

The cause of the condition found was the result of insufficient controls in place to ensure that Department suspension debarment policies are followed, and adequate documentation is maintained to support the process.

Effect

The effect of the condition found is that the Department was not in compliance with 2 CFR section 180.300 and as such, could have entered into an agreement with a vendor that had been suspended or debarred from receiving federal funds and would not have the necessary controls and procedures to identify the noncompliance timely.

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department continue to review its existing policies, procedures and related controls to ensure signed suspension and debarment certifications are in place or the excluded parties listing is reviewed prior to entering into a covered transaction with vendors. The Department should also consider whether or not procedures should be implemented to independently review the System for Award Management Exclusions website to confirm if a vendor has been suspended or debarred.

View of Responsible Officials

The Department will review existing internal controls to assess whether they are sufficient to provide management with reasonable assurance the Department complies with the 2 CFR section 180.300. It is important to note that between April 2020 and June 2021 the Department was involved in the State's strategic response to the COVID-19 pandemic. During this time, New Hampshire was under a state of emergency (Executive Order 2020-04), processes were rapidly converted to fully digital overnight, the State's standard approval processes were suspended, and to respond to the COVID-19 pandemic the Department worked with other State Departments and the National Guard to create a record number of amendments, contracts and other agreements (approximately 200% more than standard). The Department is in the process of instituting a new contract life cycle management solution that will utilize conditional logic to include the required attestation for agreements involving federal funds in order to ensure compliance. Phased implementation of the system will begin in the summer and 2022 and is anticipated to be completed by January 2023.

Anticipated Completion Date: January 2023

Contact Person

Melissa Kelleher, Administrator III, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-020

NH Department of Health and Human Services

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (Assistance Listing #93.323)

Federal Award Numbers: NUK50CK000522

Federal Award Year: 2019

U.S. Department of Health and Human Services

Compliance Requirement: Reporting

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Under the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

As part of the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program, the New Hampshire Department of Health and Human Services (the Department) enters into subrecipient agreements that meet the requirements for first tier subawards under the Transparency Act and as such FFATA reports should have been filed for each of those subawards. For 18 of 18 subawards selected for testwork, the Department did not file the required FFATA reports.

Cause

The cause of the condition found was primarily due insufficient resources and constraints due to COVID-19.

Effect

The effect of the condition found is that the Department did not comply with the provisions of the Transparency Act.

Questioned Costs

None.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Recommendation

We recommend that the Department review its existing internal controls, policies and procedures to ensure that all required FFATA reports are filed and filed timely for all subrecipient grant agreements that meet the definition of a first-tier subaward.

View of Responsible Officials

The Department concurs that some of the SFY 2021 FFATA reports were not completed in compliance with the Act as noted. During the pandemic, the existing FFATA guidelines were followed as to the timely reporting on the FSRS Federal Website. However, due to the COVID-19 pandemic and the subsequent related state of emergency (Executive Order 2020-04) processing of the normal "G&C Minutes" now included approved items placed in the "Informational Items" section of the "G&C Minutes" a review of which, is not included in the current FFATA documentation.

Corrective Action

The Department has modified its FFATA Guidelines to include a review of all sections of the "G&C Minutes" for Federal Awards equal to or greater than $30,000 to identify candidates for FFATA in a manner consistent with the Act.

Anticipated Completion Date: Corrected - guidelines have modified and will be used

Contact Person

P.J. Nadeau, Administrator III, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-021

NH Department of Health and Human Services

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (Assistance Listing #93.323)

Federal Award Numbers: NUK50CK000522

Federal Award Year: 2019

U.S. Department of Health and Human Services

Compliance Requirement: Subrecipient Monitoring

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

A pass-through entity (PTE) must:

1. Identify the Award and Applicable Requirements – Clearly identify to the subrecipient: (1) the award as a subaward at the time of subaward (or subsequent subaward modification) by providing the information described in 2 CFR section 200.332(a)(1); (2) all requirements imposed by the PTE on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the award (2 CFR section 200.332(a)(2)); and (3) any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the federal award (e.g., financial, performance, and special reports) (2 CFR section 200.332(a)(3)).
2. Evaluate Risk – Evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 200.332(b)).
3. Monitor – Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (f)). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required by the terms and conditions of the award, subaward monitoring must include the following:
    a. Reviewing financial and programmatic (performance and special reports) required by the PTE.
    b. Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the PTE detected through audits, on-site reviews, and other means.
    c. Issuing a management decision for audit findings pertaining to the federal award provided to the subrecipient from the PTE as required by 2 CFR section 200.521.
4. Ensure Accountability of For-Profit Subrecipients – Some federal awards may be passed through to for-profit entities. For-profit subrecipients are accountable to the PTE for the use of the federal funds provided. Because 2 CFR Part 200 does not make Subpart F applicable to for-profit

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

subrecipients, the PTE is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients for the subaward. The agreement with the for-profit subrecipient must describe applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for federal awards made to for-profit subrecipients may include pre-award audits, monitoring during the agreement, and post-award audits (2 CFR section 200.501(h)).

Additionally, CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During the year ended June 30, 2021 the New Hampshire Department of Health and Human Services (the Department) passed through $17,946,121 of federal funding to subrecipients, both for-profit and non-profit. As part of our testing related subrecipient monitoring, we noted the following:

A. The Department communicates award information to subrecipients through the approved agreement. Per review of the agreement, for 18 of 18 subrecipients selected for testwork, the Department did not communicate all the required award information as outlined in 2 CFR section 200.332(a). Specifically, the following elements were not communicated:

   - Subrecipient unique entity identifier;
   - Federal award date;
   - Name of the federal awarding agency, pass-through entity, and contact information for the awarding official of the pass-through entity;
   - Identification of whether the award is R&D; and
   - Indirect cost rate for the federal award

B. For 2 of 11 subrecipients selected for testwork the Department did not perform a review of the Uniform Guidance (UG) report timely. The reports were accepted by the Federal Audit Clearing House in September 2021 and February 2021 and were not reviewed by the Department until May 2022.

C. For 14 of 18 subrecipients selected for testwork, the Department was unable to provide documentation to support it had evaluated the subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward.

D. The Department did not perform any during the award monitoring over the programs subrecipients.

E. The Department passed through $5,042,500 in federal funding to for-profit subrecipients. These subrecipients are not subject to 2 CFR 200 Subpart F and as such, no review over the uniform guidance audit report is performed by the Department. The Department was unable to provide documentation to support it had performed procedures to ensure compliance with the subrecipient agreement in accordance with 2 CFR Section 200.501(h).

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Cause

The cause of the condition found was primarily due to insufficient controls and procedures to ensure that all required subrecipient monitoring procedures are being performed by the Department.

Effect

The effect of the condition found is that the Department did not comply with 2 CFR section 200.332(a - h) and 2 CFR section 200.501(h).

Questioned Costs

None.

Recommendation

We recommend the Department continue to review its existing policies and procedures to ensure that the Department complies with 2 CFR section 200.332(a-h) and 2 CFR section 200.501(h).

View of Responsible Officials

Finding A: The Department concurs as we used non-standard templates in collaboration with other State Departments to award funding to subrecipients, in an effort to quickly distribute funds due to the COVID-19 pandemic. These templates did not include subrecipients DUNS numbers, indirect cost rates, if any, nor reference to whether the award was R&D, and was a departure from our normal templates that incorporate this information. This departure from standard templates and process was in direct response to the dire situation created by the COVID-19 pandemic.
The Department communicated the best information available to describe the Federal Award and subaward, in lieu of the Federal Award Date and the name of the Federal Awarding Agency, as allowed under 2 CFR 200.332 (a). The funding, at that time, was provided by the State of New Hampshire Governor's Office for Emergency Relief and Recovery (GOFERR), as indicated in the grant agreements and cover letters.

Finding B: The Department concurs with the finding

Finding C: The Department concurs. Due to the expediency of need in the community due to the COVID-19 pandemic, the Department did not evaluate the risk of non-compliance by these sub-recipients, a departure from the Department's Sub-recipient Monitoring Policy, which is outlined in the Department's Exigent Circumstance Policy.

Finding D: The Department concurs no subrecipient monitoring was performed for these contracts, which were for testing for the COVID-19 pandemic.

Finding E: The Department concurs.

The Department will review its Sub-recipient Monitoring Policy and assess compliance across the Department. It is important to note that between April 2020 and June 2021 the Department was involved in the State's strategic response to the COVID-19 pandemic. During this time, New Hampshire was under a state of emergency (Executive Order 2020-04), processes were rapidly converted to fully digital overnight, the State's standard approval processes were suspended, and to respond to the COVID-19 pandemic the Department worked with other State Departments and the National Guard to create a record number of amendments, contracts, and other agreements (approximately 200% more than standard). The Department is in the process of instituting a new contract life cycle management solution that will utilize

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

conditional logic to include the required attestation for agreements involving federal funds in order to ensure compliance. Phased implementation of the system will begin in the summer of 2022 and is anticipated to be completed by January 2023.

The Financial Compliance Unit (FCU) will continue to work with the Business System Analyst of the Cost Allocation Unit in determining the amount of Federal payments made to the vendors. The FCU receives a vendor payment list on a quarterly basis that includes the total amount of Federal funds that were paid to all contracted agencies. We will continue to closely monitor the FAC to obtain all copies of the Single Audits pertaining to the DHHS agencies. In addition, we will devise a spreadsheet that will list all contracts that have been awarded Federal funds and cross check these agencies to vendor payment list.

The DHHS policy on risk assessment was updated on November 16, 2020 to ensure that all contracts have a risk assessment performed regardless of funding source. We also have added verbiage in the contracts effective for contracts that begin after November 2021. It states any Contractor that receives an amount equal to or greater than $250,000 from the Department during a single fiscal year, regardless of the funding source, may be required, at a minimum, to submit annual financial audits performed by an independent CPA if the Department's risk assessment determination indicates the Contractor is high-risk. Finally, effective for any new procurement subsequent to March 2022, all back-up documentation must accompany the invoices and be submitted on a monthly basis.

Anticipated Completion Date: January 2023

Contact Person

Melissa Kelleher, Grants Administrator, Department of Health and Human Services
Ann Driscoll, Administrator of the Financial Compliance Unit, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-022

NH Department of Health and Human Services

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (Assistance Listing #93.323)

Federal Award Numbers: NUK50CK000522

Federal Award Year: 2019

U.S. Department of Health and Human Services

Compliance Requirement: Reporting – Schedule of Expenditures of Federal Awards

Type of Finding: Significant Deficiency

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*, section 200.510(b) states the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use.

Additionally, CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

The New Hampshire Department of Health and Human Services (the Department) did not have adequate annual management review controls in place at a level of precision necessary to ensure proper classification of the amount of expenditures passed through to subrecipients on the State of New Hampshire Schedule of Expenditures of Federal Awards (SEFA).

For the ELC Program, the Department did not classify amounts receives as passed through to subrecipients on the draft SEFA. Specifically, the Department had $17,946,121 in pass-through expenditures which were not properly classified as passed-through expenditures on the draft SEFA.

Cause

The cause of the condition found was primarily due to insufficient controls and procedures to ensure that pass-through amounts reported on the SEFA are complete and accurate.

Effect

The effect of the condition found is that the Department did not comply with 2 CFR section 200.510(b).

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Questioned Costs

None.

Recommendation

We recommend the Department enhance its process including its management review control to ensure the proper classification of subrecipient expenditures for SEFA reporting purposes to ensure compliance with 2 CFR 200.510(b).

View of Responsible Officials

The Department concurs. The Department has requested of the Department of Administrative Services that a sub-recipient contract class be created in the State's accounting system to be able to better monitor and report on pass through amounts to sub-recipients for the SFY 24-25 budget cycle. In the interim staff have been told to review their existing contracts to ensure that sub-recipient pass through expenditures for SFY 22 are reported correctly. SEFA procedures will be reviewed and strengthened to ensure adequate controls are in place.

Anticipated Completion Date: Upon approval of DAS adding a separate sub-recipient contract class in the State's accounting system.

Contact Person

Mary Calise, Deputy Chief Financial Officer, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-023

NH Department of Health and Human Services

Temporary Assistance for Needy Families (Assistance Listing #93.558)

Federal Award Numbers: 2020G996115, 2021G996115

Federal Award Year: 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provisions: Child Support Non-Cooperation

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: 2020-012

Statistically Valid Sample: No

Criteria

If the State agency responsible for administering the State plan under Title IV-D of the Social Security Act determines that an individual is not cooperating with the State in establishing paternity, or in establishing, modifying or enforcing a support order with respect to a child of the individual, and reports that information to the State agency responsible for TANF, the State TANF agency must (1) deduct an amount equal to not less than 25% from the TANF assistance that would otherwise be provided to the family of the individual and (20 may deny the family any TANF assistance. Health and Human Services (HHS) may penalize a State for up to 5% of the SFAG for failure to substantially comply with this required State child support program (45 CFR sections 264.30 and 264.31)

Additionally, CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During our testwork related to child support non-cooperation, we noted the following:

A. For 1 of 7 participants selected for testwork, a letter of non-cooperation was not maintained in the participants folder. Per review of the documentation in the file, we noted that there was correspondence maintained to indicate that the participant was not cooperating as of December 28, 2020, however the required letter of non-cooperation could not be located. As there was no record of a non-cooperation letter being received, the participant was not sanctioned. As a result, the participant's benefits may have been overpaid. The amount of the overpayment was $543.

B. For 1 of 7 participants selected for testwork, the participant's file contained a cooperation letter dated in September 2021 indicating that the participant began cooperating as of February 24, 2021, and the letter itself was not sent timely to the TANF agency to notify them of the change in cooperation status. Despite not having received the proper communication, we noted that the case manager had lifted the sanction as of April 15, 2021. The delay resulted in the participant's benefits being underpaid until the sanction was lifted. The amount of the benefit underpayment was $412.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Cause

The cause of the condition found was the result of insufficient controls in place to ensure that the participant's cooperation status is being communicated and communicated timely.

Effect

The effect of the condition found is that participant benefit payments were not accurately paid and could result in unallowable costs charged to the federal program.

Questioned Costs

$131 - the net difference between bullet A and B above.

Recommendation

We recommend that the Department continue to enhance its existing controls and procedures to ensure the documentation used to support the beginning and termination of sanction periods is maintained and timely communicated so that those dates are accurately reflected within the New Heights System, ensuring that the participant's benefit payment is accurate.

View of Responsible Officials

We concur with finding A and B, we will continue to use our quality assistance pull to monitor the findings throughout the year, and work with Bureau of Family Assistance and Bureau of Child Support Services to be consistent with both departments on the best practices based on our findings to make sure we continue to ensure the participant's benefits are accurate.

Anticipated Completion Date Completed.

Contact Person

Karyl Provost, Administrator III, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-024

NH Department of Health and Human Services

Temporary Assistance for Needy Families (Assistance Listing #93.558)

Federal Award Numbers: 2020G996115, 2021G996115

Federal Award Year: 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Matching, Level of Effort and Earmarking – Maintenance of Effort

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: 2020-016

Statistically Valid Sample: No

Criteria

Every fiscal year, a State must maintain an amount of "qualified state expenditures" (as defined in 42 US609(a)(7)(B) and 45 CFR section 263.2) for eligible families (as defined in 42 USC 609(a)(7)(B)(i)(IV) and 45 CFR section 263.2(b)) at least at the applicable percentage of the State's historic State expenditures. Qualified expenditures with respect to eligible families may come from all programs. This requirement may be met through allowable state or local cash expenditures for goods and services, cash donations by non-governmental third parties, or the value of third-party in-kind contributions. A State's records must show that all costs are verifiable and meet all applicable requirements in 45 CFR sections 263.2 through 263.6.45.

Additionally, CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

For the federal fiscal year end September 30, 2020, the New Hampshire Department of Health and Human Services (the Department) was required to meet an annual maintenance of effort (MOE) requirement of $43,042,138. Of the MOE expenditures incurred, $9,359,555 represented in-kind contributions from 15 community organizations. On an annual basis, each community organization completes a Temporary Assistance for Needy Families (TANF) MOE form to report expenses that qualify as TANF expenditures. The form requires a description of the program operations, what TANF purpose the program addresses, the number of families served, and the amount of eligible expenditures in total. The form is signed by the organization and submitted to the Department to serve as the supporting documentation for the in-kind contribution provided by the community organization. No additional documentation is provided by the community organization to support the amount of the expenditures included on the form. The Department does not perform procedures to ensure expenditures reported by the community organization are accurate and represent valid expenditures that were incurred to support the program outlined within the form and in turn to ensure the in-kind contribution used to support the required MOE is appropriate.

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FOR THE YEAR ENDED JUNE 30, 2021

Cause

The cause of the condition found was a result of insufficient controls and procedures to ensure the expenditures reported by the community organizations are properly supported by valid expenditures that meet the criteria of qualified TANF expenditures. As the Department enters into a memorandum of understanding (MOU) with each community organization that outlines the types of costs that are allowable sources of MOE and obtains a signed certification from each organization as to the amount of expenditures incurred, the Department indicated that the support provided is sufficient and therefore does not validate the information for accuracy.

Effect

The effect of the condition found is that the Department may not meet the required annual MOE requirement as in-kind contributions may not be complete or represent qualified expenditures and does not have controls and procedures in place to identify noncompliance timely.

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department implement controls and procedures to ensure that in-kind contributions used to support MOE are reviewed to ensure that the expenditures are accurate and meet the definition of qualifying expenditures.

View of Responsible Officials

We do not concur. The expenditures outlined are considered verifiable costs via the Memorandum of Understanding (MOU) and the Maintenance of Effort (MOE) forms completed by the third party agency. As part of the June 30, 2018 audit a similar finding is noted which we also did not concur with as part of that audit. The department has since been in contact and had meetings with the Federal Administration for Children and Families (ACF). In addition, a formal response was provided to ACF on January 28, 2022. We are currently awaiting the Federal Administration for Children and Families (ACF) decision concerning this finding and as such, we do not believe any corrective action is required.

Anticipated Completion Date: No corrective action is considered necessary

Contact Person: Mary Calise, Deputy Chief Financial Officer, Depart. of Health and Human Services

Rejoinder

The Department stated in their response that it verifies the completeness and accuracy of the third-party in-kind match through the MOU entered into and the MOE forms that the providers submit. Per review of the signed certifications (or the MOE forms), we noted the certification contains a description of the general purpose of the program, an identification of the TANF purpose the program addresses, the number of families/individuals served, the expenses incurred under the program, excluding any federal and state funds received. While we were provided with documentation to support that the third party certifications were received, we were not provided with evidence to support the Department had performed additional procedures to verify the incurred costs were complete and accurate as required by 45 CFR section 263.2(e) and 75.306. We do not agree that a certification alone from a third party meets the definition of a verifiable cost from third -party records.

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FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-025

NH Department of Health and Human Services

Temporary Assistance for Needy Families (Assistance Listing #93.558)

Federal Award Numbers: 2020G996115, 2021G996115

Federal Award Year: 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Reporting

Special Tests and Provisions: Penalty for Failure to Comply with Work Verification Plan

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: 2020-014

Statistically Valid Sample: No

The State agency must maintain adequate documentation, verification, and internal control procedures to ensure the accuracy of the data used in calculating work participation rates. In so doing, it must have in place procedures to (a) determine whether its work activities may count for participation rate purposes; (b) determine how to count and verify reported hours of work; (c) identify who is a work eligible individual; and (d) control internal data transmission and accuracy. Each State agency must comply with its HHS-approved Work Verification Plan in effect for the period that is audited. HHS may penalize the State by an amount not less than one percent and not more than five percent of the SFAG for violation of this provision (42 USC 601, 602, 607, and 609); 45 CFR sections 261.60, 261.61, 261.62, 261.63, 261.64, and 261.65).

ACF-199, *TANF Data Report (OMB No. 0970-0338)* and ACF-343, *Tribal TANF Data Report (OMB No. 0970-0215)* (65 FR 8545, Appendix A, February 18, 2000) - State agencies must meet or exceed their minimum annual work participation rates. The minimum work participation rates are 50 percent for the overall rate and 90 percent for the two-parent rate. A state's minimum work participation rate may be reduced by its caseload reduction credit. HHS may penalize the state by an amount of up to 21 percent of the SFAG for violation of this provision (42 USC 609(a)(4); 45 CFR section 262.1(a)(4)).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork related to compliance with the New Hampshire Department of Health and Human Services (the Department) work verification plan we noted the following:

A. For 1 of 40 participants selected for testwork, the participant did not have an active employment plan for the period selected for testwork. There was no evidence per review of the case notes maintained for the participant that the Department had made additional efforts to obtain the required employment

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

plan. As there was no active employment plan, we were unable to verify if the participant was in compliance with their required work requirements for the period tested.

B. For 1 of 40 participants selected for testwork, there was insufficient documentation to support the number of hours worked within the New Heights system for the participant.

Cause

The cause of the condition found was a result of inadequate review controls in place to ensure that participants have an active employment plan in place, that sufficient documentation is maintained to support the number of work hours reported by participants, and that the hours worked is accurately reported within the New Heights system. Inaccurate reporting could impact the accuracy of the data submitted within the *ACF-199 TANF Data Report.*

Effect

The effect of the condition found is that the State may not be in compliance with its work verification plan and would not be able to identify the noncompliance and related reporting errors within the *ACF-199 TANF Data report* timely.

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department enhance its existing controls and procedures to ensure that participant employment plans are obtained, documentation used to support participant work hours is maintained, that the hours reported agree to the documented hours worked and that the work hours are accurately reflected within the New Heights system so that they are ultimately accurately reported on the *ACF-199 TANF Data Report*.

View of Responsible Officials

We concur that these cases caused errors.

Additional trainings have been and will continue to be developed based on identified trends and expressed needs from the Supervisors and/or Employment Counselors.

Additional steps have been added to the audit/monitoring procedures in order to place more emphasis on the importance of accurate documentation. We have added a yes/no check box on the federal audit tool to indicate whether or not the audit revealed a federal finding. This was added as a way of bringing immediate focus to that issue in order to address the issue.

In addition, The Quality Assurance Specialist's role in working closely with new hires for the first 12 months will assist with reducing errors by new Employment Counselors.

We will be requiring Quality Assurance Specialists to:

- Meet face to face with each new employee 30 days after the completion of training. This meeting will be to facilitate an introduction, answer questions, provide technical assistance training and provide support. The QA Specialist will provide the new employee with the 90 day technical assistance tool that will be utilized at the 90 day mark.

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- Conduct a 90 day technical assistance review – the QA Specialist will review a maximum of 10 cases via a desk review and complete a report on those 10 cases. That report will be shared with the new employee, and any remaining cases (above the 10 that were reviewed prior to the meeting) will be reviewed together.
- Compile a report using the 90 day QA tools and the findings and provide a report to the FSM so that the FSM can continue to provide support and assistance to that new hire.
- Continues to be a support to that person through their first year of employment.

The QA Specialists have received training on the tools and (will apply/started applying) this process with every new hire after [insert date].

Additionally, Field Support Managers are beginning to monitor their staff utilizing the same schedule and tool one month prior to the regularly scheduled Federal Audit conducted by the QA Manager. This is being completed in efforts to identify areas of need with each staff member in order to provide them with individualized support.

Employment Counselor Specialists will begin using an individualized self-monitoring tool in order to assist them with incorporating individual self-monitoring as part of their regular routine. This tool is aimed to assist the Employment Counselor Specialists with completing tasks and providing services in a planned and mindful way thus reducing errors. This tool has been introduced and is being used by xx% of Employment Counselor Specialists.

In addition, an email will be sent to the staff person involved and their supervisor will review the case in detail and discuss proper protocol. The supervisor will return verification (signed and dated) as to the results of the discussion and so the staff person understands and will pay closer attention going forward.

Anticipated Completion Date: September 30, 2022

Contact

Karyl Provost, Administrator III, Department of Health and Human Services
Brigitte Bowmar, Program Specialist IV, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-026

NH Department of Health and Human Services

Temporary Assistance for Needy Families (Assistance Listing #93.558)

Federal Award Numbers: 2020G996115, 2021G996115

Federal Award Year: 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Eligibility

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: None

Statistically Valid Sample: No

The state or tribal plan provides the specifics on the state or tribal area's definition of financially needy which the state uses in determining eligibility as outlined in 45 CFR section 260.31(a).

A state may use funds in any manner reasonably calculated to accomplish the purposes of the program, including providing low-income households with assistance in meeting home heating and cooling costs (42 USC 604(a)(1) and 45 CFR section 263.11(a)(1)).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork related to the eligibility determination process, we noted the following:

A. For 2 of 40 participants selected for testwork, the signed Statement of Understanding document was not maintained in the participant's e-folder. The Statement of Understanding was required to be signed and received as part of the eligibility determination process as it assists in providing support for certain requirements that must be met in order to be determined eligible for the program.

B. For 1 of 4 participants selected for testwork, the participant's redetermination was not completed within the appropriate timeframe.

C. For 1 of 40 participants selected for testwork, we noted that there were no work activity hours reported for the month of January and there did not appear to be any sanctions applied to reduce the participant's benefits for the lack of work. We were unable to obtain any documentation to support that the participant was in compliance with their work participation plan to support why their benefits were not sanctioned.

Cause

The cause of the condition found was a result of insufficient controls to ensure that support needed to determine eligibility is completely maintained in the participant's e-folder, to ensure that participants were

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

redetermined eligible for the program within the appropriate time period or that documentation is maintained to support if sanctions are required for noncompliance with work related activities.

Effect

The effect of the condition found is that participants may have received benefits that they were not eligible to receive, resulting in unallowable costs.

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department enhance its existing controls and procedures to ensure that documentation to support eligibility determinations is properly maintained in the participant's e-file, including compliance with work related requirements. Exceptions or delays in the redetermination process should be documented within the participant's file.

Condition A: We concur with finding A, for both cases. We will work with the Bureau of Family Assistance to be sure current policy/procedures are being followed for initial applications and redeterminations in regards to the Statements of Understanding being initialed, signed and in the client's e-folder.

Condition B: We concur with finding. During the Covid-19 Pandemic, Redeterminations were being pushed out to a year however it appears this Redetermination was pushed out further than a year.

Follow-up for Condition A and B: We will be informing all supervisors of the specific errors found during the audit. We will also require supervisors to include these topics at their next staff meeting. In addition, individual emails will be sent to the staff involved with the errors and provide guidance.

Condition C: We concur with finding C. The participant was not non-compliant in the January 2021 period was that she was exposed to Covid in December 2020 and was advised to quarantine for 14 days. She took a leave of absence from school. When she finally submitted her school verifications, they were received after the end of the ACF month and so were not added.

Follow-up for Condition C:

We will continue to reinforce internal controls and provide additional training and support as previously indicated.

Anticipated Completion Date: Completed.

Contact

Bethany Redman, TANF Program Specialist IV, Department of Health and Human Services
Kim Runion, Bureau Chief Bureau of Employment Services (BES) , Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
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Finding Reference Number: 2021-027

NH Department of Energy

Low Income Home Energy Assistance (Assistance Listing #93.568)

Federal Award Numbers: 2001NHLIE4, 2010NHLIE4

Federal Award Year: 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Subrecipient Monitoring

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

A pass-through entity must:

1. Clearly identify to the subrecipient required award information and applicable requirements described in 2 CFR section 200.332(a);
2. Evaluate each subrecipient's risk of noncompliance for the purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 300.332(b));
3. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (f). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required through the terms and conditions of the award, subaward monitoring must include following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means; and
4. Issuing a management decision for audit findings pertaining to federal award provided to the subrecipient from the subrecipient as required by 2 CFR section 200.521.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

As part of the Low Income Home Energy Assistance program (LIHEAP), the New Hampshire Department of Energy (the Department) enters into grant agreements with local entities to provide services related to the eligibility determination process for the LIHEAP program (including the calculation of participant benefits) and payment of benefits to fuel providers. As part of our testwork over the subrecipient monitoring process, we noted the following as of the year ending June 30, 2021:

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

A. The Department communicates award information to subrecipients through the approved grant agreement. Per review of the grant agreement, for each of the 2 subrecipients selected for testwork, the Department did not communicate all the required award information as outlined in 2 CFR section 200.332. Specifically, the following elements were not communicated:

   a. Federal Award Identification Number (FAIN)

   b. Federal award date

   c. Indirect cost rate for federal awards (including if the deminimus rate is charged per 2 CFR section 200.414)

   d. Identification of whether the award is R&D

B. The Department did not perform a risk assessment for each of the 2 subrecipients selected for testwork. As a result, it was unclear what type of during the award monitoring was required to be performed for the 2 subrecipients selected for testwork.

C. The Department's during the award monitoring includes a review of fiscal compliance by the subrecipient. During our testwork over fiscal monitoring, we noted that for each of the 2 subrecipients selected for testwork, a fiscal monitoring review was not conducted for the LIHEAP program.

D. The Department's during the award monitoring includes a review of programmatic compliance of the subrecipient related to the processing of applications, eligibility determinations and benefit amounts paid. During our testwork over programmatic monitoring, we noted that for each of the 2 subrecipients selected for testwork, while a programmatic monitoring review was conducted on March 31, 2021, the report summarizing the results of the review was not issued until September 30, 2021. In addition to the report not being issued timely, we noted that there were findings included within the report and the report indicated that a corrective action plan was to be submitted by the subrecipient within 30 days. As of March 2, 2022, the Department had not followed up and collected the required corrective action plans to ensure that the findings noted were resolved timely.

E. The Department documents its review over the subrecipient's annual uniform guidance report within its fiscal monitoring letter. We noted that while a fiscal monitoring review was not performed for the LIHEAP program, one was performed for a different program that is managed by the Department for the same 2 subrecipients selected for testwork. Per review of the fiscal monitoring reports issued as of August 31, 2021, while the monitoring report contained evidence that the most recent uniform guidance reports had been reviewed, the date of the letter ranged from 8 to 10 months after the subrecipient's uniform guidance report was issued and as such, the review was not performed timely as required by 2 CFR section 200.521.

Cause

The cause of the condition found was primarily due to insufficient resources and constraints due to COVID-19 to ensure that timely monitoring and risk assessments were performed over subrecipients. In addition, there appears to be insufficient controls in place to review the grant agreements to ensure that all required data elements are communicated to the subrecipient in accordance with 2 CFR section 300.332(b).

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Effect

The effect of the condition found is that the Department did not comply with 2 CFR section 200.332(a), section 200.332(b) and 2 CFR section 200.521.

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing internal controls, policies, and procedures to ensure that the Department complies with the provisions of 2 CFR section 200.332(a), 2 CFR section 200.332(b) and 2 CFR section 200.251. This would include ensuring that:

1. All required award information is communicated to subrecipients;
2. A documented risk assessment is performed over all subrecipients and the results of that risk assessment is used to evaluate the types of monitoring procedures that will be performed over the subrecipient;
3. As a result of the risk assessment performed, monitoring activities are performed over subrecipients to ensure compliance with the terms and conditions of its subrecipient grant agreement. The results of all monitoring reviews should be timely communicated to the subrecipient and actions requiring corrective action plan should be followed up on to ensure that the matter is resolved; and
4. Ensure that all uniform guidance reports are collected and reviewed timely so that a management decision letter can be issued within the time period required by federal regulations.

View of Responsible Officials

The New Hampshire Department of Energy concurs with the finding as detailed under Condition Items A – E.

The Agency will review, and make adjustments to, its existing internal controls, policies, and procedures to ensure that the Department complies with the provisions of 2 CFR sections 200.231(a), 200.331(b) and 200.251.

Anticipated Completion Date: December 30, 2022.

Contact Person

Wendy Gilman, Grants Compliance, Specialist, New Hampshire Department of Energy

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-028

NH Department of Energy

Low Income Home Energy Assistance (Assistance Listing #93.568)

Federal Award Numbers: 2001NHLIE4, 2010NHLIE4

Federal Award Year: 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Reporting

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Under the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

As part of the Low Income Home Energy Assistance program (LIHEAP), the New Hampshire Department of Energy (the Department) enters into subrecipient grants that meet the requirements for first-tier subawards under the Transparency Act and as such FFATA reports were required to be filed for each of those subawards. During the period ending June 30, 2021, the Department did not file the required FFATA reports.

Cause

The cause of the condition found was primarily due to insufficient resources and constraints due to COVID-19.

Effect

The effect of the condition found is that the Department did not comply with the reporting provisions of the Transparency Act.

Questioned Costs

None.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Recommendation

We recommend that the Department review its existing internal controls, policies, and procedures to ensure that all required FFATA reports are filed and filed timely for all subrecipient grant agreements that meet the definition of a first-tier subaward.

View of Responsible Officials

The New Hampshire Office of Energy concurs with finding in that during the period ending June 30, 2021, the Department did not file the required FFATA reports.

Corrective Action

The Agency will review, and make adjustments to, its existing internal controls, policies, and procedures to ensure that the Department complies with the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170.

Anticipated Completion Date: December 30, 2022.

Contact Person

Wendy Gilman, Grants Compliance Specialist, New Hampshire Department of Energy

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-029

NH Department of Energy

Low Income Home Energy Assistance (Assistance Listing #93.568)

Federal Award Numbers: 2001NHLIE4, 2010NHLIE4

Federal Award Year: 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Reporting

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

The LIHEAP Performance Data Form is required to be submitted before March 26, 2021 regarding the prior fiscal year.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over the federal reporting process, we noted that the annual LIHEAP Performance Data Form was not submitted timely. The report was due prior to March 25, 2021, but was not filed until June 14, 2021.

Cause

The cause of the condition found was primarily due to insufficient resources and constraints due to COVID-19 and insufficient controls to ensure that the federal report was filed timely.

Effect

The effect of the condition found is that the Department did not comply with the reporting deadline for the LIHEAP Performance Data Form.

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing internal controls, policies, and procedures to ensure that all federal reports are filed timely.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

View of Responsible Officials

The New Hampshire Department of Energy (NHDOE) concurs with the finding. As noted under *Cause* above, insufficient personnel was the condition responsible for this Finding. Due to the death of the LIHEAP Program Manager in early January 2020 and the ensuing Covid-19 hiring freeze restrictions imposed two months later, the current LIHEAP Program Manager had been solely responsible for all aspects of the program.

NHDOE has hired an assistant to the LIHEAP Program Manager and procedures will be reviewed and updated to ensure that all federal reports will be filed in a timely manner.

Anticipated Completion Date: Prior to the start of the 2023 Program Year on October 1, 2022.

Contact Person

Eileen Smiglowski, LIHEAP Program Manager, Department of Energy

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-030

NH Department of Energy

Low Income Home Energy Assistance (Assistance Listing #93.568)

Federal Award Numbers: 2001NHLIE4, 2010NHLIE4

Federal Award Year: 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Reporting

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Annual Report on Households Assisted by LIHEAP (OMB No. 0970-0060) – As part of the application for block grant funds each year, a report is required for the preceding fiscal year of (1) the number and income levels of the households assisted for each component and any type of LIHEAP assistance (heating, cooling, crisis, and weatherization); and (2) the number of households served that contained young children, elderly, or persons with disabilities, or any vulnerable household for each component. Territories with annual allotments of less than $200,000 and all Indian tribes are required to report only on the number of households served for each program component (42 USC 8629; 45 CFR section 96.82).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

The Annual Report on Households Assisted by LIHEAP contains data that is specific to benefits paid to eligible participants. The data that is used to compile the annual report is based off of case data that is reported to the New Hampshire Department of Energy (the Department) from its subrecipients as the Department has entered into grant agreements with third parties that are responsible for the eligibility determination and benefit payment process. As part of our testwork, we were unable to verify that the Department had performed any monitoring procedures over the data provided by each subrecipient to ensure that the data reported within the annual report was complete and accurate.

Cause

The cause of the condition found was primarily due to insufficient resources and constraints due to COVID-19 and insufficient controls to ensure that the documentation reported by the subrecipients is complete and accurate.

Effect

The effect of the condition found is that the Department may have reported inaccurate data within the Annual Report on Households Assisted by LIHEAP.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing internal controls, policies and procedures over data reported by subrecipients to be utilized in the reporting process. This would include procedures to ensure the data monitored and reviewed for completeness and accuracy.

View of Responsible Officials

The New Hampshire Department of Energy (NHDOE) concurs with the finding. As noted under *Cause* above, insufficient resources and Covid-19 restrictions contributed to the Condition of this Finding. While thorough desk monitoring of all sub-contractors were performed during the program year in addition to program monitoring, the performance of fiscal monitoring was unable to be conducted due to Covid-19 restrictions.

Since that time, NHDOE has hired an assistant to the LIHEAP Program Manager. NHDOE will revise its policies and procedures over data reported by sub-recipients and monitor the reports to ensure complete and accurate data is reported.

Anticipated Completion Date: Prior to the start of the 2023 Program Year on October 1, 2022.

Contact Person

Eileen Smiglowski, LIHEAP Program Manager, Department of Energy

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-031

NH Department of Health and Human Services

Foster Care – Title IV-E (Assistance Listing #93.658)

Federal Award Numbers: 2001NHFOST, 2101NHFOST

Federal Award Year: 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provisions – Payment Rate Setting and Application

Type of Finding: Significant Deficiency

Prior Year Finding: 2020-018

Statistically Valid Sample: No

Criteria

Title IV-E agencies establish payment rates for maintenance payments (e.g., payments to foster parents, childcare institutions or directly to youth). Payment rates may also be established for Title IV-E administrative expenditures (e.g., payments to child placement agencies or other contractors, which may be either subrecipients or vendors) and for other services. Payment rates must provide for proper allocation of costs between foster care maintenance payments, administrative expenditures, and other services in conformance with the cost principles. The Title IV-E agency's plan approved by ACF must provide for periodic review of payment rates for foster care maintenance payments at reasonable, specific, time-limited periods established by the Title IV-E agency to assure the rate's continuing appropriateness for the administration of the Title IV-E program (42 USC 671(a)(11); 45 CFR section 1356.21(m)(1); 45 CFR section 1356.60(a)(1) and (c)).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During out testwork over the payment rate setting and application process, the Department for Health and Human Services (the Department) conducted an analysis over the reasonableness of existing rates during the quarter ending March 31, 2021. While the Department provided documentation to support that an analysis of the rates was performed, there was no documentation provided to support that the analysis had been reviewed or what the overall conclusions were surrounding the continued appropriateness of the rates contained within the analysis.

Cause

The cause of the condition found was due to the Department not requiring the Department of Finance to sign off on the rate review that was presented to them during the quarter ending March 31, 2021.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Effect

The effect of the condition found is that the there was no formal documentation that the rate analysis had been reviewed and what required actions, if any, were required to be taken as a result of the review. The lack of a formal review process could result in rates that are no longer appropriate, based on the rate analysis performed, being utilized in future periods.

Questioned Costs

None.

Recommendation

We recommend that the Department continue to review existing policies and procedures and relevant internal controls to ensure that when foster care rates are periodically reviewed there is a formal review process over the rate analysis performed and all actions to be taken as a result of the review are clearly documented.

View of Responsible Officials

We concur, we are implementing an attestation form stating the Foster Care Rates have been reviewed and will either remain unchanged or will increase.

Anticipated Completion Date: March 2022

Contact Person

Rebecca Lorden, Human Services Finance Director, Department of Health and Human Services
Christy Roy, Administrator III Rate Setting Unit, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-032

NH Department of Health and Human Services

CCDF Cluster (Assistance Listing #93.575 and #93.596)

Federal Award Numbers: 2001NHCCDF, 2101NHCCDF

Federal Award Year: 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provisions – Payment Rate Setting and Application

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

As part of their CCDF plans, Lead Agencies must certify that procedures are in effect (e.g., monitoring and enforcement) to ensure that providers serving children who receive subsidies comply with all applicable health and safety requirements. This includes verifying and documenting that childcare providers (unless they meet an exception, e.g., family members who are caregivers or individuals who object to immunization on certain grounds) serving children who receive subsidies meet requirements pertaining to health and safety. These requirements must address eleven specific areas—including first aid and CPR, safe sleeping practices, and administration of medication—and childcare workers must be trained in these areas (42 USC 9858c(c)(2)(I); 45 CFR section 98.41).

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During out testwork over the review of childcare providers related to health and safety requirements, we noted that for 2 of 40 providers selected for testwork, the file indicated that the provider did not have sufficient records to support that all required health and safety training requirements had been met. For both providers, the New Hampshire Department of Health and Human Services (the Department) issued a Statement of Findings to the provider that did not include these exceptions as requiring corrective action and the requested corrective action at the time of the visit did not appear to be complete.

Cause

The cause of the condition found is likely due to additional information being provided to the Department to address the missing training requirement certifications prior to the finalization of the Statement of Findings but record of that information being received was not maintained or could not be located.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Effect

The effect of the condition found is that childcare providers could have deficiencies in the health and safety training requirements and those deficiencies may not be properly communicated and resolved timely.

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department review its existing internal controls and procedures to ensure that all deficiencies identified during health and safety reviews are properly communicated to the provider. These controls and procedures should ensure that corrective action plans are followed up on to ensure that the deficiencies are properly and timely resolved by the provider.

View of Responsible Officials

We concur that 2 providers did not provide information on the day of the visit to indicate that staff completed all the health and safety trainings required. Per He-C 4002.06(p), department staff reviews the non-compliances found during the visit at the close of the visit or as soon as possible thereafter, and as such, this information would have been communicated to the provider. The department's process is to provide additional time for providers to supply us with the required documentation to demonstrate compliance before the statement of findings is issued. As the 2 programs were not cited for the non-compliance, most likely the documentation was provided and the information in the file was not updated by department staff to indicate that. We concur that we need to strengthen our internal processes to ensure our documentation is accurate.

We do not concur that this is a material finding, given that in 3 other samples when the documentation demonstrated that health and safety trainings were not completed by staff, the programs were cited for the non-compliance and corrective action was required.

Anticipated Completion Date: April 2022

Contact Person

Melissa Clement, Chief Child Care Licensing Unit, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-033

NH Department of Health and Human Services

Medicaid Cluster (Assistance Listing #93.775, #93.777, and #93.778)

Federal Award Numbers: 1905NH5MAP, 2005NH5MAP, 2105NH5MAP, 1905NH5ADM, 2005NH5ADM, 2105NH5ADM, 1905NHIMPL, 2005NHIMP, 2105NHIMP

Federal Award Years: 2019, 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency and Material Noncompliance

Prior Year Finding: 2020-023

Statistically Valid Sample: No

Criteria

Eligibility for Medicaid can be broadly grouped into determinations based on Modified Adjusted Gross Income (MAGI-based determination) and non-MAGI determinations (e.g., Aged, Blind and Disabled). Auditors should test eligibility determinations made for fee-for-service and managed care beneficiaries. The auditors should re-determine eligibility to ensure beneficiaries qualify for the Medicaid program and are in the appropriate enrollment category.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

The Division of Medicaid Services (DMS), with the Department of Health and Human Services (the Department) administers the Medicaid program. The Bureau of Family Assistance (BFA) is responsible for determining eligibility for non-MAGI groups as well as MAGI groups according to New Hampshire policy.

One hundred sixty MAGI and non-MAGI participants were selected for review, who fell into four main eligibility types: fee for service, managed care, waiver, and nursing home. During the audit we noted that for 74 of 160 participants, (15 of 40 for fee for service, 2 of 40 for MCO, 19 of 40 waiver and 38 of 40 nursing home) the Department was unable to provide support to verify that the participants social security income had been matched, via a Bendex match, with the Social Security Administration (SSA) because the SSA has not provided New Hampshire authorization to share that information. Therefore, validation that the participants were deemed eligible by the SSA was not able to be determined.

Cause

The cause of the condition found under paragraph (1) is that the SSA has not issued a Redisclosure Memorandum for the CMS Single Audit. Without the Memorandum, states do not have permission to

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

disclose SSA data to any auditors. Additionally, the cause of the condition found under paragraph (2) is due to inappropriate follow-up on system assigned tasks to ensure timely completion.

Effect

The Department could be providing Medicaid benefits to participants who may be ineligible for the program.

Questioned Costs

Not determinable.

Recommendation

The Department should obtain approval from SSA to share data with the single auditor or work with SSA to provide correspondence to the single auditor confirming eligibility for individuals during the audit process. Additionally, we recommend the Department enhances its internal control procedures to ensure tasks assigned by the system are worked timely.

View of Responsible Officials

We concur. We have submitted a Data Exchange Coordinator request to SSA that was signed by the Commissioner.

Anticipated Completion Date: Approval of request sent to SSA

Contact Person

Ann Driscoll, Administrator III, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-034

NH Department of Health and Human Services

Medicaid Cluster (Assistance Listing #93.775, #93.777, and #93,778)

Federal Award Numbers: 1905NH5MAP, 2005NH5MAP, 2105NH5MAP, 1905NH5ADM, 2005NH5ADM, 2105NH5ADM, 1905NHIMPL, 2005NHIMP, 2105NHIMP

Federal Award Years: 2019, 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provision: Provider Eligibility (Screening and Enrollment)

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: 2020-022

Statistically Valid Sample: No

Criteria

In order to receive Medicaid payments, providers must: (1) be licensed in accordance with federal, state, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; and Section 1902(a)(9) of the Social Security Act (42 USC 1396a(a)(9)); (2) screened and enrolled in accordance with 42 CFR Part 455, Subpart E (sections 455.400 through 455.470); and make certain disclosures to the state (42 CFR Part 455, Subpart B, sections 455.100 through 455.106). Medicaid managed care network providers are subject to the same disclosure, screening, enrollment, and termination requirements that apply to Medicaid fee-for-service providers in accordance with 42 CFR Part 438, Subpart H.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

The Department assigns risks to each provider based on their provider type. All new provider enrollments and moderate and high-risk revalidations are reviewed and approved by the Department of Health and Human Services (the Department). However, for limited risk revalidations, the Department has outsourced this service to the Department's Medicaid Management Information System fiscal agent (Fiscal Agent). The Department holds at least bi-weekly meetings with the fiscal agent to discuss issues noted with enrollment, revalidation, trends noted, etc. In addition, the Department has hired the Fiscal Agent to perform a quality assurance review over all new provider and revalidations prior to the notification that they are an eligible provider for State of New Hampshire services to address the accuracy of enrollment. The Department does not currently have a completeness process to ensure all providers are revalidated timely.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

During our testwork over provider eligibility, we noted:

1. For 5 of 65 providers, there was greater than five years between the Department revalidating the providers eligibility. These providers were due for revalidation prior to the start of the COVID-19 pandemic.
2. For 2 of 65 providers, the identified providers were enrolled via roster and the Department maintained an attestation that is uploaded with the enrollment with the provider facility. We viewed the attestation from the provider facility, and noted it was uploaded to the MMIS during the audit period but signed in 2012. The agreement should be more current than 2012.

Cause

The Department controls address accuracy but not completeness which would identify providers that are due revalidation.

Effect

The effect of the condition found is that the Department does not revalidate providers timely and obtaining all relevant supporting documentation which could lead to ineligible providers billing for Medicaid services.

Questioned Costs

Not determinable.

Recommendation

We recommend the Department implement monitoring and communication controls to continually assess the need for provider revalidation to ensure that it is executed timely and in accordance with the requirements, including a plan to ensure all reviews are performed timely and include obtaining all relevant information.

View of Responsible Officials

We concur. Program Integrity/Provider enrollment is currently working on a strategy to identify revalidations not completed and a plan to disposition those providers while ensuring minimal disruption to member services and protecting limited provider networks for certain disciplines such as the mental health network. Program Integrity/Provider enrollment anticipates all past due provider revalidations to be dispositioned by end of December 2022.

Program Integrity will be coordinating with Medicaid operations to update the original Provider attestation to be completed by December 2022.

Anticipated Completion Date: December 2022

Contact Person

Karen Carleton, Administrator II, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-035

NH Department of Health and Human Services

Medicaid Cluster (Assistance Listing #93.775, #93.777, and #93.778)

Federal Award Numbers: 1905NH5MAP, 2005NH5MAP, 2105NH5MAP, 1905NH5ADM, 2005NH5ADM, 2105NH5ADM, 1905NHIMPL, 2005NHIMP, 2105NHIMP

Federal Award Years: 2019, 2020, 2021

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provision: Medicaid National Correct Coding Initiative

Type of Finding: Material Weakness and Scope Limitation

Prior Year Finding: 2020-024

Statistically Valid Sample: No

Criteria

In accordance with Section 1903(r) of the Social Security Act, effective October 1, 2010, SMAs were required to incorporate NCCI methodologies into the state Medicaid programs pursuant to the requirements of Section 6507 of the Affordable Care Act.

In paying applicable Medicaid claims, states' MES are required to completely and correctly implement the following six Medicaid NCCI methodologies to ensure that only proper payments of procedures are reimbursed.

a. NCCI Procedure-to-Procedure (PTP) edits for practitioner and ambulatory surgical center (ASC) claims.
b. NCCI PTP edits for outpatient hospital services, including emergency department, observation care, and outpatient hospital laboratory services.
c. Medically Unlikely Edit (MUE) units of service (UOS) edits for practitioner and ASC services.
d. MUE UOS edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services.
e. MUE UOS edits for durable medical equipment (DME) billed by providers.
f. NCCI PTP edits for durable medical equipment (added in October 2012).

States are also required to use:

- all four components of each Medicaid NCCI methodology;
- the most recent quarterly Medicaid NCCI edit files for states;
- the Medicaid NCCI edits in effect for the date of service on the claim line or claim;
- the claim-adjudication rules in the Medicaid NCCI methodologies; and

- all modifiers for Healthcare Common Procedure Coding System (HCPCS) codes and Current Procedural Terminology (CPT) codes needed for the correct adjudication of applicable Medicaid claims.

The NCCI Medicaid Policy Manual and the NCCI Medicaid Technical Guidance Manual contain additional requirements for implementation of the NCCI methodologies.

The Medicaid NCCI methodologies must be applied to Medicaid fee-for-service claims submitted with, and reimbursed on the basis of, HCPCS codes and CPT codes. This includes claims reimbursed on a fee-for-service basis in state Medicaid Primary Care Case Management managed care programs. Application of NCCI methodologies to fee-for-service claims processed by other entities, including limited benefit plans or Managed Care Organizations, is not required; however, if SMAs require the application of NCCI methodologies to fee-for-service claims processed by such entities, then such entities must meet NCCI program requirements, including compliance with the NCCI Medicaid Policy Manual and the NCCI Medicaid Technical Guidance Manual.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

Per the Department of Health and Human Services (the Department), the edits required by the above criteria reside in the Medicaid Management Information System (MMIS) and are activated based on responses sent back to MMIS from Cotiviti, a third-party vendor. MMIS is managed by Conduent. Conduent has a SOC1 report prepared to report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design of the controls to achieve the related control objectives included in the description as of a specified date. The Conduent SOC1 report for the period July 1, 2020 to June 30, 2021 did not include consideration of the NCCI process with Cotiviti and the related NCCI edits within MMIS, outside of a brief description in the report. Based on this, there is no ability to validate the NCCI process as the control environment and control objectives were not included the SOC report.

Cause

The cause of the condition found was primarily due to the Departments lack of recognizing and notifying Conduent of the requirement to test the automatic MMIS NCCI edits within the SOC1 report.

Effect

The six required Medicaid NCCI methodologies to ensure that only proper payments of procedures are reimbursed may not be completely and correctly implemented by the Department.

Questioned Costs

Not determinable.

Recommendation

We recommend the Conduent SOC1 report for the period July 1, 2021 to June 30, 2022, the Department implement a process to ensure the auditor of MMIS tests the automatic NCCI edits for the suitability of

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

the design of the controls to achieve the related control objectives and properly includes any additional general control environment.

View of Responsible Officials

We concur. In SFY 2021, the State and Conduent prepared a plan to adequately test NCCI edits. Testing will be completed in SFY 2022 and included in the 2022 SOC1 report.

Anticipated Completion Date: August 2022

Contact Person

Ken Gagne, MMIS Technology Manager, Department of Health and Human Services

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Finding Reference Number: 2021-036

NH Department of Health and Human Services

State Targeted Response to the Opioid Crisis (Assistance Listing #93.788)

Federal Award Numbers: 1H79TI083326-01

Federal Award Year: 2021

U.S. Department of Health and Human Services

Compliance Requirement: Reporting – Schedule of Assistance of Federal Awards

Type of Finding: Significant Deficiency

Prior Year Finding: None

Statistically Valid Sample: No

Criteria

Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*, section 200.510(b) states the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use.

Additionally, per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over the Schedule of Expenditures of Federal Awards (SEFA), we noted that the New Hampshire Department of Health and Human Services (Department) incorrectly reported the value of subrecipient expenditures included within the subrecipient expenditure column. For the year ended June 30, 2021, the Department incurred $23,186,264 in subrecipient expenditures for this program and incorrectly reported that there were no subrecipient expenditures on the draft SEFA. The error was subsequently identified and corrected as a result of the audit process. While the subrecipient expenditure column was not accurate, the total expenditure column was accurately reported.

Cause

The cause of the condition found is due to the Department not having information regarding the total subrecipient expenditures at the time the draft SEFA was prepared. Subsequent to the submission of the draft information, the Department did not follow up to ensure that the subrecipient expenditure data was updated so it was reported accurately.

Effect

The effect of the condition found is that the Schedule of Expenditures of Federal Awards was not accurately prepared.

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Questioned Costs

None.

Recommendation

We recommend that the Department review its existing policies and procedures for preparing the Schedule of Expenditures of Federal Awards to ensure that it is complete and accurate.

View of Responsible Officials

The Department concurs. SEFA procedures will be reviewed and strengthened to ensure adequate controls are in place.

Anticipated Completion Date: September 30, 2022

Contact Person

Hannah Glines, Revenue Director, Department of Health and Human Services

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SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

FINDING NUMBER	STATE AGENCY	ALN NUMBER	DESCRIPTION	QUESTIONED COSTS	CURRENT STATUS
2020-002	*Department of Justice*	16.575	Lack of internal controls and procedures in place to ensure documentation to support the FFR, as filed, is maintained by the	Not Determinable	*Partially Resolved (see G-9)*
2020-003	*Department of Employment Security*	17.225	Unforeseen side effects of system changes made to NHUIS.	Not Determinable	*Resolved*
2020-004	*Department of Employment Security*	17.225	Lack of formalized procedures over the review process and inconsistent evidence	None	*Resolved*
2020-005	*Department of Employment Security*	17.225	BAM reviews may not have been performed in accordance with federal regulations and errors identified as a result of the BAM	Not Determinable	*Resolved*
2020-006	*Department of Transportation*	20.205 20.219 20.224	Non Compliance with Procurement Suspension and Debarrment Requirements	Not Determinable	*Resolved*
2020-007	*Department of Transportation*	20.205 20.219 20.224	Non Compliance with Subrecipient Monitoring Requirements	Not Determinable	*Partially Resolved (see G-11)*
2020-008	*Department of Environmental Services*	66.458	Costs incurred prior to the start of the federal award period were inappropriately charged to the federal grant	Not Determinable	*Unresolved (see G-14)*
2020-009	*Department of Education*	84.010	The Department did not sufficiently monitor the LEA's compliance related to the removal of students from the cohort to ensure that graduation rates are accurately reported to the Department.	None	*Resolved*
2020-010	*Department of Education*	84.010	The Department did not sufficiently monitor the LEA's compliance with federal regulations applicable to Title 1 in accordance with 2 CFR section 300.331(b) and 2 CFR sections 200.331(d) through (f).	None	*Resolved*

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

FINDING NUMBER	STATE AGENCY	ALN NUMBER	DESCRIPTION	QUESTIONED COSTS	CURRENT STATUS
2020-011	*Department of Education*	84.010	The Department did not properly reduce the LEA's annual allocation, due to its failure to meet the annual MOE requirement, and received a grant amount larger than it should have.	Not Determinable	*Resolved*
2020-012	*Department of Health and Human Services*	93.558	Special Tests and Provisions: Child Support Non-Cooperation	Not Determinable	*Unresolved (see G-16) and related finding 2021-023*
2020-013	*Department of Health and Human Services*	93.558	Special Tests and Provisions: Lack of Child Care for Single Custodial Parent of Child under Age Six, Child Support Non-Cooperation, Penalty for Refusal to Work	Not Determinable	*Resolved*
2020-014	*Department of Health and Human Services*	93.558	Inadequate review controls in place to ensure sufficient documentation is maintained to support the number of work hours reported by participants and that the hours worked are accurately reported	None	*Unresolved (see G-19) and related finding 2021-025*
2020-015	*Department of Health and Human Services*	93.558	Special Tests and Provisions: Penalty for Refusal to Work	None	*Resolved*
2020-016	*Department of Health and Human Services*	93.558	Matching, Level of Effort and Earmarking – Maintenance of Effort	Not Determinable	*Unresolved (see G-22) and related finding 2021-024*

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

FINDING NUMBER	STATE AGENCY	ALN NUMBER	DESCRIPTION	QUESTIONED COSTS	CURRENT STATUS
2020-017	*Department of Health and Human Services*	93.658	Insufficient controls to ensure that the required judicial determination of reasonable efforts to finalize a permanency plan is obtained within the appropriate time period allowed and that all appropriate documentation is maintained for each participant documenting that they are eligible to receive Foster Care IV-E services.	Not Determinable	*Resolved*
2020-018	*Department of Health and Human Services*	93.658	Insufficient controls and lack of written documentation to support the process for reviewing foster care maintenance rates and a lack of a documented schedule for when the maintenance rates would be reviewed	Not Determinable	*Unresolved (see G-25) and related finding 2021-031*
2020-019	*Department of Health and Human Services*	93.667	Subrecipient Monitoring	Not Determinable	*Partially Resolved (see G-27)*
2020-020	*Department of Health and Human Services*	93.667	The Department did not request funds for reimbursement in accordance with the approved TSA	None	*Resolved*
2020-021	*Department of Health and Human Services*	93.775 93.777 93.778	Special Tests and Provision: Utilization Control and Program Integrity	None	*Resolved Significantly Differently*
2020-022	*Department of Health and Human Services*	93.775 93.777 93.778	Special Tests and Provision: Provider Eligibility (Screening and Enrollment)	None	*Unresolved (see G-32) and related finding 2021-034*
2020-023	*Department of Health and Human Services*	93.775 93.777 93.778	Eligibility	Not Determinable	*Unresolved (see G-35) and related finding 2021-033*

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

FINDING NUMBER	STATE AGENCY	ALN NUMBER	DESCRIPTION	QUESTIONED COSTS	CURRENT STATUS
2020-024	*Department of Health and Human Services*	93.775 93.777 93.778	Special Tests and Provision: Medicaid National Correct Coding Initiative	None	*Unresolved (see G-37) and related finding 2021-035*
2020-025	*Department of Health and Human Services*	93.788	Subrecipient Monitoring	Not Determinable	*Resolved*
2019-005	*Department of Justice*	16.575	Reporting – lack of internal controls and procedures	Not Determinable	*Partially Resolved (see G-40)*
2019-008	*Department of Education*	84.010	Special Tests and Provisions – Annual Report Card, High School Graduation Rate – lack of internal controls and procedures	None	*Resolved*
2019-009	*Department of Education*	84.027 84.173	Subrecipient Monitoring – insufficient controls and procedures	None	*Resolved*
2019-010	*Department of Education*	84.048	Subrecipient Monitoring – insufficient controls and procedures	None	*Partially Resolved (see G-42)*
2019-011	*Department of Health and Human Services*	93.044 93.045 93.053	Subrecipient Monitoring – insufficient controls and procedures	None	*Partially Resolved (see G-45)*
2019-012	*Department of Health and Human Services*	93.044 93.045 93.053	Matching, Level of Effort, Earmarking – insufficient review controls	None	*Resolved*
2019-013	*Department of Health and Human Services*	93.044 93.045 93.053	Special Tests and Provisions – Distribution of Cash – insufficient controls and procedures	Not Determinable	*Resolved*

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

FINDING NUMBER	STATE AGENCY	ALN NUMBER	DESCRIPTION	QUESTIONED COSTS	CURRENT STATUS
2019-015	*Department of Health and Human Services*	93.558 93.714	Special Tests and Provisions: Child Support Non-Cooperation – inadequate review controls	Not Determinable	*Unresolved (see G-49) and related finding 2021-023*
2019-016	*Department of Health and Human Services*	93.558 93.714	Special Tests and Provisions: Lack of Child Care for Single Custodial Parent of Child under Age Six – inadequate review controls	Not Determinable	Resolved
2019-017	*Department of Health and Human Services*	93.558 93.714	Special Tests and Provisions: Penalty for Failure to Comply with Work Verification Plan – inadequate review controls	Not Determinable	*Unresolved (see G-51) and related finding 2021-025*
2019-018	*Department of Health and Human Services*	93.569	Subrecipient Monitoring – insufficient controls and procedures	None	*Partially Resolved (see G-53)*
2019-019	*Department of Health and Human Services*	93.667	Subrecipient Monitoring – insufficient controls and procedures	Not Determinable	*Partially Resolved (see G-56)*
2019-020	*Department of Health and Human Services*	93.775 93.777 93.778	Special Tests and Provision: Utilization Control and Program Integrity – inability to provide required documentation	None	*Resolved Significantly Differently*
2019-021	*Department of Health and Human Services*	93.775 93.777 93.778	Special Tests and Provision: Provider Eligibility (Screening and Enrollment) – inconsistent processes and documentation	None	*Unresolved (see G-59) and related finding 2021-034*

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

FINDING NUMBER	STATE AGENCY	ALN NUMBER	DESCRIPTION	QUESTIONED COSTS	CURRENT STATUS
2019-022	*Department of Health and Human Services*	93.775 93.777 93.778	Eligibility – ineffective controls and improper oversight	Not Determinable	*Unresolved (see G-62) and related finding 2021-033*
2019-023	*Department of Health and Human Services*	93.778	Subrecipient Monitoring – insufficient controls and procedures	Not Determinable	*Resolved*
2019-024	*Department of Safety*	97.036	Subrecipient Monitoring – insufficient controls and procedures	Not Determinable	*Resolved*
2018-002	*Department of Health and Human Services*	93.775 93.777 93.778	Backlog of Medicaid cases identified for investigations relating to unnecessary utilization of care and services	None	*Resolved Significantly Differently*
2018-006	*Department of Health and Human Services*	93.959	Special Test and Provision – Independent Peer Reviews	None	*Resolved*
2018-007	*Department of Health and Human Services*	93.558	Incorrect sanctioning of benefit, Noncompliance under Special Test - Child Support Noncooperation and Adult Custodial Parent of Child Under Six When Childcare Not Available	None	*Unresolved (see G-65) and related finding 2021-023*
2018-008	*Department of Health and Human Services*	93.558	Insufficient documentation to support compliance with required maintenance of effort (MOE) requirements as it relates to in-kind contributions from third party organizations	None	*Unresolved (see G-68)*
2018-009	*Department of Health and Human Services*	93.558	Special Test and Provision - Insufficient documentation to support work verification activities	Not Determinable	*Unresolved (see G-71) and related finding 2021-025*

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

FINDING NUMBER	STATE AGENCY	ALN NUMBER	DESCRIPTION	QUESTIONED COSTS	CURRENT STATUS
2018-012	*Department of Health and Human Services*	93.575 93.596 93.558	General Information Technology Controls related to access to programs and data within the Bridges application were not operating effectively for the period	None	*Resolved*
2018-014	*Department of Health and Human Services*	93.268	Reporting • Annual SF-425 FFR requirement was not submitted timely • Schedule of Expenditures of Federal Awards (SEFA) reporting was not reviewed and incorrect	None	*Resolved*
2018-016	*Department of Health and Human Services*	93.069	The Department of Health and Human Services (DHHS) should comply with the earmarking requirements.	None	*Unresolved (see G-73)*
2018-018	*Department of Health and Human Services*	93.889	The Department should improve internal controls over and compliance with reporting of the SF-425 annual report and Period of Performance Requirements.	$ 14,497	*Partially Resolved (see G-75)*
2018-019	*Department of Health and Human Services*	93.069 93.889	Lack of Controls over Schedule of Expenditures of Federal Awards (SEFA) Reporting and Financial Reporting and Reconciliation	None	*Partially Resolved (see G-77)*
2018-020	*Department of Health and Human Services*	93.889	Direct payroll costs not approved appropriately	None	*Resolved*
2018-030	*Department of Education*	84.010	Lack of controls and policies and procedures over ensuring LEAs are maintaining documentation to support removal of students from the regulatory adjusted cohort	None	*Resolved*

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

FINDING NUMBER	STATE AGENCY	ALN NUMBER	DESCRIPTION	QUESTIONED COSTS	CURRENT STATUS
2018-034	*Department of Administrative Services*	10.553 10.555 10.556 10.559	Internal controls were not functioning and compliance over accountability for USDA-donated foods was not met.	None	*Unresolved (see G-80) and related finding 2021-006*
2018-035	*Department of Education*	10.553 10.555 10.556 10.559	Internal controls were not functioning and noncompliance over reporting	None	*Resolved*

TOTAL UNRESOLVED QUESTIONED COSTS AS OF JUNE 2021: $ 14,497

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2020-002

NH Department of Justice

Crime Victim Assistance (16.575)

Federal Award Numbers: 2016-VA-GX-0061, 2017-VA-GX-0044, 2018-V2-GX-0036

Federal Award Year: 2016, 2017, 2018

U.S. Department of Justice

Compliance Requirement: Reporting

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: 2019-005

Statistically Valid Sample: No

Criteria

Federal Financial Report (FFR) (SF-425/SF-425A (OMB No. 0348-0061)). Recipients use the FFR as a standardized format to report expenditures under Federal awards, as well as, when applicable, cash status (Lines 10.a, 10.b, and 10c). References to this report include its applicability as both an expenditure and a cash status report unless otherwise indicated. Electronic versions of the standard forms are located on agency's home page.

Non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over the federal reporting process, we were unable to agree the current period expenditures reported to external supporting documentation for each of the 5 reports selected for testwork. The Department prepared each federal financial report (FFR) using internally prepared spreadsheets, referred to as VOCA spreadsheets. The Department continuously updates these spreadsheets and did not save the version that was used to prepare the FFR. In addition, the Department did not maintain documentation of a formal reconciliation between the VOCA spreadsheets and the State of New Hampshire's centralized accounting system, NH First, at the time of filing. As such, we were unable to agree the amounts reported on the FFR to the underlying supporting records or verify whether the federal reports filed were complete and accurate. The Department did provide an additional reconciliation file to support the completeness and accuracy of the federal reports but we were unable to agree this file to the NH First detail provided by the Department to support reporting of expenditures on the schedule of expenditures of federal awards. The Department also provided guidance from the United States Department of Justice, Office of the Chief Financial Officer, indicating that previously submitted FFR's are unable to be modified to fix any errors. Changes to previous FFR's must be indicated in the most recently filed FFR.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Cause

The cause of the condition found was primarily due to the lack of internal controls and procedures in place to ensure documentation to support the FFR, as filed, is maintained by the Department and that the internal spreadsheets used to prepare the FFR reconcile to NH First.

Effect

The effect of the condition found is that the Department may not have filed accurate federal reports.

Questioned Costs

Not determinable.

Recommendation

We recommend the Department review its existing policies and implement internal control procedures to ensure it complies with federal financial reporting requirements. These procedures should include that for each FFR filed, the Department maintains accounting records which support the amounts reported. We also recommend that the Department take steps to ensure the records maintained internally agree to the State's accounting system of record, NH First.

View of Responsible Officials

The Department of Justice agrees with this recommendation. The internal controls involved with the FFR process have been enhanced since the end of the audit period, to include reporting FFR's from the grant spreadsheets after they are reconciled to NH First data. All grant expenditures and revenues, including administrative costs, are now tracked using activity codes that correlate to each grant. The Grants Management Unit (GMU) reconciles the data each month and reports into the FFR's quarterly, as required. The spreadsheets that are used for reporting the FFR are now saved for each reporting period. The GMU Policy and Procedures have been updated to reflect these changes.

Anticipated Completion Date

Complete

Contact Person

Thomas Kaempfer

Status as of Opinion Date

Although partially resolved at June 30, 2021, the Department has since received formal correspondence from the Office of Justice Programs, Office of Audit, Assessment, and Management dated March 30, 2022 indicating, based on their review of corrective actions taken, no further action is required for findings issued in the fiscal year ending June 30, 2020 pertaining to the US Department of Justice.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2020-007

NH Department of Transportation

Highway Planning and Construction Cluster (20.205, 20.219, 20.224)

Federal Award Numbers: 2020G996115, 2021G996115

Federal Award Year: 2020,2021

U.S. Department of Transportation

Compliance Requirement: Subrecipient Monitoring

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

A pass-through entity must:

1. Clearly identify to the subrecipient required award information and applicable requirements described in 2 CFR section 200.331(a); and
2. Evaluate each subrecipient's risk of noncompliance for the purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 300.331(b))

Non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

The New Hampshire Department of Transportation (the Department) enters into subrecipient agreements primarily with local municipalities to provide funding to assist the municipality with allowable local transportation projects (such as road paving, culverts, etc). During our testwork over subrecipient monitoring, we noted the following:

A. The Department did not communicate all the required elements as required by CFR 200.331(a) to each of the 9 subrecipients selected for testwork. Specifically, the following elements were not communicated:

    a. Federal Award Identification Number (FAIN)
    b. Federal Award Date of award to the recipient by the Federal Agency
    c. Subaward period of performance start and end date
    d. CFDA number and name
    e. Identification of whether the award is R&D
    f. Indirect cost rate for the federal award

B. The Department does not have any formal policies, procedures and related internal controls over evaluating a subrecipient's risk of non-compliance with federal requirements. Further, we noted

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

that the Department did not perform any evaluations over the 9 subrecipients selected for testwork.

Cause

The cause of the condition found is that the Department began utilizing a risk assessment questionnaire on July 1, 2020 for all subrecipients in which a municipal agreement is entered into. The implementation of the new policy and procedure was subsequent to the period under audit. In addition, the Department does not have policies and procedures in place to ensure that all required information as outlined in 2 CFR section 200.331(a) is communicated to the subrecipient.

Effect

The effect of the condition found is that the Department did not comply with the 2 CFR sections 200.331(a) and 200.331(b).

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department continues to review its existing policies, procedures and internal controls to ensure that the Department complies with the provisions of 2 CFR section 200.331(a) and 2 CFR section 200.331(b). This would include ensuring that:

1. All required award information is communicated to subrecipients; and
2. A documented risk assessment is performed over all subrecipients and the results of that risk assessment is used to evaluate the types of monitoring procedures that will be performed over the subrecipient.

View of Responsible Officials

1. The Department did modify its documentation to incorporate the needed items when identified in a previous audit. The Department assigns both a unique state project number and federal project number as identification for each project and includes both in the Municipal Agreement. Commencement and completion time frames are listed in the Municipal Agreement with specific dates triggered by the first notice to proceed. The CFDA number and name is included in each reimbursement request letter the sub-recipient receives. Our projects are not R&D but would be identified as such in the Municipal Agreement. Neither Municipalities nor the Department charge an indirect cost on Municipal projects. However, the Department will review the grant agreement to ensure that all required information is included although not utilized.
2. The Department has added the risk assessment questionnaire as of July 1, 2020.

Anticipated Completion Date

1. July 1, 2018. Review to be completed by December 2021.
2. July 1, 2020

Contact Person

Bill Watson, Administrator, Bureau of Planning and Community Assistance

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Status as of Opinion Date

Although partially resolved at June 30, 2021, the Department has since completed their corrective actions. The Department has modified its municipal agreements to incorporate all the required items. Revisions were complete as of approximately December 31, 2021.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2020-008

N.H. Department of Environmental Services

Clean Water State Revolving Fund Cluster: (66.458)

Federal Award Numbers: CS33000119

Federal Award Year: 2019

U.S. Environmental Protection Agency

Compliance Requirement: Period of Performance

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

A non-federal entity may charge to the federal award only allowable costs incurred during the period of performance and any costs incurred before the federal awarding agency or passthrough entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR section 200.309).

Non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over period of performance, we noted the New Hampshire Department of Environmental Services (the Department) appeared to have charged expenditures to the federal fiscal year 2019 award that had a service period prior to the start date of the award period of October 1, 2019. The Department did not appear to verify whether these expenses had been incurred within the period of performance before including the expenses within the Department's request for federal reimbursement.

Cause

The cause of the condition found is that the Department indicated that while the service period was incurred prior to the start of the federal award period, the Department did not pay for the services until after the federal award period began. As the Department reports based upon cash basis expenditures, the Department believed that the costs would be allowable.

Effect

The effect of the condition found is that costs incurred prior to the start of the federal award period were inappropriately charged to the federal grant resulting in unallowable costs being incurred.

Questioned Costs

Not determinable.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Recommendation

We recommend the Department develop and implement policies, procedures and internal controls to ensure all expenses charged to a federal award are incurred within the period of performance of the grant award prior to requesting federal reimbursement. This would include ensuring that the service period associated with the cost also relates to a service period within the awards period of performance.

View of Responsible Officials

The Department does not concur with this finding. When DES was presented this finding, the department reached out to its federal Cognizant Agency (EPA) for guidance on this issue. Their response was:

"EPA does not feel this is a valid finding based on the nature of the CWSRF. The Clean Water Act (CWA) provides an "allowance" of up to four percent of the cumulative awards. As long as the administrative expense charged does not bring the total cumulative admin costs in excess of 4 percent of the cumulative awards, the expense is eligible. The statute doesn't limit the CWSRF admin expenses to the timing of project/budget period of the individual annual grants – just the reverse, it makes it clear that it is cumulative. In our reviews, this transaction would not have been an improper payment. We find this is an eligible expense and can be reimbursed from the 2019 Cap Grant."

DES will continue to work with both the auditors and EPA to ensure that all parties come to a mutual understanding of the rules and regulations.

Anticipated Completion Date

N/A

Contact Person

Susan Carlson, Chief Operations Officer

Rejoinder

Title 30, section 35.3120(g)(1) states the money in the SRF may be used for the reasonable costs of administering the SRF, provided that the amount does not exceed 4% of all grant awards receive by the SRF. Expenses of the SRF in excess of the amount permitted under this section must be paid for from sources outside the SRF.

The condition found however does not question whether federal funds can be used to support administrative costs. The condition found identified that administrative costs were charged and drawn under the federal fiscal year 2019 grant that were incurred or paid for by the State of New Hampshire prior to the start of the performance period for this grant which was October 1, 2019. As the costs were incurred prior to when the federal funds became available for use, the costs do not appear to be allowable under the federal fiscal year 2019 grant.

Status as of Opinion Date

Although unresolved at June 30, 2021, the Department has since received correspondence dated November 18, 2021 from the Environmental Protection Agency supporting the Department's position and indicating no further action necessary.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2020-012

NH Department of Health and Human Services

Temporary Assistance for Needy Families (93.558)

Federal Award Numbers: 2019G996115, 2020G996115

Federal Award Year: 2019, 2020

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provisions: Child Support Non-Cooperation

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: 2019-015

Statistically Valid Sample: No

Criteria

If the State agency responsible for administering the State plan under Title IV-D of the Social Security Act determines that an individual is not cooperating with the State in establishing paternity, or in establishing, modifying or enforcing a support order with respect to a child of the individual, and reports that information to the State agency responsible for TANF, the State TANF agency must (1) deduct an amount equal to not less than 25% from the TANF assistance that would otherwise be provided to the family of the individual and (20 may deny the family any TANF assistance. Health and Human Services (HHS) may penalize a State for up to 5% of the SFAG for failure to substantially comply with this required State child support program (45 CFR sections 264.30 and 264.31)

45 CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During our testwork related to child support non-cooperation, we noted the following:

A. For 2 of 40 participants selected for testwork, while the participant had been correctly sanctioned due to non-cooperation, the sanction was not applied timely, resulting in a delay in applying the sanction against the participants benefit payment.

B. For 1 of 40 participants selected for testwork, while the participant had been correctly sanctioned due to non-cooperation, the sanction was lifted earlier than it should have been resulting in the participant's benefit payment being larger than it should have.

C. For 4 of 40 participants selected for testwork, while the participant should have been sanctioned due to non-cooperation, the sanction was never applied to the participant's benefit payment, resulting in the participant being overpaid.

D. For 7 of 40 participants selected for testwork, the participant was incorrectly sanctioned for non-cooperation and their benefits should not have been reduced.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Cause

The cause of the condition found was a result of inadequate review controls in place to ensure sufficient documentation is maintained to support the beginning and termination of sanction periods related to child support non-cooperation and ensuring that the New Heights system is updated timely to reflect the correct sanction dates. In addition, there appears to be inadequate controls in place to ensure that the sanction imposed is valid.

Effect

The effect of the condition found is that participant benefit payments may not be accurately paid and could result in unallowable costs charged to the federal program.

Questioned Costs

Not determinable.

Recommendation

We recommend that the New Hampshire Department of Health and Human Services (the Department) enhance its existing controls and procedures to ensure the documentation used to support the beginning and termination of sanction periods is maintained and that those dates are accurately reflected within the New Heights system. In addition, controls and procedures should be implemented so that sanctions are properly reviewed and approved prior to implementation to ensure that the sanction being imposed is valid.

View of Responsible Officials

While that the Department concurs with most of the errors included in the findings, we do not concur with all of them. See below for details.

A. We concur that the sanction for non-cooperation was not applied timely.

B. We concur that the sanction for non-cooperation was lifted earlier than it should have been.

C. We concur, the participant should have been sanctioned due to non-cooperation, resulting in the participant being overpaid.

D. We concur with this finding. However, we wanted to note that while the clients in these cases were properly reported as non-cooperation by BCSS, the action taken by the BFA worker was done incorrectly. The Policy change in 2018 SR-18-29 for FAP cases allows us to close these cases for failing to cooperate and exploring other benefits the household is entitled to when the parent or relative was not included in the assistance group.

Although the errors for Conditions A – D are valid, the cases were pulled before the 2019 KPMG audit was completed and the department's corrective action plan was in place. The pulls during this period of time do not provide a true reflection of the progress made since implementing the department's corrective action plan which was put in place June 2020 in response to the 2019 KPMG audit findings. We believe the corrective action plan may have prevented some of the errors.

The previous corrective action plan included:

- coaching discussions between the supervisors and workers directly associated with each of the findings,
- a state wide staff meeting where all of the findings from the 2019 KPMG audit (which include the same findings of the Conditions stated above) were reviewed, and

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- The New Hire training presentation regarding how to properly sanction a case for non-cooperation was updated.

In addition:

- The Bureau of Family Assistance (BFA) has partnered with the Bureau of Child Support Services (BCSS) for quarterly meetings. To date, these meetings have resulted in a uniform Non Cooperation/Cooperation process to address concerns of the 608 forms being properly placed in the clients file as well as a clear process for all staff to follow to ensure proper action on cases occurs timely.
- BFA is currently working with the BCSS DoIT department to create a report that will be utilized to do quarterly quality assurance reviews on cases that are listed with BCSS as being under sanction.
- Quarterly quality assurance reviews will be performed to ensure:
  - non-cooperation/cooperation protocols put in place in June 2020 are being followed and applied correctly
  - non-cooperation/cooperation protocols are being executed timely.
- The above action plans for Condition A, B, and C, will also apply for Condition D. However, in addition to this, BFA will also be creating a refresher training. The training will include the proper way to act on a non-cooperation request from BCSS based on the FANF Cash program that is open, how to fill out HEIGHTS screens appropriately, and how to utilize NECSES (BCSS computer system) to verify whether BCSS has a sanction on the parent/relative for the case they are working on.
  - BFA anticipates having this training developed by September 30, 2021 and take place during the fall.

Anticipated Completion Date

January 2022

Contact Person

Karyl Provost, Administrator III

Status as of Opinion Date

Although unresolved at June 30, 2021 as a similar finding was identified in the 2021 single audit report; see finding and views of responsible officials at 2021-023; the Department has since developed and conducted training sessions on November 3, 2021. The department has also converted the training into a Moodle platform to provide the training to field personnel as well.

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Finding Reference Number: 2020-014

NH Department of Health and Human Services

Temporary Assistance for Needy Families (93.558)

Federal Award Numbers: 2019G996115, 2020G996115

Federal Award Year: 2019, 2020

U.S. Department of Health and Human Services

Compliance Requirement: Reporting

Special Tests and Provisions: Penalty for Failure to Comply with Work Verification Plan

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: 2019-017

Statistically Valid Sample: No

Criteria

The State agency must maintain adequate documentation, verification, and internal control procedures to ensure the accuracy of the data used in calculating work participation rates. In so doing, it must have in place procedures to (a) determine whether its work activities may count for participation rate purposes; (b) determine how to count and verify reported hours of work; (c) identify who is a work eligible individual; and (d) control internal data transmission and accuracy. Each State agency must comply with its HHS-approved Work Verification Plan in effect for the period that is audited. HHS may penalize the State by an amount not less than one percent and not more than five percent of the SFAG for violation of this provision (42 USC 601, 602, 607, and 609); 45 CFR sections 261.60, 261.61, 261.62, 261.63, 261.64, and 261.65).

ACF-199, *TANF Data Report (OMB No. 0970-0338)* and ACF-343, *Tribal TANF Data Report (OMB No. 0970-0215)* (65 FR 8545, Appendix A, February 18, 2000) - State agencies must meet or exceed their minimum annual work participation rates. The minimum work participation rates are 50 percent for the overall rate and 90 percent for the two-parent rate. A state's minimum work participation rate may be reduced by its caseload reduction credit. HHS may penalize the state by an amount of up to 21 percent of the SFAG for violation of this provision (42 USC 609(a)(4); 45 CFR section 262.1(a)(4)).

45 CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During our testwork related to compliance with the New Hampshire Department of Human Services (the Department) work verification plan we noted the following:

A. For 1 of 40 participants selected for testwork, the documentation used to support the hours worked for the participant did not agree to the New Heights system and as a result, the hours for the participant were under reported.

B. For 1 of 40 participants selected for testwork, the participant did not have an active employment plan for the period selected for testwork. In addition, the hours reported worked for the participant were

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based on outdated employment information and did not represent the actual hours worked by the participant. As a result, we were unable to verify if the participant complied with their work verification plan or if the hours reported worked were accurate.

C. For 1 of 40 participants selected for testwork, there was insufficient documentation to support the number of hours worked within the New Heights system for the participant.

D. For 1 of 40 participants selected for testwork, the participant was enrolled in multiple activities which were supported with work logs of hours worked. However, per review of the New Heights system, only part of the participant's hours were reported.

Cause

The cause of the condition found was a result of inadequate review controls in place to ensure sufficient documentation is maintained to support the number of work hours reported by participants and that the hours worked are accurately reported within the New Heights system. The inaccurate reporting also impacted the accuracy of the data submitted within the *ACF-199 TANF Data Report.*

Effect

The effect of the condition found is that the State may not be in compliance with its work verification plan and would not be able to identify the noncompliance and related reporting errors within the *ACF-199 TANF Data report* timely.

Questioned Costs

None.

Recommendation

We recommend that the Department enhance its existing controls and procedures to ensure the documentation used to support participant work hours is maintained, that the hours reported agree to the documented hours worked and that the work hours are accurately reflected within the New Heights system so that they are ultimately accurately reported on the *ACF-199 TANF Data Report*.

View of Responsible Officials

While that the Department concurs with most of the errors included in the findings, we do not concur with all of them. See below for details.

A. We concur. There were unreported hours in a job readiness activity when the verification was entered into the New Heights verification screen.

B. We concur. The Department agrees that there is not a current Employment plan for the period of April 2020. While an Employment Plan was mailed to the participant, it was not returned to the Department. The Department also agrees that the hours reported worked for the participant was based on outdated employment information and did not represent the actual hours worked by the participant.

C. We concur. The Department agrees that one of the participants had insufficient documentation to support the number of hours worked.

D. We concur with this error. The Department agrees that the number of participant's hours reported were not correct.

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To address these issues, an audit training power point presentation was created for an all staff training event which was held on March 19, 2021.

Anticipated Completion Date

March 19, 2021

Contact Person

Kim Runion, Bureau Chief of Employment Services

Status as of Opinion Date

Although unresolved at June 30, 2021, as a similar finding was identified in the 2021 single audit report; see finding and views of responsible officials at 2021-025. The department has since held an all-day training on September 16, 2021 and discussed the State of NH Work Verification Plan to staff.

In addition, the unit now has a Training Coordinator who schedules and provides all training to a new Employment Counselor either in person or via video conference. The Training Coordinator also develops specialized trainings as well as review trainings on an as needed basis – this would be for new initiatives, pilots, changes to policy/protocol, etc.

The Unit also has hired a Quality Assurance (QA) Specialist. The Quality Assurance Specialist meets face to face with each new employee 30 days after the completion of training. This meeting will be to facilitate an introduction, answer questions, provide technical assistance training and provide support. The QA Specialist will provide the new employee with the 90-day technical assistance tool. The Quality Assurance Specialist will conduct a 90-day technical assistance review – the QA Specialist will review a maximum of 10 cases via a desk review and complete a report on those 10 cases. Once this report is complete, the Quality Assurance Specialist will share and discuss the results with the new employee at a face-to-face technical assistance meeting. During the meeting, The QA Specialist and the employee review remaining cases (above the 10 reviewed prior to the meeting) together. The QA Specialist continues to be a support to that person through their first year of employment.

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Finding Reference Number: 2020-016

NH Department of Health and Human Services

Temporary Assistance for Needy Families (93.558)

Federal Award Numbers: 2019G996115, 2020G996115

Federal Award Year: 2019, 2020

U.S. Department of Health and Human Services

Compliance Requirement: Matching, Level of Effort and Earmarking – Maintenance of Effort

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Every fiscal year, a State must maintain an amount of "qualified state expenditures" (as defined in 42 US609(a)(7)(B) and 45 CFR section 263.2) for eligible families (as defined in 42 USC 609(a)(7)(B)(i)(IV) and 45 CFR section 263.2(b)) at least at the applicable percentage of the State's historic State expenditures. Qualified expenditures with respect to eligible families may come from all programs. This requirement may be met through allowable state or local cash expenditures for goods and services, cash donations by non-governmental third parties, or the value of third-party in-kind contributions. A State's records must show that all costs are verifiable and meet all applicable requirements in 45 CFR sections 263.2 through 263.6.45 CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

For the federal fiscal year end September 30, 2019, the New Hampshire Department of Health and Human Services (the Department) is required to meet an annual maintenance of effort (MOE) requirement of $32,115,003. In total, the Department incurred $38,813,585 in eligible MOE expenditures, which exceeded the amount required. Of the MOE expenditures incurred, $11,627,710 represented in-kind contributions from 15 community organizations. On an annual basis, each community organization completes a TANF MOE form to report expenses that qualify as TANF expenditures. The form requires a description of the program operations, what TANF purpose the program addresses, the number of families served, and the amount of eligible expenditures in total. The form is signed by the organization and submitted to the Department to serve as the supporting documentation for the in-kind contribution provided by the community organization. No additional documentation is provided by the community organization to support the amount of the expenditures included on the form. The Department does not perform procedures to ensure expenditures reported by the community organization are accurate and represent valid expenditures that were incurred to support the program outlined within the form and in turn to ensure the in-kind contribution used to support the required MOE is appropriate.

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Cause

The cause of the condition found was a result of insufficient controls and procedures to ensure the expenditures reported by the community organization are properly supported by valid expenditures that meet the criteria of qualified TANF expenditures. As the Department enters into a memorandum of understanding (MOU) with each community organization that outlines the types of costs that are allowable sources of MOE and obtains a signed certification from each organization as to the amount of expenditures incurred, the Department indicated that the support provided is sufficient and therefore does not validate the information for accuracy.

Effect

The effect of the condition found is that the Department may not meet the required annual MOE requirement as in-kind contributions may not be complete or represent qualified expenditures does not have controls and procedures in place to identify the noncompliance timely.

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department implement controls and procedures to ensure that in-kind contributions used to support MOE are reviewed to ensure that the expenditures are accurate and meet the definition of qualifying expenditures.

View of Responsible Officials

We do not concur. The expenditures outlined are considered verifiable costs via the Memorandum of Understanding (MOU) and the Maintenance of Effort (MOE) forms completed by the third party agency.

As part of the June 30, 2018 audit a similar finding is noted which we also did not concur with as part of that audit. As of May 2021, the Federal Administration for Children and Families (ACF) has not rendered a decision yet concerning this finding and as such, we do not believe any corrective action is required.

Anticipated Completion Date

No corrective action is considered necessary

Rejoinder

The Department stated in their response that it verifies the completeness and accuracy of the third-party in-kind match through the MOU entered into and the MOE forms that the providers submit. Per review of the signed certifications (or the MOE forms), we noted the certification contains a description of the general purpose of the program, an identification of the TANF purpose the program addresses, the number of families/individuals served, the expenses incurred under the program, excluding any federal and state funds received. While we were provided with documentation to support that the third party certifications were received, we were not provided with evidence to support the Department had performed additional procedures to verify the incurred costs were complete and accurate as required by 45 CFR section 263.2(e) and 75.306. We do not agree that a certification alone from a third party meets the definition of a verifiable cost from third -party records.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Status as of Opinion Date

Unresolved. A similar finding was identified in the 2021 single audit report; see finding and views of responsible officials at 2021-024. The department is awaiting a review decision from the Federal Administration for Children and Families (ACF).

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Finding Reference Number: 2020-018

NH Department of Health and Human Services

Foster Care – Title IV-E (93.658)

Federal Award Numbers: 2001NHFOST

Federal Award Year: 2020

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provisions – Payment Rate Setting and Application

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Title IV-E agencies establish payment rates for maintenance payments (e.g., payments to foster parents, childcare institutions or directly to youth).Payment rates may also be established for Title IV-E administrative expenditures (e.g., payments to child placement agencies or other contractors, which may be either subrecipients or vendors) and for other services. Payment rates must provide for proper allocation of costs between foster care maintenance payments, administrative expenditures, and other services in conformance with the cost principles. The Title IV-E agency's plan approved by ACF must provide for periodic review of payment rates for foster care maintenance payments at reasonable, specific, time-limited periods established by the Title IV-E agency to assure the rate's continuing appropriateness for the administration of the Title IV-E program (42 USC 671(a)(11); 45 CFR section 1356.21(m)(1); 45 CFR section 1356.60(a)(1) and (c)).

Non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over the payment rate setting and application process, the Department for Health and Human Services (the Department) did not appear to have a periodic schedule to review and determine the continued appropriateness of amounts paid as foster care maintenance rates. It did not appear that foster care maintenance rates had been reviewed since 2017.

Cause

The cause of the condition found was primarily due to insufficient controls and lack of written documentation to support the process for reviewing foster care maintenance rates and a lack of a documented schedule for when the maintenance rates would be reviewed.

Effect

The effect of the condition found is that the Department's maintenance rates that are utilized for the Foster Care program may not be appropriate.

Questioned Costs

Not determinable.

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Recommendation

We recommend that the Department develop policies, procedures and relevant internal controls to ensure that foster care maintenance rates are periodically reviewed to determine their continued appropriateness. The policy should also outline the frequency of when maintenance rates will be reviewed.

View of Responsible Officials

The Department concurs. Previously, rate setting was the responsibility of individual divisions before moving to a centralized function. Due to that transition, new procedures need to be created and implemented to ensure rates are reviewed regularly based on state and federal requirements.

Procedures have been drafted by the Department's Rate Setting Unit which is responsible for initiating the review of rates. The rate review process is to begin in the first quarter of each calendar year.

Foster Care and Residential Treatment Facility rate review responsibilities are a combined effort with the Rate Setting Unit, DCYF Finance, and the Division's Certification teams.

Anticipated Completion Date

October 31, 2021

Contact Person

Christy Roy, Administrator III

Status as of Opinion Date

Although unresolved at June 30, 2021, as a similar finding was identified in the 2021 single audit report; see finding and views of responsible officials at 2021-031. The Department has since instituted procedures drafted by the Department's Rate Setting Unit, which is responsible for initiating the review of rates. The rate review process is to begin in the first quarter of each calendar year. The Foster Care and Residential Treatment Facility rate review responsibilities are a combined effort with the Rate Setting Unit, DCYF Finance, and the Division's Certification teams. In addition, an annual Foster Care Review is completed to show a comparison of NH's rates versus the surrounding New England states.

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Finding Reference Number: 2020-019

NH Department of Health and Human Services

Social Services Block Grant (93.667)

Federal Award Numbers: 2017G992342, 2018G992342, 2019G992342

Federal Award Year: 2017, 2018, 2019

U.S. Department of Health and Human Services

Compliance Requirement: Subrecipient Monitoring

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: 2019-019

Statistically Valid Sample: No

Criteria

A pass-through entity must:

1. Clearly identify to the subrecipient required award information and applicable requirements described in 2 CFR section 200.331(a);
2. Evaluate each subrecipient's risk of noncompliance for the purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 300.331(b)); and
3. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.331(d) through (f). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required through the terms and conditions of the award, subaward monitoring must include following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

Non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

As part of the Social Services Block Grant program, the New Hampshire Department of Health and Human Services (the Department) enters into grant agreements with local entities to provide a variety of services, including meals, adult day services and comprehensive family services. On a periodic basis, the subrecipient submits a request for reimbursement for the services that are rendered that is reviewed and approved by the Department prior to payment. As part of our testwork over the subrecipient monitoring process, we noted the following for the year ended June 30, 2020:

A. The Department communicates award information to subrecipients through the approved contract. Per review of the contract, for all 10 subrecipients selected for testwork, the Department did not communicate all the required award information as outlined in 2 CFR section 200.331(a). Specifically, the following elements were not communicated:

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a. Federal Award Identification Number (FAIN);

b. Federal award date;

c. Indirect cost rate for federal awards (including if the deminimus rate is charged per 2 CFR section 200.414); and

d. Identification of whether the award is R&D.

B. The Department did not perform a risk assessment for each of the 10 subrecipients selected for testwork. As a result, it was unclear as to what type of during the award monitoring was required to be performed over the 10 subrecipients selected for testwork.

C. The Department's during the award monitoring is primarily composed of the Department's review over requests for reimbursement submitted by the subrecipient. The Department reviews the invoices prior to payment indicating that the invoice appears reasonable and allowable under federal regulations. For each of the 10 subrecipients selected for testwork, the Department was unable to provide documentation to support that it had performed additional monitoring procedures over the subrecipients to address whether or not the subrecipient had sufficient documentation to support that the costs requested for reimbursement were allowable or whether the subrecipient had determined participant eligibility accurately if eligibility requirements were applicable. As the Department does not have a formal subrecipient monitoring policy that outlines the types and frequency of monitoring activities to be performed and there was no risk assessment performed for these subrecipients, it was unclear whether the exclusion of these types of monitoring activities was appropriate.

Cause

The cause of the condition found was primarily due to the following:

- The Department is in the process of modifying its subrecipient grant agreements in response to a corrective action plan that is being implemented as a result of a similar finding identified in the prior year. As new grant agreements are executed, the required information will be communicated to subrecipients. The 10 grant agreements reviewed as part of our testwork were not newly executed agreements as the subrecipient grant expenditures incurred during the audit period were associated with amendments on existing agreements. The changes being implemented on new subrecipient agreements are not being made to amendments to existing agreements.
- The Department requires a risk assessment to be performed prior to entering into a subrecipient grant agreement. For each of the 10 subrecipient selected for testwork, the grant agreements were entered into prior to the date in which the Department's risk assessment policy went into effect in June of 2018. The Department has made some changes to its risk assessments process; however, those changes did not go into effect until State fiscal year 2021.
- The Department currently does not have a documented subrecipient monitoring policy that outlines the types and frequency of monitoring procedures that will be performed over this federal program and how those monitoring procedures will be documented.

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Effect

The effect of the condition found is that the Department did not comply with 2 CFR section 200.331(a), 2 CFR section 200.331(b) and 2 CFR sections 200.331(d) through (f). In addition, as there is no documented subrecipient monitoring policy for this program, fiscal and programmatic monitoring requirements that the subrecipient is required to comply with may not be appropriately or timely monitored for compliance by the Department, resulting in potential unallowable costs being charged to the program.

Questioned Costs

Not determinable.

Recommendation

We recommend that the Department continue to review its existing policies and procedures to ensure that the Department complies with the provisions of 2 CFR section 200.331(a), 2 CFR section 200.331(b) and 2 CFR sections 200.331(d) through (f). This would include ensuring that:

1. All required award information is communicated to subrecipients;
2. A documented risk assessment is performed over all subrecipients and the results of that risk assessment is used to evaluate the types of monitoring procedures that will be performed over the subrecipient; and
3. As a result of the risk assessment performed, monitoring activities are performed over subrecipients to ensure compliance with the terms and conditions of its subrecipient grant agreement. The procedures that are to be performed based upon the assessed level for of risk should be outlined in a documented subrecipient monitoring policy that is specific to this program. The subrecipient monitoring policy should document the types and frequency of monitoring activities that will be performed.

View of Responsible Officials

A. We concur the Department did not communicate award information to subrecipients through the approved contract as required by 2 CFR 200.331 (a). The remedy has already been implemented.

   a. Federal Award Identification Number (FAIN) – In November 2019, the Department added the FAIN number to the letter for the Governor and Council requesting approval. Further, the FAIN number was also added to Exhibit C of the Department's contracts in February 2020.

   b. Federal award date – The Federal Award Date was added to Exhibit C of the Department's contracts.

   c. Indirect cost rate for federal awards (including if the deminimus rate is charged per 2 CFR section 200.414) – Indirect cost rates were added to Exhibit C of the Department's contracts in April 2020.

   d. Identification of whether the award is R&D – R&D identification was added to Exhibit C of the Department's contracts in February 2020.

B. and C. We concur with the finding. We consider the finding to be fully resolved through Department policy and Department wide implementation. However, it should be noted full compliance will not be achieved for one to two contact cycles due to timing.

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The Department began addressing the issue of Subrecipient Monitoring issue in June 2017 when the first Grants Administrator was hired.

The Department finalized the Subrecipient Monitoring Policy, which encompasses the financial and programmatic risk assessments as well as the subrecipient monitoring, on June 1, 2018. The Department provided user training on the subject in February and September 2018, training over one hundred forty-six staff. However, only brand new procurements utilized this policy during the initial roll out of this policy.

The Department hired a new Grants Administrator in May 2019. The full Subrecipient Monitoring policy rolled out to all procurements, including sole source, amendments, and renewals, effective August 1, 2020. The Contracts Unit received specialized subrecipient monitoring training on May 13 and October 28, 2020. Department wide training to all staff occurred weekly between September 8 and November 3, 2020. The Grants Office provided additional targeted training to Program staff through team meetings. Over one hundred fifty Program and Finance staff received training. Annual training will be held in September each year. Refresher training or training for new staff is available upon request from the Grants Office.

Additionally, the Grants Office website launched in June 2020, which offers Program, Finance, and Contracts Unit staff access to the all the Grants Office policies, including the subrecipient monitoring policy, as well as training modules, slides, and tools. The training has also been recorded and is available on this site.

The Subrecipient Monitoring Policy requires Program to determine whether any vendor which receives funds in exchange for goods or services is a Contractor or Subrecipient. Determined subrecipients receive an Appendix B, which includes an eighteen question questionnaire and requirements for submitting financial data. This information is used to populate the Risk Assessment Tool, which shows any risks pertinent to a subrecipient and the subaward. Based on the risks shown, Program chooses monitoring activities to mitigate the risks and the Contracts Unit memorializes these choices in the contract.

The Grants Office works closely with the Contracts Unit to ensure compliance with the Subrecipient Monitoring policy.

Anticipated Completion Date

A. Completed.

B. Policy implementation complete.

C. Policy implementation complete.

Contact Person

Melissa Kelleher, Grants Administrator

Status as of Opinion Date

Partially resolved. A review of the SSBG contracts for FY21 shows that all the contracts subject to the implementation timeframe for the Subrecipient monitoring policy have been evaluated for risk as required or fell under the exceptions of the Exigent Circumstances policy due to the COVID 19 pandemic.

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In addition, a review of the SSBG contracts thus far for FY22 shows that contracts subject to the implementation timeframe for the Subrecipient monitoring policy were evaluated for risk as required, with the exception of one award to six subrecipients that did not go through this policy as required during the early weeks of the rollout of this policy. The anticipated end of the current contract cycle is Fiscal Year end June 30, 2023, therefore the anticipated completion date is September 30, 2023.

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Finding Reference Number: 2020-022

NH Department of Health and Human Services

Medicaid Cluster (93.775, 93.777, 93,778)

Federal Award Numbers: 1805NH5MAP, 1905NH5MAP, 2005NH5MAP, 1805NH5ADM, 1905NH5ADM, 2005NH5ADM, 1805NHIMPL, 1905NHIMP, 2005NHIMP

Federal Award Years: 2018, 2019, 2020

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provision: Provider Eligibility (Screening and Enrollment)

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: 2019-021

Statistically Valid Sample: No

Criteria

In order to receive Medicaid payments, providers must: (1) be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; and Section 1902(a)(9) of the Social Security Act (42 USC 1396a(a)(9)); (2) screened and enrolled in accordance with 42 CFR Part 455, Subpart E (sections 455.400 through 455.470); and make certain disclosures to the State (42 CFR part 455, subpart B, sections 455.100 through 455.106). Medicaid managed care network providers are subject to the same disclosure, screening, enrollment, and termination requirements that apply to Medicaid fee-for-service providers in accordance with 42 CFR Part 438, Subpart H.

Per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

The Department assigns risks to each provider based on their provider type. All new provider enrollments and moderate and high-risk revalidations are reviewed and approved by the Department of Health and Human Services (the Department). However, for limited risk revalidations, the Department has outsourced this service to the Department's Medicaid Management Information System fiscal agent (Fiscal Agent). The Department holds at least bi-weekly meetings with the fiscal agent to discuss issues noted with enrollment, revalidation, trends noted, etc. In addition, the Department has hired the Fiscal Agent to perform a quality assurance review over all new provider and revalidations prior to the notification that they are an eligible provider for State of New Hampshire services to address the accuracy of enrollment. During 2019, the Department modified their process such that the Fiscal Agency received all results from the vendor screenings for revalidations.

During our testwork over the above monitoring controls, the Department provided minutes of the meetings that demonstrated review of enrollment and revalidation processes and discussion of resulting trends and efficiencies on a consistent basis. The feedback from the Fiscal Agent regarding the quality assurance process is less formalized and more ad-hoc in nature not allowing for audit evidence throughout the fiscal year of the accuracy and operating effectiveness of the monitoring controls.

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During our testwork over provider eligibility, we noted for 7 of 65 providers, there was greater than six years between the Department revalidating the providers eligibility. COVID-19 waivers extended prior authorizations for 12 months. However, as these providers were not revalidated in six years, there appears to have been an issue with compliance with the revalidation process prior to COVID-19.

Cause

With regard to the monitoring controls, the condition noted is due to lack of a formalized process to receive information on a regular basis from the Fiscal Agent resulting in the control not being effectively designed. The main cause for the delay in revalidation was funding priorities to start the project and the length of time it took to implement the project which included proper notification to providers of the requirement.

Effect

The effect of the condition found is that the Department does not revalidate providers timely.

Questioned Costs

None.

Recommendation

We recommend the Department implement monitoring and communication controls to continually assess the need for provider revalidation to ensure that it is executed timely and in accordance with the requirements, including a plan to become current on older reviews.

View of Responsible Officials

DHHS knew that we were behind in establishing the system processes for revalidation. DHHS established a team of DHHS staff, MMIS, DoIT staff and fiscal agent staff to establish a project plan and implementation of the revalidation process. This required system updates, new provider revalidation application, provider notification, and how to handle revalidations that were past due. DHHS approved all decision regarding this project. DHHS also reached out to CMS for technical assistance to perform revalidations including the electronic data exchange of duel providers that are enrolled with Medicare and Medicaid to expect the revalidation screening process, which allowed DHHS to screen thousands of providers quickly and efficiently expediting the process. DHHS and the fiscal agent are actively performing revalidation monthly and the process is being reviewed and updated as needed to ensure all revalidations are done correctly and timely. As such, starting in July 2019, revalidations are reviewed and approved by the Department which includes a DEX lookup for each provider and the Fiscal Agent changed the screening reporting with their vendor to send all screening results to the Fiscal Agent, not just the negative results. The Fiscal Agent does not approve the revalidation until all screenings are complete, including the Department review and properly documented in the provider's electronic case file. All older reviews have been processed and notices have been sent. However, based on the restrictions on revalidation and enrollment due to COVID, we will not be able to terminate any providers for not completing revalidation until the emergency has ended. During this time, DHHS receives a Work List Report of providers selected for revalidation that have not submitted their revalidation application. DHHS is diligently reaching out to these providers to obtain revalidation applications and documentation to reduce the number of outstanding revalidations during COVID. DHHS and the Fiscal Agent has also established a plan to address non-compliant revalidations once the emergency period has ended.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

DHHS will ensure current procedures cover all required regulations for provider enrollment. DHHS will establish with the Fiscal Agent, quarterly reporting of the Fiscal Agent's Quality Assurance unit to monitor errors and trends for correction.

Anticipated Completion Date

Outstanding revalidations and process changes will be completed within 6 months of the end of the Federal Emergency Order (EO) as required under the EO

Contact Person

Francessca Hennessy

Status as of Opinion Date

Although unresolved at June 30, 2021, as a similar finding was identified in the 2021 single audit report; see finding and views of responsible officials at 2021-034. The Department has since begun the implementation of the corrective action noting the Federal Emergency Order is still currently in effect and noting outstanding revalidations and process changes require completion within 6 months of the end of the Federal Emergency Order (EO) per the EO itself.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2020-023

NH Department of Health and Human Services

Medicaid Cluster (93.775, 93.777, 93,778)

Federal Award Numbers: 1805NH5MAP, 1905NH5MAP, 2005NH5MAP, 1805NH5ADM, 1905NH5ADM, 2005NH5ADM, 1805NHIMPL, 1905NHIMP, 2005NHIMP

Federal Award Years: 2018, 2019, 2020

U.S. Department of Health and Human Services

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency and Material Noncompliance

Prior Year Finding: 2019-022

Statistically Valid Sample: No

Criteria

Eligibility for Medicaid can be broadly grouped into determinations based on Modified Adjusted Gross Income (MAGI-based determination) and non-MAGI determinations (e.g. Aged, Blind and Disabled). Auditors should test eligibility determinations made for fee-for-service and managed care beneficiaries. The auditors should re-determine eligibility to ensure beneficiaries qualify for the Medicaid program and are in the appropriate enrollment category.

45 CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

The Division of Medicaid Services (DMS), with the Department of Health and Human Services (the Department) administers the Medicaid program. The Bureau of Family Assistance (BFA) is responsible for determining eligibility for non-MAGI groups as well as MAGI groups according to New Hampshire policy.

One hundred sixty MAGI and non-MAGI participants were selected for review, who fell into four main eligibility types: fee for service, managed care, waiver, and nursing home. During the audit, for 64 of 160 participants, (7 of 40 for fee for service, 7 of 40 for MCO, 12 of 40 waiver and 38 of 40 nursing home) the Department was unable to provide support to verify that the participants social security income had been matched, via a Bendex match, with the Social Security Administration (SSA) because the SSA has not provided New Hampshire authorization to share that information. Therefore, validation that the participants were deemed eligible by the SSA was not able to be determined.

Cause

The cause of the condition is that the SSA has not issued a Redisclosure Memorandum for the CMS Single Audit. Without the Memorandum, states do not have permission to disclose SSA data to any auditors.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Effect

The Department could be providing Medicaid benefits to participants who may be ineligible for the program.

Questioned Costs

Not determinable.

Recommendation

The Department should obtain approval from SSA to share data with the single auditor or work with SSA to provide correspondence to the single auditor confirming eligibility for individuals during the audit process.

View of Responsible Officials

We concur. We are in the process of updating the Informational Exchange Agreement (IEA) between the Social Security Administration (SSA) and the New Hampshire Department of Health and Human Services (DHHS). This will include obtaining authorization for KPMG, as a contractor, to receive access to the necessary data to complete the Single Audit of the department.

Anticipated Completion Date

Approval of Updated IEA

Contact Person

Elizabeth Gillett

Status as of Opinion Date

Although unresolved at June 30, 2021, as a similar finding was identified in the 2021 single audit report; see finding and views of responsible officials at 2021-033. The Department has written a letter to the Social Security Administration (SSA) requesting a re-disclosure letter, which the Department's Commissioner will sign once received. The Department is still awaiting a response from SSA.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2020-024

NH Department of Health and Human Services

Medicaid Cluster (93.775, 93.777, 93,778)

Federal Award Numbers: 1805NH5MAP, 1905NH5MAP, 2005NH5MAP, 1805NH5ADM, 1905NH5ADM, 2005NH5ADM, 1805NHIMPL, 1905NHIMP, 2005NHIMP

Federal Award Years: 2018, 2019, 2020

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provision: Medicaid National Correct Coding Initiative

Type of Finding: Material Weakness and Scope Limitation

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

In accordance with Section 1903(r) of the Social Security Act, effective October 1, 2010, SMAs were required to incorporate NCCI methodologies into the state Medicaid programs pursuant to the requirements of Section 6507 of the Affordable Care Act.

In paying applicable Medicaid claims, states' MES are required to completely and correctly implement the following six Medicaid NCCI methodologies to ensure that only proper payments of procedures are reimbursed.

a. NCCI Procedure-to-Procedure (PTP) edits for practitioner and ambulatory surgical center (ASC) claims.

b. NCCI PTP edits for outpatient hospital services, including emergency department, observation care, and outpatient hospital laboratory services.

c. Medically Unlikely Edit (MUE) units of service (UOS) edits for practitioner and ASC services.

d. MUE UOS edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services.

e. MUE UOS edits for durable medical equipment (DME) billed by providers.

f. NCCI PTP edits for durable medical equipment (added in October 2012).

States are also required to use:

- all four components of each Medicaid NCCI methodology;
- the most recent quarterly Medicaid NCCI edit files for states;
- the Medicaid NCCI edits in effect for the date of service on the claim line or claim;
- the claim-adjudication rules in the Medicaid NCCI methodologies; and

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

- all modifiers for Healthcare Common Procedure Coding System (HCPCS) codes and Current Procedural Terminology (CPT) codes needed for the correct adjudication of applicable Medicaid claims.

The NCCI Medicaid Policy Manual and the NCCI Medicaid Technical Guidance Manual contain additional requirements for implementation of the NCCI methodologies.

The Medicaid NCCI methodologies must be applied to Medicaid fee-for-service claims submitted with, and reimbursed on the basis of, HCPCS codes and CPT codes. This includes claims reimbursed on a fee-for-service basis in state Medicaid Primary Care Case Management managed care programs. Application of NCCI methodologies to fee-for-service claims processed by other entities, including limited benefit plans or Managed Care Organizations, is not required; however, if SMAs require the application of NCCI methodologies to fee-for-service claims processed by such entities, then such entities must meet NCCI program requirements, including compliance with the NCCI Medicaid Policy Manual and the NCCI Medicaid Technical Guidance Manual.

45 CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

Per the Department of Health and Human Services (the Department), the edits required by the above criteria reside in the Medicaid Management Information System (MMIS) and are activated based on responses sent back to MMIS from Cotiviti, a third-party vendor. MMIS is managed by Conduent. Conduent has a SOC1 report prepared to report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design of the controls to achieve the related control objectives included in the description as of a specified date. The Conduent SOC1 report for the period July 1, 2019 to June 30, 2020 did not include consideration of the NCCI process with Cotiviti and the related NCCI edits within MMIS. Based on this, there is no ability to validate the NCCI process as the control environment and control objectives were not included the SOC report.

Cause

The cause of the condition found was primarily due to the Departments lack of recognizing and notifying Conduent of the requirement to test the automatic MMIS NCCI edits within the SOC1 report.

Effect

The six required Medicaid NCCI methodologies to ensure that only proper payments of procedures are reimbursed may not be completely and correctly implemented by the Department.

Questioned Costs

None.

Recommendation

We recommend for the Conduent SOC1 report for the period July 1, 2020 to June 30, 2021, the Department implement a process to ensure the auditor of MMIS tests the automatic NCCI edits for the suitability of the design of the controls to achieve the related control objectives and properly includes any additional general control environment.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

View of Responsible Officials

We concur. Conduent will update the narrative within the SOC 1 document for Claims Processing Control Objective 5 to include NCCI editing from SOC1 2021 audit (audit period July 1, 2020 to June 30, 2021) onwards. The auditing firm will update the objective tracker to include a sample selection of claims that would have NCCI edits on them. The SOC1 report will be provided to the State.

Anticipated Completion Date

Completion of the FY2021 SOC audit.

Contact Person

Ken Gagne, MMIS Technology Manager

Status as of Opinion Date

Although unresolved at June 30, 2021, as a similar finding was identified in the 2021 single audit report; see finding and views of responsible officials at 2021-035. Conduent has since updated the narrative within the SOC 1 document for Claims Processing Control Objective 5 to include NCCI editing from SOC1 2021 audit (audit period July 1, 2020 to June 30, 2021) onwards. The auditing firm will need to update the objective tracker to include a sample selection of claims that would have NCCI edits on them. The Department has provided the State with a copy of the FY21SOC 1 report, which contains the NCCI Information

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Finding Reference Number: 2019-005

NH Department of Justice

Crime Victim Assistance (16.575)

Federal Award Numbers: 2015-VA-GX-0007, 2016-VA-GX-0061, 2017-VA-GX-0044

Federal Award Year: 2014, 2015, 2016

U.S. Department of Justice

Compliance Requirement: Reporting

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Federal Financial Report (FFR) (SF-425/SF-425A (OMB No. 0348-0061)). Recipients use the FFR as a standardized format to report expenditures under Federal awards, as well as, when applicable, cash status (Lines 10.a, 10.b, and 10c). References to this report include its applicability as both an expenditure and a cash status report unless otherwise indicated. Electronic versions of the standard forms are located on agency's home page.

Non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over the federal reporting process, we were unable to agree the current period expenditures reported to external supporting documentation for 5 reports selected for testwork. The Department prepares the federal report using internally prepared spreadsheets, referred to as VOCA spreadsheets. The Department continuously updates these spreadsheets and does not save the version that was used to prepare the FFR. In addition, the Department does not perform a formal reconciliation between the VOCA spreadsheets and the State of New Hampshire's centralized accounting system, NHFirst. As such, we were unable to agree the amounts on the FFR to the underlying supporting records. As a result, we were unable to verify whether or not the federal reports filed were complete and accurate

Cause

The cause of the condition found was primarily due to the lack of internal controls and procedures in place to ensure documentation to support the FFR, as filed, is maintained by the Department and that the internal spreadsheets used to prepare the FFR is reconciled to NHFirst.

Effect

The effect of the condition found is that the Department may not have filed accurate federal reports.

Questioned Costs

Not determinable

Recommendation

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

We recommend the Department review its existing policies and procedures to implement policies and controls to ensure it complies with the federal financial reporting requirements. These procedures should include that for each FFR filed, the Department maintains accounting records which support the amounts reported. We also recommend that the Department take steps to ensure the records maintained internally agree to the State's accounting system of record, NHFirst.

View of Responsible Officials

The DOJ concurs with this Finding. The Federal Financial Reports filed at the time with the US Department of Justice were correct. However, subsequent adjustments and reconciliations to the awards ultimately indicted previous reporting to be incorrect. Each FFR filed with US DOJ indicates that the FFR is "updated" and that the *cumulative* numbers are accurate. The FFR website does not allow data entry into the cumulative numbers section, only the reporting period. This causes data entry to be skewed to report numbers to match the cumulative amounts. This information was provided to the auditors during the audit. Due to systemic improvements in the accounting and reconciliation of federal programs, this should no longer be an issue going forward. VOCA Spreadsheets utilized to report the FFR are now being kept as historical back up information to the FFR.

Expenditures reported into the VOCA tracking spreadsheets are now entered into the spreadsheet only after posting into the State's system of record, NHFirst, by the Grants Management Unit accountant. This was a system that was not in place at the beginning of the audit period.

Anticipated Completion Date

Completed

Contact Person

Thomas Kaempfer, Interim Director of Administration

Tanya Pitman, VOCA Grant Administrator

Anne Edwards, Associate Attorney General

Status as of Opinion Date

Although partially resolved at June 30, 2021, the Department has since received formal correspondence from the Office of Justice Programs, Office of Audit, Assessment, and Management dated March 30, 2022 indicating, based on their review of corrective actions taken, no further action is required for findings issued in the fiscal year ending June 30, 2020 pertaining to the US Department of Justice. Given the similarities of this finding to 2020-002, the Department considers the status of 2020-002 applicable.

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Finding Reference Number: 2019-010

NH Department of Education

Career and Technical Education – Basic Grants to States (84.048)

Federal Award Numbers: V048A160029-16B

Federal Award Year: 2017

U.S. Department of Education

Compliance Requirement: Subrecipient Monitoring

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

A pass-through entity must:

1. Evaluate each subrecipient's risk of noncompliance for the purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 300.331(b)); and
2. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.331(d) through (f). This would include ensuring that subrecipients only used funds for career and technical education activities that supplement, not supplant, non-federal funds expended to carry out career and technical education activities and tech-prep activities (Section 311(a) of Perkins IV(20 USC2391(a)).
3. In addition to procedures identified as necessary based on the evaluation of subrecipient risk or specifically required by the terms and conditions of the award, subaward monitoring must include following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal awarded provided to the subrecipient from the pass through entity detected through audits, on-site reviews, and other means.

Non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

The New Hampshire Department of Education (the Department) enters into grant agreements with local educational agencies (subrecipients) to provide funds to develop the career, technical, and academic skills of secondary and postsecondary schools. As part of our testwork over the subrecipient monitoring process, we noted the following as of the year ending June 30, 2019:

A. On an annual basis the Department performs a risk assessment rubric to determine which subrecipients should be subjected to an in-depth programmatic monitoring visit. For 8 of 18 subrecipients selected for testwork, the Department was unable to provide the risk assessment rubric that was completed as part of the programmatic monitoring process.

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B. For all 3 subrecipients selected for testwork, we were unable to identify any monitoring procedures, either at the time that the grant was awarded or as part of its subrecipient monitoring process, the Department performed to ensure that subrecipients had used funds to supplement and not supplant non-federal funds to carry out career and technical education activities.

C. For 2 of 3 programmatic monitoring visits selected for testwork, there was no documentation to support that the Department had sent a formal letter to the subrecipient outlining the results of the programmatic monitoring review or whether or not the Department had ensured that corrective action was taken if required.

Cause

The cause of the condition found was primarily due to the insufficient controls and procedures in place over the subrecipient monitoring process to ensure that all required programmatic risk assessments are performed, that supplement not supplant considerations are reviewed as part of the monitoring process and that letters are issued upon conclusion of programmatic monitoring visits.

Effect

The effect of the condition found is that noncompliance could exist at the subrecipient level and there would not be controls and procedures in place for the Department to identify the noncompliance timely.

Questioned Costs

None

Recommendation

We recommend that the Department review its existing policies and procedures to ensure that the Department complies with the provisions 2 CFR section 200.331(b) and 2 CFR section 200.331(d) through (f). This would include implementing controls and procedures to ensure that:

1. A documented programmatic risk assessment is performed over all subrecipients and the results of that risk assessment is used to evaluate the types of monitoring procedures that will be performed over the subrecipient;
2. As part of the subrecipient monitoring process the Department should review compliance with supplement not supplant requirements; and
3. A formal letter be issued as a result of all programmatic monitoring visits that outlines, if applicable, all items requiring corrective action and that all items that require corrective action are followed up on to ensure the matters identified are resolved timely by the subrecipient.

View of Responsible Officials

We concur

1 A documented programmatic risk assessment is performed over all subrecipients and the results of that risk assessment is used to evaluate the types of monitoring procedures that will be performed over the subrecipient.

- Bureau of Career Development is in the process of reworking the risk assessment rubric used to assess risk factors associated with CTE programs funded by Perkins of not meeting performance goals (Core Indicators of Performance).

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- Annual applications for funds forms submitted for Perkins funds granted to eligible CTE programs will be part of the determination process for targeted monitoring of programs. The Bureau of Career Development will look closely at costs associated with required uses of Perkins funds, and as part of monitoring, we will look at such spending in the programs to be monitored.

2 As part of the subrecipient monitoring process the Department reviews compliance with supplement not supplant requirements

- The annual application for Perkins funds implemented in February 2020, with a due date of May 31, 2020 includes a justification line for each cost. This line includes items about previous sources of funding, including a question about whether or not the spending is new, was previously funded by Perkins, or was previously funded from other sources. The answer for these items gives reviewers of the annual application for funds the opportunity to question the costs, and not test for supplement, not supplant.

3 A formal letter is issued as a result of all programmatic monitoring

- As part of a new, two-tiered monitoring process the Bureau of Career Development will issue a monitoring letter to each Perkins subrecipient in April of each year. The letter will include CTE center-wide (non-Federal) findings, recommendations, and corrective actions, and the results, including findings, recommendations, and corrective actions for programs selected as part of the programmatic monitoring (Perkins, Federal).
- Follow up on the letter will take the form of a corrective action plan, developed by the Bureau of Career Development in collaboration with the CTE director of the center with programs monitored. This corrective action plan will include steps taken to address compliance issues identified in the program monitoring letter, along with due dates for completion of activities to resolve the issues.

Anticipated Completion Date

June 1, 2020

Contact Person

Lindsey Scribner, Agency Audit Manager, Bureau of Federal Compliance

Status as of Opinion Date

Although partially resolved at June 30, 2021, on September 3, 2020, the Department received a program determination letter (PDL) from USDOE specifying the finding as resolved with the caveat of the auditor will report on the progress of completion of the corrective action plan. Since no reviews were performed during fiscal year 2021 KPMG has determined the finding only partially resolved for fiscal year 2021.

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Finding Reference Number: 2019-011

NH Department of Health and Human Services

Aging Cluster (93.044, 93.045, 93.053)

Federal Award Numbers: 18AANHT3SS, 18AANHT3CM, 18AANHT3HD, 18AANHNSIP, 1901NHOANS

Federal Award Year: 2018, 2019

U.S. Department of Health and Human Services

Compliance Requirement: Subrecipient Monitoring

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

A pass-through entity must:

1. Clearly identify to the subrecipient required award information and applicable requirements described in 2 CFR section 200.331(a);
2. Evaluate each subrecipient's risk of noncompliance for the purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 300.331(b)); and
3. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.331(d) through (f). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required through the terms and conditions of the award, subaward monitoring must include following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

Non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

As part of the Aging Cluster, the New Hampshire Department of Health and Human Services (the Department) enters into grant agreements with local entities to provide congregate and home delivery meals to program participants. On a monthly basis, the subrecipient submits a request for reimbursement that is composed of the number of meals served during that month and the subrecipient is reimbursed a set rate for each meal served. As part of our testwork over the subrecipient monitoring process, we noted the following as of the year ending June 30, 2019:

A. The Department communicates award information to subrecipients through the approved contract. Per review of the contract, for all 5 subrecipients selected for testwork, the Department did not communicate all the required award information as outlined in 2 CFR section 200.331(a). Specifically the following elements were not communicated:

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a. Federal award date

b. Indirect cost rate for federal awards (including if the deminimus rate is charged per 2 CFR section 200.414)

c. Identification of whether the award is research and development (R&D)

B. The Department did not perform a risk assessment for each of the 5 subrecipients selected for testwork. As a result, it was unclear what type of during the award monitoring was required to be performed over the 5 subrecipients selected for testwork.

C. The Department's during the award monitoring is primarily composed of the Department's review process over monthly invoices submitted for reimbursement by the subrecipient. The Department reviews the invoices prior to payment indicating that the invoice appears reasonable and allowable under federal regulations. In addition, the Department also reviews meal count trends for each subrecipient to look for trends in number of meals provided. While this review is performed at the invoice level, for each of the 5 subrecipients selected for testwork, the Department was unable to provide any documentation to support that it had performed any monitoring procedures to ensure that the actual meal count information submitted by the subrecipient is accurate and that there is sufficient documentation maintained by the subrecipient to support the meals served. As the Department does not have a formal subrecipient monitoring policy that outlines the types and frequency of monitoring activities to be performed and there was no risk assessment performed for these subrecipients, it was unclear whether or not the exclusion of these types of monitoring activities was appropriate.

Cause

The cause of the condition found was primarily due to the following:

- Insufficient controls and procedures to ensure that all required federal award information has been communicated to subrecipients. As this program does not allow for an indirect cost reimbursement and is not R&D, the Department was unaware that it was required to formally communicate that these items are not applicable to the federal award.
- The Department requires a risk assessment to be performed prior to entering into a subrecipient contact. For each of the 5 subrecipient selected for testwork, the contracts were 5 years old and were entered into before the Department's risk assessment policy was implemented. The original contracts reviewed as part of our audit were for a 3 year period with 2 one year renewal options exercised. The Department's risk assessment policy went into effect in June of 2018 and as a result, these existing agreements are not subject to the provisions of the risk assessment policy.
- The Department currently does not have a documented subrecipient monitoring policy that outlines the types and frequency of monitoring procedures that will be performed over this federal program and how those monitoring procedures will be documented.

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Effect

The effect of the condition found is that the Department did not comply with 2 CFR section 200.331(a) and 2 CFR section 200.331(b). In addition, as there is no documented subrecipient monitoring policy for this program, fiscal and programmatic monitoring requirements that the subrecipient is required to comply with may not be appropriately or timely monitored for compliance by the Department, resulting in potential unallowable costs being charged to the program.

Questioned Costs

None

Recommendation

We recommend that the Department continue to review its existing policies and procedures to ensure that the Department complies with the provisions of 2 CFR section 200.331(a), 2 CFR section 200.331(b) and 2 CFR section 200.251. This would include implementing controls and procedures to ensure that:

1. All required award information is communicated to subrecipients;
2. A documented risk assessment is performed over all subrecipients and the results of that risk assessment is used to evaluate the types of monitoring procedures that will be performed over the subrecipient; and
3. As a result of the risk assessment performed, monitoring activities are performed over subrecipients to ensure compliance with the terms and conditions of its subrecipient grant agreement. The procedures that are to be performed based upon the assessed level for of risk should be outlined in a documented subrecipient monitoring policy that is specific to this program. The subrecipient monitoring policy should document the types and frequency of monitoring activities that will be performed.

View of Responsible Officials

We partially concur with the findings.

1. The Department has developed an exhibit to address the required notification under 2 CFR 200.331. This exhibit will be included in all procurements with Federal Funding, and will be implemented in the Spring of 2020.
2. The Department finalized the Subrecipient Monitoring Policy, which encompasses the financial and programmatic risk assessments as well as the subrecipient monitoring, on June 1, 2018. The Department provided user training on the subject in February 2018. However, only brand new competitively bid procurements utilized this policy during the initial roll out of this policy. The audited procurements were amendments, not new procurements, and therefore were not included in the roll out of the Subrecipient Monitoring policy at that time.
3. The Department is currently rolling out the Subrecipient Monitoring policy to all procurements. Combined with the subrecipient training module and tools, staff have been trained on contract management and monitoring tools to better ensure compliance with Uniform Guidance requirements. This is to be followed by ongoing specialized trainings, supporting tools, and procedures for expenditure testing, site visits, files reviews, and corrective action planning.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Anticipated Completion Date

June 30, 2020

Contact Person

Melissa Kelleher, Grants Administrator

Status as of Opinion Date

Partially resolved. The DHHS considers all of the subrecipient monitoring findings to be fully resolved through Department policy and Department wide implementation. However, it should be noted full compliance will not be achieved for one to two contract cycles due to timing.

The Department began addressing the issue of Subrecipient Monitoring issue in June 2017 when the first Grants Administrator was hired.

The Department finalized the Subrecipient Monitoring Policy, which, encompasses the financial and programmatic risk assessments as well as the subrecipient monitoring, on June 1, 2018. The Department provided user training on the subject in February and September 2018, training over one hundred forty-six staff. However, only brand new procurements utilized this policy during the initial roll out of this policy.

The Department hired a new Grants Administrator in May 2019. The Subrecipient Monitoring policy rolled out to all procurements, including sole source, amendments, and renewals, effective July 1, 2020. The Contracts Unit received specialized subrecipient monitoring training on May 13 and October 28, 2020. Department wide training to all staff occurred weekly between September 8 and November 3, 2020. The Grants Office provided additional targeted training to Program staff through team meetings. Over one hundred fifty Program and Finance staff received training. Annual training will be held in September each year. Refresher training or training for new staff is available upon request from the Grants Office.

Additionally, the Grants Office website launched in June 2020, which offers Program, Finance, and Contracts Unit staff access to the all the Grants Office policies, including the subrecipient monitoring policy, as well as training modules, slides, and tools.

The Grants Office works closely with the Contracts Unit to ensure compliance with the Subrecipient Monitoring policy.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2019-015

NH Department of Health and Human Services

TANF Cluster (93.558, 93.714)

Federal Award Numbers: 2018G996115, 2019G996115

Federal Award Year: 2018, 2019

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provisions: Child Support Non-Cooperation

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: 2018-007

Statistically Valid Sample: No

Criteria

If the State agency responsible for administering the State plan under Title IV-D of the Social Security Act determines that an individual is not cooperating with the State in establishing paternity, or in establishing, modifying or enforcing a support order with respect to a child of the individual, and reports that information to the State agency responsible for TANF, the State TANF agency must (1) deduct an amount equal to not less than 25% from the TANF assistance that would otherwise be provided to the family of the individual and (20 may deny the family any TANF assistance. Health and Human Services (HHS) may penalize a State for up to 5% of the SFAG for failure to substantially comply with this required State child support program (45 CFR sections 264.30 and 264.31)

45 CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During our testwork related to child support non-cooperation, we noted the following:

E. For 2 of 40 participants selected for testwork, while the participant had been correctly sanctioned due to non-cooperation, there was documentation maintained within the file that the participant's sanction should have been lifted due to future cooperation. While the sanction was authorized to be lifted, New Heights, the eligibility maintenance system, was not properly updated and the sanction remained in effect, resulting in an inappropriate reduction of the participant's benefits.

F. For 6 of 40 participants selected for testwork, there was insufficient support maintained within the file to document that the participant had not been cooperating and as a result, it was unclear if the participant's benefits should have been sanctioned.

G. For 1 of 40 participants selected for testwork, the participant's case file indicated that the participant was issued a letter of non-compliance in July 2017, however the participant was not sanctioned until May 2019. It was unclear why the sanction was not imposed as of July 2017 and if the participant's benefit payment was accurate during this time period.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Cause

The cause of the condition found was a result of inadequate review controls in place to ensure sufficient documentation is maintained to support the beginning and termination of sanction periods related to child support non-cooperation and ensuring that the New Heights system is updated timely to reflect the correct sanction dates.

Effect

The effect of the condition found is that participant benefit payments may not be accurately paid and could result in unallowable costs charged to the federal program.

Questioned Costs

Not determinable

Recommendation

We recommend that the Department enhance its existing controls and procedures to ensure the documentation used to support the beginning and termination of sanction periods is maintained and that those dates are accurately reflected within the New Heights System.

View of Responsible Officials

We partially concur. While there are errors regarding insufficient documentation for child support sanctions, we believe there are sufficient processes in place to ensure documentation is maintained to support these sanctions.

We believe that additional communication needs to be given to all staff to reiterate these procedures.

We will notify all supervisors in an email explaining the errors that were found during the audit. We will require the supervisors to include these topics at their next staff meeting.

Individual emails will be sent to the staff involved with the errors for additional guidance.

We have also added an additional slide in our Power Point presentation for new staff.

Anticipated Completion Date

June 1, 2020

Contact Person

Colleen McKinlay, Program Specialist IV

Status as of Opinion Date

Unresolved. A similar finding was identified in the 2020 and the 2021 single audit report. See finding and views of responsible officials at 2020-012 and 2021-023

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2019-017

NH Department of Health and Human Services

TANF Cluster (93.558, 93.714)

Federal Award Numbers: 2018G996115, 2019G996115

Federal Award Year: 2018, 2019

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provisions: Penalty for Failure to Comply with Work Verification Plan

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: 2018-009

Statistically Valid Sample: No

Criteria

The State agency must maintain adequate documentation, verification, and internal control procedures to ensure the accuracy of the data used in calculating work participation rates. In so doing, it must have in place procedures to (a) determine whether its work activities may count for participation rate purposes; (b) determine how to count and verify reported hours of work; (c) identify who is a work eligible individual; and (d) control internal data transmission and accuracy. Each State agency must comply with its HHS-approved Work Verification Plan in effect for the period that is audited. HHS may penalize the State by an amount not less than one percent and not more than five percent of the SFAG for violation of this provision (42 USC 601, 602, 607, and 609); 45 CFR sections 261.60, 261.61, 261.62, 261.63, 261.64, and 261.65).

45 CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During our testwork related to the compliance with the State's work verification plan we noted the following:

E. For 10 of 40 participants selected for testwork, the documentation to support the hours worked for each participant did not agree to the New Height's system and as a result, the hours for each participant were under reported.

F. For 1 of 40 participants selected for testwork, the participant's work hours were auto populated within the New Heights system and were not properly adjusted once supporting documentation such as paystubs were received. As a result, the participant's work hours were over reported.

G. For 3 of 40 participants selected for testwork, there was insufficient documentation to support the number of hours worked within the New Heights system for each participant.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Cause

The cause of the condition found was a result of inadequate review controls in place to ensure sufficient documentation is maintained to support the number of work hours reported by participants and that the hours worked is accurately reported within the New Heights system.

Effect

The effect of the condition found is that the State may not be in compliance with its work verification plan and would not be able to identify the noncompliance timely.

Questioned Costs

Not determinable

Recommendation

We recommend that the Department enhance its existing controls and procedures to ensure the documentation used to support participant workhours is maintained and that the hours reported agree to the documented hours worked and are accurately reflected within the New Heights System.

View of Responsible Officials

We concur with the findings listed above. The following actions to mitigate future issues have been put in place.

- We have redesigned the WPS Activity Tracking Sheet. This will be implemented for the month of March 2020.
- A memo was created highlighting the errors found during the audit reminding all staff to follow procedures to prevent errors.
- We will be adding additional slides in the Quality Assurance Section of the Core Power Point Training for new staff.

Anticipated Completion Date

June 30, 2020

Contact Person

Kim Runion, Bureau Chief

Status as of Opinion Date

Unresolved. A similar finding was identified in the 2020 and the 2021 single audit report. See finding and views of responsible officials at 2020-014 and 2021-025

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2019-018

NH Department of Health and Human Services

Community Services Block Grant (93.569)

Federal Award Numbers: G-18B1NHCOSR, G-1901NHCOSR

Federal Award Year: 2018, 2019

U.S. Department of Health and Human Services

Compliance Requirement: Subrecipient Monitoring

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

A pass-through entity must:

3. Clearly identify to the subrecipient required award information and applicable requirements described in 2 CFR section 200.331(a)
4. Evaluate each subrecipient's risk of noncompliance for the purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 300.331(b))

Non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

As part of the Community Services Block Grant program, the New Hampshire Department of Health and Human Services (the Department) enters into grant agreements with local entities to provide services to eligible participants. As part of our testwork over the subrecipient monitoring process, we noted the following as of the year ending June 30, 2019:

A. The Department communicates award information to subrecipients through the approved contract. Per review of the contract, for each of the 2 subrecipients selected for testwork, the Department did not communicate all the required award information as outlined in 2 CFR section 200.331(a). Specifically the following elements were not communicated:
    a. Federal award date
    b. Federal Award Identification Number (FAIN)
    c. Indirect cost rate for federal awards (including if the deminimus rate is charged per 2 CFR section 200.414)
    d. Identification of whether the award is research and development (R&D)
B. The Department was unable to provide support that a programmatic risk assessment was completed for each of the 2 subrecipients selected for testwork as required under the Department's Subrecipient Monitoring Policy dated March 5, 2018. As a result, it was unclear

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

what type of during the award monitoring was required to be performed over the 2 subrecipients selected for testwork.

Cause

The cause of the condition found was primarily due to:

- Insufficient controls and procedures to ensure that all required federal award information has been communicated to subrecipients. As this program does not allow for an indirect cost reimbursement and is not R&D, the Department was unaware that it was required to formally communicate that these items are not applicable to the federal award.
- The Department requires a risk assessment to be performed prior to entering into a subrecipient contact. There does not appear to be sufficient controls and procedures to ensure that the required risk assessments have been performed or if they are performed that they are retained and used to support the subrecipient monitoring process.

Effect

The effect of the condition found is that the Department did not comply with 2 CFR section 200.331(a) and 2 CFR section 200.331(b).

Questioned Costs

None

Recommendation

We recommend that the Department continue to review its existing policies and procedures to ensure that the Department complies with the provisions of 2 CFR section 200.331(a) and 2 CFR section 200.331(b). This would include implementing controls and procedures to ensure that t:

1. All required award information is communicated to subrecipients;
2. A documented risk assessment is performed over all subrecipients and the results of that risk assessment is used to evaluate the types of monitoring procedures that will be performed over the subrecipient.

View of Responsible Officials

We concur.

1. The Department has developed an exhibit to address the required notification under 2 CFR 200.331. This exhibit will be included in all procurements with Federal Funding, and will be implemented in the Spring of 2020.
2. The Department finalized the Subrecipient Monitoring Policy, which, encompasses the financial and programmatic risk assessments as well as the subrecipient monitoring, on June 1, 2018. The Department provided user training on the subject in February 2018. However, only brand new competitively bid procurements utilized this policy during the initial roll out of this policy. The audited procurements were amendments, not new procurements, and therefore were not included in the roll out of the Subrecipient Monitoring policy at that time.
3. The Department is currently rolling out the Subrecipient Monitoring policy to all procurements. Combined with the subrecipient training module and tools, staff have been trained on contract

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

management and monitoring tools to better ensure compliance with Uniform Guidance requirements. This is to be followed by ongoing specialized trainings, supporting tools, and procedures for expenditure testing, site visits, files reviews, and corrective action planning.

Anticipated Completion Date

June 30, 2020

Contact Person

Melissa Kelleher, Grants Administrator

Status as of Opinion Date

Partially resolved. The DHHS considers all of the subrecipient monitoring findings to be fully resolved through Department policy and Department wide implementation. However, it should be noted full compliance will not be achieved for one to two contract cycles due to timing.

The Department began addressing the issue of Subrecipient Monitoring issue in June 2017 when the first Grants Administrator was hired.

The Department finalized the Subrecipient Monitoring Policy, which, encompasses the financial and programmatic risk assessments as well as the subrecipient monitoring, on June 1, 2018. The Department provided user training on the subject in February and September 2018, training over one hundred forty-six staff. However, only brand new procurements utilized this policy during the initial roll out of this policy.

The Department hired a new Grants Administrator in May 2019. The Subrecipient Monitoring policy rolled out to all procurements, including sole source, amendments, and renewals, effective July 1, 2020. The Contracts Unit received specialized subrecipient monitoring training on May 13 and October 28, 2020. Department wide training to all staff occurred weekly between September 8 and November 3, 2020. The Grants Office provided additional targeted training to Program staff through team meetings. Over one hundred fifty Program and Finance staff received training. Annual training will be held in September each year. Refresher training or training for new staff is available upon request from the Grants Office.

Additionally, the Grants Office website launched in June 2020, which offers Program, Finance, and Contracts Unit staff access to the all the Grants Office policies, including the subrecipient monitoring policy, as well as training modules, slides, and tools.

The Grants Office works closely with the Contracts Unit to ensure compliance with the Subrecipient Monitoring policy.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2019-019

NH Department of Health and Human Services

Social Services Block Grant (93.667)

Federal Award Numbers: 2017G992342, 2018G992342, 2019G992342

Federal Award Year: 2017, 2018, 2019

U.S. Department of Health and Human Services

Compliance Requirement: Subrecipient Monitoring

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

A pass-through entity must:

4. Clearly identify to the subrecipient required award information and applicable requirements described in 2 CFR section 200.331(a);
5. Evaluate each subrecipient's risk of noncompliance for the purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 300.331(b)); and
6. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.331(d) through (f). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required through the terms and conditions of the award, subaward monitoring must include following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

Non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

As part of the Social Services Block Grant program, the New Hampshire Department of Health and Human Services (the Department) enters into grant agreements with local entities to provide a variety of services, including meals, adult day services and comprehensive family services. On a periodic basis, the subrecipient submits a request for reimbursement for the services that are rendered which is reviewed and approved by the Department prior to payment. As part of our testwork over the subrecipient monitoring process, we noted the following as of the year ending June 30, 2019:

D. The Department communicates award information to subrecipients through the approved contract. Per review of the contract, for all 6 subrecipients selected for testwork, the Department did not communicate all the required award information as outlined in 2 CFR section 200.331(a). Specifically the following elements were not communicated:

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

a. Federal award date

b. Indirect cost rate for federal awards (including if the deminimus rate is charged per 2 CFR section 200.414)

c. Identification of whether the award is research and development (R&D)

E. The Department did not perform a risk assessment for each of the 6 subrecipients selected for testwork. As a result, it was unclear what type of during the award monitoring was required to be performed over the 6 subrecipients selected for testwork.

D. The Department's during the award monitoring is primarily composed of the Department's review process related to requests for reimbursement submitted by the subrecipient. The Department reviews the invoices prior to payment indicating that the invoice appears reasonable and allowable under federal regulations. For each of the 6 subrecipients selected for testwork, the Department was unable to provide documentation to support that it had performed additional monitoring procedures over its subrecipients to address whether or not the subrecipient had sufficient documentation to support that the costs requested for reimbursement were allowable or whether or not the subrecipient had determined participant eligibility accurately if eligibility requirements were applicable. As the Department does not have a formal subrecipient monitoring policy that outlines the types and frequency of monitoring activities to be performed and there was no risk assessment performed for these subrecipients, it was unclear whether or not the exclusion of these types of monitoring activities was appropriate.

Cause

The cause of the condition found was primarily due to:

- Insufficient controls and procedures to ensure that all required federal award information has been communicated to subrecipients. As this program does not allow for an indirect cost reimbursement and is not R&D, the Department was unaware that it was required to formally communicate that these items are not applicable to the federal award.
- The Department requires a risk assessment to be performed prior to entering into a subrecipient contact. For each of the 6 subrecipient selected for testwork, the contracts were entered into prior to the date in which the Department's risk assessment policy went into effect in June of 2018.
- The Department currently does not have a documented subrecipient monitoring policy that outlines the types and frequency of monitoring procedures that will be performed over this federal program and how those monitoring procedures will be documented.

Effect

The effect of the condition found is that the Department did not comply with 2 CFR section 200.331(a) and 2 CFR section 200.331(b). In addition, as there is no documented subrecipient monitoring policy for this program, fiscal and programmatic monitoring requirements that the subrecipient is required to comply with may not be appropriately or timely monitored for compliance by the Department, resulting in potential unallowable costs being charged to the program.

Questioned Costs

Not determinable

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Recommendation

We recommend that the Department continue to review its existing policies and procedures to ensure that the Department complies with the provisions of 2 CFR section 200.331(a), 2 CFR section 200.331(b) and 2 CFR section 200.251. This would include implementing controls and procedures to ensure that:

4. All required award information is communicated to subrecipients;
5. A documented risk assessment is performed over all subrecipients and the results of that risk assessment is used to evaluate the types of monitoring procedures that will be performed over the subrecipient; and
6. As a result of the risk assessment performed, monitoring activities are performed over subrecipients to ensure compliance with the terms and conditions of its subrecipient grant agreement. The procedures that are to be performed based upon the assessed level for of risk should be outlined in a documented subrecipient monitoring policy that is specific to this program. The subrecipient monitoring policy should document the types and frequency of monitoring activities that will be performed.

View of Responsible Officials

We concur.

1. The Department has developed an exhibit to address the required notification under 2 CFR 200.331. This exhibit will be included in all procurements with Federal Funding, and will be implemented in the Spring of 2020.
2. The Department finalized the Subrecipient Monitoring Policy, which, encompasses the financial and programmatic risk assessments as well as the subrecipient monitoring, on June 1, 2018. The Department provided user training on the subject in February 2018. However, only brand new competitively bid procurements utilized this policy during the initial roll out of this policy. The audited procurements were amendments, not new procurements, and therefore were not included in the roll out of the Subrecipient Monitoring policy at that time.
3. The Department is currently rolling out the Subrecipient Monitoring policy to all procurements. Combined with the subrecipient training module and tools, staff have been trained on contract management and monitoring tools to better ensure compliance with Uniform Guidance requirements. This is to be followed by ongoing specialized trainings, supporting tools, and procedures for expenditure testing, site visits, files reviews, and corrective action planning.

Anticipated Completion Date

June 30, 2020

Contact Person

Melissa Kelleher, Grants Administrator

Status as of Opinion Date

Partially resolved. A similar finding was identified in the 2020 single audit report. See finding and views of responsible officials at 2020-019

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2019-021

NH Department of Health and Human Services

Medicaid Cluster (93.775, 93.777, 93,778)

Federal Award Numbers: 1805NH5MAP, 1905NH5MAP, 1805NH5ADM, 1905NH5ADM, 1805NHIMPL, 1905NHIMP

Federal Award Years: 2018, 2019

U.S. Department of Health and Human Services

Compliance Requirement: Special Tests and Provision: Provider Eligibility (Screening and Enrollment)

Type of Finding: Significant Deficiency and Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

In order to receive Medicaid payments, providers must: (1) be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; and Section 1902(a)(9) of the Social Security Act (42 USC 1396a(a)(9)); (2) screened and enrolled in accordance with 42 CFR Part 455, Subpart E (sections 455.400 through 455.470); and make certain disclosures to the State (42 CFR part 455, subpart B, sections 455.100 through 455.106). Medicaid managed care network providers are subject to the same disclosure, screening, enrollment, and termination requirements that apply to Medicaid fee-for-service providers in accordance with 42 CFR Part 438, Subpart H.

Per 2 CFR 200.303, non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

The Department assigns risks to each provider based on their provider type. All new provider enrollments and moderate and high risk revalidations are reviewed and approved by the Department of Health and Human Services (the Department). However, for limited risk revalidations, the Department has outsourced this service to the Department's Medicaid Management Information System fiscal agent (Fiscal Agent). The Department holds at least bi-weekly meetings with the fiscal agent to discuss issues noted with enrollment, revalidation, trends noted, etc. In addition, the Department has hired the Fiscal Agent to perform a quality assurance review over all provider new and revalidations prior to the notification that they are an eligible provider for State of New Hampshire services to address the accuracy of enrollment. During the year the Department noted issues and inconsistencies in the revalidations which were performed by the Fiscal Agent and decided as of July 1, 2019 all new enrollments and revalidations are reviewed and approved by the Department before the Fiscal Agent completes the application or revalidation process.

During our test work over the above monitoring controls, the Department provided minutes of the meetings that demonstrated review of enrollment and revalidation processes and discussion of resulting trends and efficiencies on a consistent basis. The feedback from the Fiscal Agent regarding the quality

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assurance process is less formalized and more ad-hoc in nature not allowing for audit evidence throughout the fiscal year of the accuracy monitoring control.

During our testwork over provider eligibility we noted:

(a) For 6 of 105 providers selected for testwork, there was a discrepancy between the risk noted in the MMIS and the risk per the Department's "Provider application fee and type of screening required for NH Medicaid Program" (risk chart) file.

   a. For 4 of 6, the provider was coded as a Moderate risk provider per the risk chart, but was coded limited risk in MMIS. For these 4 provider, we noted the risk per the risk chart was incorrect. As MMIS was correct, the procedures performed were in accordance with policy.

   b. For 1 of 6, the provider was coded a Limited risk provider in MMIS although the provider was coded moderate risk per the risk chart. The Department performed the review as if the provider was Moderate, however, the coded risk in MMIS was inaccurate.

   c. For 1 of 6, this provider was coded a moderate risk provider in MMIS, but per the risk chart should have been a limited risk provider. Moderate procedures were performed.

(b) For 41 of 105 providers selected for testwork, the Department did not revalidate the provider within the required 5 year timeframe. Timeframes ranged from 5.1 to 6.9 years.

(c) For 3 of 105 providers selected for testwork, the providers did not have a most recent revalidation date completed within MMIS. The Department noted the revalidation was still being investigated due to issues noted on the license. The documentation reflected an outstanding license, however, there didn't appear to be an update related to the investigations in over 9 months. Additionally, as the provider has not yet been revalidated, the provider did not have a risk assigned in MMIS.

Cause

With regard to the monitoring controls, the condition noted is due to lack of a formalized process to receive information on a regular basis from the Fiscal Agent resulting in the control not being effectively designed. The cause of the noncompliance conditions found was primarily due to the following:

(a) inconsistent documentation maintained related to provider risk assignment, and;

(b) System updates causing delays in the revalidation process.

Effect

The effect of the condition found is that the Department does not revalidate providers timely and does not have steps to ensure provider revalidates are documented accurately.

Questioned Costs

None

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Recommendation

The Department has represented that review and approval are required of the limited risk revalidations and new provider enrollment effective July 1, 2019. For the monitoring control, the Department should implement a more formal process for receiving quality assurance feedback from the Fiscal Agent such that the Department has adequate documentation on a defined periodic basis that can be reviewed.

With regard to compliance, the Department should consistently apply provider risk as noted per the risk chart and implement procedures to ensure provider revalidations are completed timely.

View of Responsible Officials

We concur with the finding. DHHS knew that we were behind in establishing the system processes for revalidation. DHHS established a team of DHHS staff, MMIS, DoIT staff, and fiscal agent staff to establish a project plan and implementation of the revalidation process. This requires system updates, new provider revalidation application, and provider notification. DHHS also reached out to CMS for technical assistance to perform revalidations including the electronic data exchange of duel providers that are enrolled with Medicare and Medicaid to expect the revalidation screening process which allowed DHHS to screen thousands of providers quickly and efficiently expediting the process. DHHS and the fiscal agent are actively performing revalidation monthly and the process is being reviewed and updated as needed to ensure all revalidations are done correctly and timely.

DHHS will ensure current procedures cover all required regulations for provider enrollment. DHHS will ensure there is documentation of our periodic, systematic oversight of the fiscal agent's quality review process. However, based on the restrictions on revalidation and enrollment due to COVID, we will not be able to complete and implement a new process for overseeing the fiscal manager in revalidations as our previous completion date indicated the Federal Emergency Order is still in effect as of the date of this form.

DHHS will ensure all of the SFY2019 revalidations are complete by December 2022.

Anticipated Completion Date

March 2021

Contact Person

Francesca Hennessy

Status as of Opinion Date

Unresolved. A similar finding was identified in the 2020 and the 2021 single audit report. See finding and views of responsible officials at 2020-022 and 2021-034

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Finding Reference Number: 2019-022

NH Department of Health and Human Services

Medicaid Cluster (93.775, 93.777, 93,778)

Federal Award Numbers: 1805NH5MAP, 1905NH5MAP, 1805NH5ADM, 1905NH5ADM, 1805NHIMPL, 1905NHIMP

Federal Award Years: 2018, 2019

U.S. Department of Health and Human Services

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency and Material Noncompliance

Prior Year Finding: No

Statistically Valid Sample: No

Criteria

Eligibility for Medicaid can be broadly grouped into determinations based on Modified Adjusted Gross Income (MAGI-based determination) and non-MAGI determinations (e.g. Aged, Blind and Disabled). Auditors should test eligibility determinations made for fee-for-service and managed care beneficiaries. The auditors should re-determine eligibility to ensure beneficiaries qualify for the Medicaid program and are in the appropriate enrollment category.

Condition

The Division of Medicaid Services (DMS), with the Department of Health and Human Services (DHHS) administers the Medicaid program. The Bureau of Family Assistance (BFA) is responsible for determining eligibility for non-MAGI groups as well as MAGI groups according to New Hampshire policy.

One hundred sixty MAGI and non-MAGI participants were selected for review, who fell into four main eligibility types: fee for service, managed care, waiver, and nursing home. During the audit, the following was noted:

(a) For 1 of 40 managed care participants, the State did not take steps to ensure the participant was a New Hampshire resident and the participants income verification was not verified via the verify current income (VCI) match (<10%) or New Hampshire employment Security (NHES) verification. We noted that pursuant to NH's CMS approved MAGI-based verification plan, residency is a "self-attest" factor of eligibility for New Hampshire Medicaid, however, when this participant applied they indicated they would be moving to New Hampshire and never attested they had in fact moved to New Hampshire and the application for funding showed they attested to not living in New Hampshire. In addition the participant failed the data match for income. However when updated income information was received, the DHHS trainee case worker did not properly process the case and the trainee's supervisor did not review, correct, and confirm the case. The New HEIGHTS system enrolled the participant. DHHS requires the case workers to review and uncheck the eligibility notation applied by the system. In this case, the case worker inadvertently did not uncheck the MAGI-eligible notation and the person received Medicaid benefits for a period of approximately a year without appropriate income support. The

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

Department's control to have all trainee cases reviewed and confirmed by a supervisor was not conducted and failed to prevent the beneficiary from becoming enrolled.

(b) For 96 of 160 participants, (21 of 40 fee for service, 6 of 40 managed care, 30 of 40 waiver, and 39 of 40 nursing home) the Department was unable to provide support to verify that the participants social security income had been matched, via a Bendex match, with the Social Security Administration (SSA) because the SSA has not provided New Hampshire authorization to share that information. Therefore validation that the participants were deemed eligible by the SSA was not able to be determined.

Cause

The cause of the condition found under paragraph (a) was primarily due to a trainee not properly processing the case combined with improper oversight of the trainee's case, i.e., the supervisor not correcting and confirming the case before processing is an ineffective control.

The cause of the condition under paragraph (b) is that the SSA has not issued a Redisclosure Memorandum for the CMS Single Audit. Without the Memorandum, states do not have permission to disclose SSA data to any auditors. There is no control failure attached to this compliance issue as there are conflicting federal regulations that prevented the information from being shared.

Effect

The Department is providing Medicaid benefits to participants who may be ineligible for the program.

Questioned Costs

Not determinable

Recommendation

The Department should implement a process to ensure all participants meet all eligibility requirements before being awarded benefits. In addition, the Department should obtain approval from SSA to share data with the single auditor or work with SSA to provide correspondence to the single auditor confirming eligibility for individuals during the audit process.

View of Responsible Officials

We concur.

This was an isolated incident which has been discussed thoroughly with the supervisor, both via email and over the phone. The supervisor went over the error with the trainee. Management will review other procedures performed at other District Office to determine whether other processes should be implemented to ensure supervisors know the cases completed by trainees and verify they have reviewed the cases to ensure accurate eligibility determinations.

However, the Department would point out that there was no issue with the self-attestation of residency. Federal regulations permit states to choose to accept self-attestation for residency of the individual's information for all factors of eligibility except where otherwise required by law (e.g. citizenship and immigration status). Self-attestation can be accepted from the individual applying, an adult who is in the applicant's household, an authorized representative, or if the individual is a minor or incapacitated, someone acting responsibly for the individual. States must accept self-attestation of pregnancy unless the state has information that is not reasonably compatible with such attestation (see Self-attestation (§435.945)).

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The Department has contacted the Social Security Administration (SSA) and has requested written permission from SSA to authorize KPMG access for the Single Audit. The Department of Health and Human Services is governed by the Computer Match Agreement (CMA) it has executed with SSA, which governs the safeguarding of its data. This is an open request with SSA and the DHHS will continue to follow-up until a written decision is received from the SSA.

Anticipated Completion Date

September 30, 2020

Contact Person

Debra Sorli, Bureau Chief, Bureau of Family Assistance

Elizabeth Gillett, Deputy Information Security Officer

Status as of Opinion Date

Unresolved. A similar finding was identified in the 2020 and the 2021 single audit report. See finding and views of responsible officials at 2020-023 and 2021-033

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

U.S. Department of Health and Human Services ***2018-007***
NH Department of Health and Human Services

CFDA# 93.558 Temporary Assistance for Needy Families (TANF)

Grant Year and Awards:
2017G996115 10/1/16-9/30/17
2018G996115 10/1/17-9/30/18

<u>Finding</u>: Incorrect sanctioning of benefit, Noncompliance under Special Test - Child Support Noncooperation and Adult Custodial Parent of Child Under Six When Childcare Not Available

Criteria:
If the State agency responsible for administering the State plan approved under Title IV-D of the Social Security Act determines that an individual is not cooperating with the State in establishing paternity, or in establishing, modifying or enforcing a support order with respect to a child of the individual, and reports that information to the State agency responsible for TANF, the State TANF agency must (1) deduct an amount equal to not less than 25 percent from the TANF assistance that would otherwise be provided to the family of the individual, and (2) may deny the family any TANF assistance. HHS may penalize a State for up to five percent of the SFAG for failure to substantially comply with this required State child support program (42 USC 608(a)(2) and 609(a)(8); 45 CFR sections 264.30 and 264.31).

If an individual is a single custodial parent caring for a child under the age of six, the State may not reduce or terminate assistance for the individual's refusal to engage in required work if the individual demonstrates to the State an inability to obtain needed child care for one or more of the following reasons: (a) unavailability of appropriate child care within a reasonable distance from the individual's home or work site; (b) unavailability or unsuitability of informal child care by a relative or under other arrangements; or (c) unavailability of appropriate and affordable formal child care arrangements. The determination of inability to find child care is made by the State. HHS may penalize a State for up to five percent of the SFAG for violation of this provision (42 USC 607(e)(2) and 609(a)(11); 45 CFR sections 261.15, 261.56, and 261.57).

45 CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition:
During our testwork over special tests and provisions related to the sanctioning of benefits, we noted the following:

1 For 1 of 40 participants selected for testwork related to sanctions for failure to cooperate with the Department for Child Support Services, the participant had been incorrectly sanctioned resulting in an incorrect reduction of benefits paid to the participant. The error had been identified previously by the Department and the sanction had been lifted, however, the participant did not receive a supplemental payment of benefits to rectify the payment reduction. As a result, the participant was underpaid the amount of benefits eligible to receive.

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2 For 1 of 40 participants selected for testwork related to sanctions for failure to comply with work requirements, the participant had been incorrectly sanctioned resulting in an incorrect reduction of benefits paid to the participant. The error had been identified previously and the sanction had been lifted, however, the participant did not receive a supplemental payment of benefits to rectify the payment reduction. As a result, the participant was underpaid the amount of benefits eligible to receive.

Cause:
The cause of the condition found was a result of insufficient controls and procedures in place to ensure retroactive benefits were paid to each participant. In both cases, the participant did not timely provide the appropriate documentation to prevent the penalty from being placed. Subsequent to being sanctioned, the participant provided the required documentation to support that a sanction was not warranted. While the Department reviewed the documentation and lifted the sanction from being applied to future benefits, it did not retroactively pay the prior sanctioned benefit amount that the participant was eligible to receive as required.

Effect:
The effect of the condition found is that participants did not receive the full benefit amount that they were eligible to receive.

Questioned Costs:
None

Repeat Finding:
No

Whether Sampling Was Statistically Valid:

The sample was not intended to be and, was not, a statistically valid sample.

Recommendation:
We recommend that the Department enhance its existing policies and procedures to ensure there are sufficient controls in place to provide retroactive benefits to participants that are improperly sanctioned as a result of a delay in the receipt of documentation from participants to support that a sanction is not warranted.

View of Responsible Officials:
We concur. We agree that the individuals' sanction should have been lifted, or that a supplement should have been issued when the recertification completed. Staff will be reminded to look at all aspects of a case when they are confirming a recertification including potential for retroactive benefits.

The training unit will be engaged in this effort along with supervisors.

Anticipated Completion Date:
August 31, 2019

Contact Person:
Maureen Burke, Administrator III

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Status as of Opinion Date:

Unresolved. A similar finding was identified in the 2019, 2020, and 2021 single audit report. See finding and views of responsible officials at 2019-015, 2019-016, 2020-012, 2020-013, and 2021-023

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U.S. Department of Health and Human Services ***2018-008***
NH Department of Health and Human Services

CFDA# 93.558 Temporary Assistance for Needy Families (TANF)

Grant Year and Awards:
2017G996115 10/1/16-9/30/17
2018G996115 10/1/17-9/30/18

Finding: Insufficient documentation to support compliance with required maintenance of effort (MOE) requirements as it relates to in-kind contributions from third party organizations

Criteria:
Every fiscal year, a State must maintain an amount of "qualified state expenditures" (as defined in 42 US 609(a)(7)(B) and 45 CFR section 263.2) for eligible families (as defined in 42 USC 609(a)(7)(B)(i)(IV) and 45 CFR section 263.2(b)) at least at the applicable percentage of the State's historic State expenditures.

Qualified expenditures with respect to eligible families may come from all programs. This requirement may be met through allowable state or local cash expenditures for goods and services, cash donations by non-governmental third parties, or the value of third party in-kind contributions. A State's records must show that all costs are verifiable and meet all applicable requirements in 45 CFR sections 263.2 through 263.6.

45 CFR 75 303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition:
For the federal fiscal year ending September 31, 2017, the State was required to meet an annual MOE requirement of $32,115,003. In total, the State incurred $36,271,757 in eligible MOE expenditures, which exceeded the amount required. Of the MOE expenditures incurred, $9,256,657 represented in-kind contributions from 13 community organizations. On an annual basis, each community organization completes a TANF Maintenance of Effort form to report expenses that qualify as TANF expenditures. The form requires a description of the program operated and what TANF purpose the program addresses, the number of families served, and the amount of eligible expenditures in total. The form is signed by the organization and submitted to the State to serve as the supporting documentation for the in-kind contribution provided by the community organization. No additional documentation is provided by the community organization to support the amount of the expenditures included on the form. The State does not perform procedures to ensure expenditures reported by the community organization are accurate and represent valid expenditures that were incurred to support the program outlined within the form and therefore to ensure the in-kind contribution used to support the required MOE is appropriate.

Cause:
The cause of the condition found was a result of insufficient controls and procedures in place to ensure the expenditures reported by the community organization are properly supported by valid expenditures that meet the criteria of qualified TANF expenditures.

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Effect:
The effect of the condition found is that the State may not meet the required annual MOE requirement as in-kind contributions may not be complete or represent qualified expenditures and they do not have controls and procedures in place to identify the noncompliance timely.

Questioned Costs:
Not determinable.

Repeat Finding:
No

Whether Sampling Was Statistically Valid:
The sample was not intended to be and, was not, a statistically valid sample.

Recommendation:
We recommend that the Department implement controls and procedures to ensure that in-kind contributions used to support MOE are reviewed to ensure that the expenditures are accurate and meet the definition of qualifying expenditures.

View of Responsible Officials:
The Department does not concur. We have procedures to ensure that in-kind contributions used to support MOE are reviewed to ensure that the expenditures are accurate and meet the definition of qualifying expenditures. The procedures the Department performs include meeting with the providers to provide them with training and support on the front end to ensure amounts reported are complete and accurate and in accordance with Federal regulations. The Department understands the definition of third party in-kind contributions is:

Third-party in-kind contributions means the value of non-cash contributions (i.e., property or services) that:

(1) Benefit a federally assisted project or program; and
(2) Are contributed by non-Federal third parties, without charge, to a non-Federal entity under a Federal award.

The Department requires that the providers certify allowable expenditures which is how it verifies the amounts provided are accurate and complete. The Department has forwarded all of the documents that the providers submitted certifying allowable expenditures. In addition, we have submitted the specific Memorandum of Understandings (MOUs) that were requested.

Anticipated Completion Date:
N/A

Contact Person:
Maureen Burke, Administrator III

KPMG Rejoinder:
The Department stated in their response that it verifies the completeness and accuracy of the third party in-kind match through certifications the providers submit. Per review of the signed certifications, we noted

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the certification contains a description of the general purpose of the program, an identification of the TANF purpose the program addresses, the number of families/individuals served, the expenses incurred under the program, excluding any federal and state funds received. While we were provided with documentation to support that the third party certifications were received, we were not provided with evidence to support the Department had performed additional procedures to verify the incurred costs were complete and accurate as required by 45 CFR section 263.2(e) and 75.306.

We do not agree that a certification alone from a third party meets the definition of a verifiable cost from the third parties records.

Status as of Opinion Date:
Unresolved: The Department stands by its initial response that it does not concur. The expenditures outlined are considered verifiable costs via the Memorandum of Understanding (MOU) and the Maintenance of Effort (MOE) forms completed by the third party agency.

ACF finally responded to the Departments initial email and set up a meeting to discuss this finding on Tuesday, January 11, 2022. The Department responded to ACF on January 28, 2022 with their formal response to the MOE finding. The Department is currently waiting to hear from ACF.

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U.S. Department of Health and Human Services ***2018-009***
NH Department of Health and Human Services

CFDA# 93.558 Temporary Assistance for Needy Families (TANF)

Grant Year and Awards:
2017G996115 10/1/16-9/30/17
2018G996115 10/1/17-9/30/18

Finding: Special Test and Provision - Insufficient documentation to support work verification activities

Criteria:
The State agency must maintain adequate documentation, verification and internal control procedures to ensure the accuracy of the data used in calculating work participation rates. In doing so, it must have in place procedures to (a) determine whether its work activities may count for participation rate purposes; (b) determine how to count and verify reported hours of work: (c) identify who is a work-eligible individual; and (d) control internal data transmission and accuracy. Each State agency must comply with its HHS-approved Work Verification Plan in effect for the period that is audited. HHS may penalize the State by an amount not less than one percent and not more than five percent of the SFAG for violation of this provision (42 USC 601, 602, 607, and 609); 45 CFR sections 261.60, 261.61, 261.62, 261.63, 261.64 and 261.65).

Condition:
Participants receiving benefits under the TANF program are required to report their hours worked to the Department on a monthly basis. During our testwork over the accuracy of reported work activities used to support the State's work participation rates, we noted for 1 of 40 participants selected for testwork, the Department lacked sufficient documentation to support the hours reported within the work program and activity verification screens within the New Heights system.

Cause:
The cause of the condition found was a result of insufficient controls and procedures in place to ensure that the hours reported within the work programs and activity verification screen within New Heights is properly supported with pay stubs, a self-employment log or other employment verification documentation.

Effect:
The effect of the condition found is that the State may not have appropriate documentation to support its compliance with the required work participation rate.

Questioned Costs:
Not determinable

Repeat Finding:
No

Whether Sampling Was Statistically Valid:
The sample was not intended to be and, was not, a statistically valid sample.

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Recommendation:
We recommend that the Department review its existing policies and procedures for obtaining documentation from participants to support work related activities and ensure that the appropriate documentation is obtained and that the records are maintained for each participant.

View of Responsible Officials:
We concur. In regards to this instance related to employment hours not being documented; the State has confirmed those hours were entered as a self-attestation and then verified without receiving supporting verification.

This case reflects a training issue that will be addressed with refresher trainings with the specific staff whom are still active employees.

Anticipated Completion Date:
Supervisors of the specific staff will have until April 30, 2019 to issue refresher training and report completion to the BFA Bureau Chief.

Contact Person:
Maureen Burke, Administrator III

Status as of Opinion Date:
Unresolved. A similar finding was identified in the 2019, 2020 and 2021 single audit report. See finding and views of responsible officials at 2019-017, 2020-014 and 2021-025.

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U.S. Department of Health and Human Services — ***2018-016***
NH Department of Health and Human Services

CFDA #93.069 Public Health Emergency Preparedness

Grant Year and Award:
7/1/2017 – 6/30/2018 NU90TP921910-01-02

Finding: The Department of Health and Human Services (DHHS) should comply with the earmarking requirements.

Criteria:
The Notice of Awards for the Public Health Emergency Preparedness (PHEP) grant includes the following earmarking requirement:

For the Cities Readiness Initiative (CRI): This award includes $279,296 to support Medical Countermeasure Dispensing and the Medical Material Management and Distribution (MCMDD) capabilities. These funds provide for medical countermeasure distribution and dispensing (MCMDD) for all hazards events, which includes the ability of jurisdictions to develop capabilities for U.S. cities to respond to a large-scale biologic attach, with anthrax as the primary threat consideration. For State awardees, 75% of their allocated funds must be provided to CRI jurisdictions in support of all-hazards MCMDD planning and preparedness. CRI jurisdictions are defined to include independent planning jurisdictions (as defined by the state and locality) that include those counties and municipalities within the defined metropolitan statistical area (MSA) or the New England County Metropolitan Areas (NECMAs).

Condition:
During our audit of the PHEP Program, we tested the above earmarking requirement to determine whether the DHHS had earmarked the required amount for the Cities Readiness Initiative. We determined CRI jurisdictions received over the required 75% of the allocated funds; however, DHHS underspent the earmark by $41,260.

A similar issue was noted in the prior year audit. DHHS disagreed with that finding, quoting Centers for Disease Control (CDC) as stating “the PHEP awardee must be able to demonstrate to the Project Officer that they were able to complete those specific project activities as required in the Funding Opportunity Announcement and the unexpended funds resulted in cost savings to the Federal government.”

However, the federal government in response to our 2016 finding agreed that earmarking was not met. The Department submitted an appeal and has requested reconsideration. CDC has not made a decision on the appeal.

Cause:
The Department does not believe the CRI requirement included in the grant award is an earmark.

Effect:
Noncompliance with the earmarking requirements included in the PHEP program notice of award.

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Questioned Costs:
None

Whether Sampling Was Statistically Valid:
The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding:
Yes, 2016-030

Recommendation:
We recommend the Department work with the federal government and determine whether the requirement for the State to spend a specified amount for CRI, is an earmark. If the requirement is an earmark, we recommend the PHEP program institute controls to ensure the required CRI amount is spent.

Views of Responsible Officials:
We respectfully do not concur with the finding. CRI funds are distributed to the CRI jurisdictions within the State of New Hampshire in order to meet the objectives of the grant. Based on previous correspondence with CDC officials, the requirement is not simply to spend all the funds awarded. The requirement is to support Medical Countermeasure Dispensing and the Medical Material Management and Distribution (MCMDD) capabilities. Based on documentation of the Final FFR submitted for this grant period, the State of NH spent a total of 85% of our CRI funds awarded, while having had distributed out 86.1% of those CRI funds. Continued CRI funding is based on satisfactorily completing the required activities of the grant. The Department believes it has met the requirements put forth in the notice of grant award and we are unable to find any language in the Notice of Award that speaks to earmarking or CRI earmark.

Anticipated Completion Date:
Not Applicable

Contact Person:
Richelle Swanson, Finance Director

Rejoinder:

We encourage the Department to continue to work with the federal government and determine whether the requirement for the State to spend a specified amount for CRI, is an earmark.

Status as of Opinion Date

Unresolved. The Department respectfully does not concur with the finding. The Department had similar findings regarding this issue before. They have received notification regarding the previous findings from the CDC, concurring with the Department's position stating that findings #2014-011 and #2015-010 are closed.

Since the prior year findings represented similar conditions as 2018-016, the department believes the CDC will again issue a management decision letter similar to the ones for findings 2014-011 and 2015-010.

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U.S Department of Health and Human Services ***2018-018***
NH Department of Health and Human Services

CFDA #93.889 National Bioterrorism Hospital Emergency Preparedness

Grant Year and Award:
7/1/2017 – 6/30/2018 NU90TP921910-01-02

Finding: The Department should improve internal controls over and compliance with reporting of the SF-425 annual report and Period of Performance Requirements.

Criteria:
Annual Federal financial Report (FFR, SF-425): The Annual Federal Financial Report (FFR) SF-425 is required and must be submitted through eRA Commons no later than 90 days after the end of the calendar quarter in which the budget period ends. Financial reporting requirements are contained in 2 CFR section 200.327.

A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity (2 CFR section 200.309).

Condition:
Based on our review of the required FFR (SF 425) report for the HPP program, we noted the amounts on line: 10 (e) federal share of expenditures and (g) total federal share included $14,497 of costs incurred in fiscal 2019, outside of the period of performance. This noncompliance with the period of performance regulations was not identified during the review of the report.

Cause:
The controls over the review and authorization of required reports are not at a precise enough level to identify an error.

Effect:
Noncompliance with the Federal reporting and period of performance requirements.

Questioned Cost:
$14,497

Whether Sampling Was Statistically Valid:
The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding:
No

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Recommendation:
We recommend the Department ensure the review control when performed is precise enough to identify any reporting errors prior to the report being submitted to Federal government. We further recommend controls are established to ensure only expenditures within the period are included in the federal reports.

Views of Responsible Officials:
We concur with this finding. An invoice was included for costs that belong to fiscal 2019. Better care will be taken when reviewing obligations and research will be conducted if necessary to ensure that the obligations included are relevant to the period in question. A revised SF-425 report will be filed.

Anticipated Completion Date:
June 30, 2019

Contact Person:
Richelle Swanson, Department of Public Health Services, Finance Director

Status as of Opinion Date:
Partially Resolved. Effective July 1, 2018, the Reporting and Analysis unit now is responsible for the FFR SF-425 submittals. The revised FFR SF-425 for the HPP program was completed on November 25, 2019. The SF-425 procedure that was updated on August 6, 2019 by the Reporting and Analysis unit.

In addition, the SF-425 procedure now includes two internal controls to ensure the accuracy of all future reports. Once the Business Administrator has completed the report, it is then emailed or given to the Financial Manager for a final review to ensure the amounts reported are correct. If they agree, the Financial Manager will sign on the Authorized Certifying Official signature area (13b) of the report. As preparer of the report, the Business Administrator's contact information appears in the phone number (13c) & email (13d) sections of the report.

These controls will be monitored for efficacy prior to consideration of a full resolution.

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U.S. Department of Health and Human Services ***2018-019***
NH Department of Health and Human Services

CFDA #93.069 Public Health Emergency Preparedness
CFDA #93.889 National Bioterrorism Hospital Emergency Preparedness

Grant Year and Award:
7/1/2017 – 6/30/2018   NU90TP921910-01-02

Finding: Lack of Controls over Schedule of Expenditures of Federal Awards (SEFA) Reporting and Financial Reporting and Reconciliation

Criteria:
As described in 2 CFR section 200.510, auditees must prepare the Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditees financial statements, which must include the total Federal awards expended as determined in accordance with section 200.502, which states the determination of when a federal award is expended must be based on and include CFDA numbers provided in Federal awards/subawards and associated expenditures.

In accordance with 2 CFR section 200.303(a), Non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
During our testwork over the reconciliation of the cost allocation plan, which tracks total and federal program expenditures at the transactional level, to the Schedule of Expenditures of Federal Awards (SEFA), and the Internal Federal Ledgers, we noted the following:

1 The amounts reported in the SEFA are not on a cash basis as required, but in some instances, exclude expenditures paid in FY 2018 but relate to a prior period and include expenditures paid in FY 2019, but incurred prior to June 30, 2018.

2 Further, the SEFA is not reconciled to the cost allocation plan, but is reconciled to the federal ledgers, but not timely. The federal ledgers include adjustments to track costs by grant year.

3 The SEFA is prepared and reported by the same individual without review by someone other than the preparer and originally included a program reported under a separate cfda#.

Specifically for the HPP program, the SEFA for fiscal year 2018 was overstated by approximately $85,000. This is due to $200,195 costs charged to the HPP program in fiscal 2018 in error, but included in the SEFA, offset by $115,195 of expenditures paid in FY 2018, applied to a prior grant, but not included in the SEFA. In relation to the Department of Information Technology (DoIT) costs of $200,195 referred to above and originally charged to HPP, the Department of Health and Human services (Department) has a process to

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complete activity number forms to adjust job numbers for programmatic changes; however, in this instance the form wasn't completed resulting in an overdraw of costs to the federal government. These overdrawn cost were credited back to the federal government by the Department in fiscal 2019. However, the Department's procedures developed to ensure costs are charged to the correct federal program through accurate job number reporting was not followed.

For the reconciliation of PHEP program activity specifically, the PHEP column report from Cost Allocation when reconciled to the ledgers has an unexplained $48,316 variance. The SEFA excludes approximately $550,000 of expenses paid in fiscal year 2018, but reported against a fiscal year 2017 award. SEFA State reporting is on a cash basis, and the $550,000 of expenditures paid during fiscal 2018, should have been reported in the SEFA.

Cause:
The cause of the condition found is primarily due to the lack of controls over the SEFA reporting process and timely reconciliations between the sefa, cost allocation, and federal ledgers.

Effect:
The potential effect of the conditions found could result in improper reporting of the SEFA and incorrect charging of costs to programs.

Questioned Costs:
None

Whether Sampling Was Statistically Valid:
The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding:
No

Recommendation:
We recommend that the Department review its existing policies and procedures of timely reconciliation of the cost allocation plan, federal ledgers and schedule of expenditures over federal awards.

We recommend the Department strengthen its controls over the utilization and review over activity number forms and approvals over prior quarter adjustments to ensure correct charging of job numbers and costs occurs.

We further recommend someone besides the preparer of the SEFA complete a review prior to submission to the Department of Administrative Services.

Views of Responsible Officials:
The Department concurs in part. The Department will review its existing policies and procedures over the entire reconciliation process. The Department feels that the controls in place over activity number forms and the approval of prior quarter adjustments is adequate. While we believe the controls in place over the activity forms is sufficient, we will provide additional training to the financial managers to fully understand this process. In addition, we will be reviewing the current prior quarter adjustment process and looking to

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strengthen it. Starting with SFY 19, the Department will have someone other than the preparer of the SEFA review and sign off prior to submission.

Anticipated Completion Date:
July 1, 2019

Contact Person:
Mary Calise, Deputy Chief Financial Officer

Status as of Opinion Date:
Partially Resolved. The Department continues to revise and strengthen its procedures for SEFA reporting.

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U.S. Department of Agriculture ***2018-034***
NH Department of Administrative Services

CFDA# 10.553 School Breakfast Program (SBP)
CFDA# 10.555 National School Lunch Program (NSLP)
CFDA# 10.556 Special Milk Program for Children (SMP)
CFDA# 10.559 Summer Food Service Program for Children (SFSP)

Grant Year and Award:
10/01/2016-9/30/17 Various
10/01/2017-9/30/18 Various

Finding: Internal controls were not functioning and compliance over accountability for USDA-donated foods was not met.

Criteria:

a. *Maintenance of Records*

Distributing and sub-distributing agencies (as defined at 7 CFR section 250.3) must maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA-donated foods including end products processed from donated foods. Failure to maintain records required by 7 CFR section 250.16 shall be considered *prima facie* evidence of improper distribution or loss of donated foods, and the agency, processor, or entity may be required to pay USDA the value of the food or replace it in kind (7 CFR sections 250.16(a)(6) and 250.15(c)).

Additionally, 2 CFR 200.303 indicates that non-Federal entities receiving Federal awards must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award.

Condition:

The client's maintenance of records was tested to ensure inventory was traceable in the system from receipt of the donated food to the distribution of the food to recipient agencies. We also tested the staging and storage of the food to ensure it complied with USDA standards.

For the receiving reports, we noted the following:

- In 10 out of 14 instances sampled, the unloading record completed by warehouse personnel at the time USDA shipments are received, was incomplete as it was missing some or all of the following critical information: sales order, cases inspected, seal information, condition of product, product description, indication of storage, and record of date and time of unloading. In 2 cases, the unloading record contained mathematical errors.

- In 5 out of 14 instances sampled, there is no signature of the warehouse receiver in either the unloading record or bill of lading to indicate what was listed on the receiving report was received. For the distribution reports, we noted the following:
- The warehouse employees were unable to locate the notification of shipment sent to the recipient agencies. We were unable to inspect any of these notifications for our selections.

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

- The driver of the shipment to the recipient agencies did not sign the pick slip in 11 out of 40 cases sampled thereby there was no assurance the shipment was validated by the driver.

For storage of donated foods, we noted the following:

- In order to monitor the staging and storage of donated foods, the warehouse has 24/7 temperature monitoring technology which alerts general services whenever the temperature changes dramatically. The warehouse personnel also have a manual control process in which they log the temperature in each of the storage areas daily. We tested the temperature control logs and there was a lack of control over documenting the temperature in each of the areas in 9 out of 25 samples.

- In 2 out of these 25 samples, the control of documenting the temperature in each of the areas was performed; however, the temperature was higher than USDA required range and a determination could not be made whether there was follow-up to determine the temperature was adjusted to the appropriate range.

Cause:
Administrative services did not have appropriate monitoring over compliance and controls relating to accountability for USDA-donated foods.

Effect:
Noncompliance with the Accountability for USDA-Donated Foods federal regulations

Questioned Costs:
None

Whether Sampling Was Statistically Valid:
The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding:
Yes 2017-044

Recommendation:
The Department should continue to develop its policies and procedures for complying with the accountability for USDA-Donated Foods procedures included in the Uniform Guidance and ensure they are sufficient to meet federal requirements.

Views of Responsible Officials:
We concur. The Department's policies and procedures are currently being reviewed. Though many of the existing documents are comprehensive and adhere to USDA - Donated Foods requirements, in multiple instances they were not completed in entirety leading to a lack of records accountability. Accordingly, staff will be retrained, and procedures will be enhanced to reflect the need for fully completed documentation. Additionally, during the audit process Surplus Distribution discovered a simple and effective improvement to our Delivery Notification (Notification of Shipment) process; the notifications were being sent by from individual staff members email. Sending notification from the Surplus Distribution email will allow

SUMMARY STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FISCAL YEARS 2020, 2019, AND 2018

immediate access from multiple staff members and ensure records will be stored in one location, leading to increased control. Our delivery procedure is being edited to reflect the change.

Once the aforementioned improvements have been finalized, Surplus Distribution will review the Unloading Records, Delivery Notifications, recipient agency Pick Slip’s and Temperature Control Log to evaluate the effectiveness of the retraining, and enhanced procedures. Upon successful completion, Surplus Distribution will have increased accountability measures, internal controls and operational efficiency.

Anticipated Completion Date:
June 30, 2019

Contact Person:
Katie Daley
Federal Surplus Manager

Status as of Opinion Date:
Unresolved. A similar finding was identified in the 2021 single audit report. See finding and views of responsible officials at 2021-006.

State Agency Listing In Numerical Order

Appendix A-1

AGENCY NUMBER	AGENCY NAME
0202	Governor's Office for Emergency Relief and Recovery
0205	Governor's Commission on Disability
0240	Governor's Office of Energy and Planning
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
2100	Professional Licensure and Certification, Office of
2200	Business and Economic Affairs, Department of
2300	Safety, Department of
2400	Insurance Department
2700	Employment Security, Department of
3200	Secretary of State
3500	Resources and Economic Development, Department of
4300	Veterans Home
4400	Environmental Services, Department of
4600	Corrections, Department of
5600	Education, Department of
7500	Fish and Game, Department of
7600	Human Rights Commission
8100	Public Utilities Commission
9500	Health and Human Services, Department of (all divisions combined)
9600	Transportation, Department of
9700	Developmental Disabilities Council

STATE AGENCY LISTING IN ALPHABETICAL ORDER

APPENDIX A-2

AGENCY NUMBER	AGENCY NAME
1200	Adjutant General
1400	Administrative Services, Department of
1800	Agriculture, Markets and Food, Department of
2200	Business and Economic Affairs, Department of
4600	Corrections, Department of
9700	Developmental Disabilities Council
5600	Education, Department of
2700	Employment Security, Department of
4400	Environmental Services, Department of
7500	Fish and Game, Department of
0205	Governor's Commission on Disability
0202	Governor's Office for Emergency Relief and Recovery
0240	Governor's Office of Energy and Planning
9500	Health and Human Services, Department of (all divisions combined)
7600	Human Rights Commission
2400	Insurance Department
1000	Judicial Branch
2000	Justice, Department of
2100	Professional Licensure and Certification, Office of
8100	Public Utilities Commission
3500	Resources and Economic Development, Department of
2300	Safety, Department of
3200	Secretary of State
9600	Transportation, Department of
4300	Veterans Home

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-002	View of Responsible Officials The Department concurs. SEFA procedures will be reviewed and strengthened to ensure adequate controls are in place.	September 30, 2022	Mary Calise, Deputy Chief Financial Officer, Department of Health and Human Services
2021-003	View of Responsible Officials Finding A: We concur. We have submitted a Data Exchange Coordinator request to SSA that was signed by the Commissioner. Finding B: We concur. The case was reviewed and the caseworker made an error in not including the missing pay. It did not result in an error to the benefit payment. There was no over or under payment. The pays in the e-folder support the income amount of $1,846.01. We have informed the caseworker of this error in order to prevent this from re-occurring.	Complete	Debra Sorli, Administrator IV, Department of Health and Human Services
2021-004	View of Responsible Officials We concur. The Department will save and scan the inventory sheets that are accompanied with the daily EBT card delivery. The inventory sheets will be saved in a folder with the daily date as the title and saved in the correct monthly folder. Those monthly folders will then be kept in a yearly folder.	May 3, 2022	Frank Beck, EBT Administrator, Department of Health and Human Services
2021-005	View of Responsible Officials The NHDOE concurs with this finding. Due to staff turnover during FY21, these two ATAM reviews fell through the cracks and therefore were not completed. The NHDOE plans to develop a procedure to ensure no other reviews are missed in the future. Food and Nutrition staff will also incorporate a process within this procedure that ensures nothing is missed when/if staff turnover arises again.	June 1, 2022	Lindsey Labonville, Administrator III, Department of Education

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-006	View of Responsible Officials The New Hampshire Department of Administrative Services (NHDAS) concurs with this finding. NHDAS is working on updating the applicable policies and procedures to enhance our existing internal controls. Although all inventory variances are able to ultimately be found they are difficult to locate in a timely fashion. Moving forward, one spreadsheet will be maintained to include each adjustment and corresponding records information to provide a centralized location for easy access and review. Additional direction will be added to existing policies to prevent inaccuracies related to foods received, specifically for damaged cases upon receipt and distributions. During the audit, one cancelled case of strawberry slices did show up as cancelled on the Recon Report. After troubleshooting within the inventory system, it turned out to be a location code entry error. An additional step will be added to our reconciliation process to catch similar errors throughout the year.	April 1, 2022	Lindsey Labonville, Administrator III, Department of Education Kathleen Daley, Surplus Food Distribution Manager, Department of
2021-007	View of Responsible Officials The Division concurs with this finding. This was a staff error due to oversight at the time of month-end reconciliation. Moving forward, as we close out one grant year and begin a new one, staff will be trained to pay closer attention to the rare invoices that overlap months so that we can prorate the expenses appropriately.	November 2022	Shelley Swanson, DPHS Finance Director, Department of Health and Human Services

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-008	View of Responsible Officials The Department concurs. The Department has requested of the Department of Administrative Services that a sub-recipient contract class be created in the State's accounting system to be able to better monitor and report on pass through amounts to sub-recipients for the SFY 24-25 budget cycle. In the interim staff have been told to review their existing contracts to ensure that sub-recipient pass through expenditures for SFY 22 are reported correctly. SEFA procedures will be reviewed and strengthened to ensure adequate controls are in place.	Upon approval of DAS adding a separate sub-recipient contract class in the State's accounting system.	Mary Calise, Deputy Chief Financial Officer, Department of Health and Human Services
2021-009	View of Responsible Officials The first condition noted (A.) regarding a lack of a documented review of the accuracy the reports was due to the fact that emails informing staff that the reports were ready for submission were not sent during the review period. While the sending of these emails is a helpful notification, all reports are reviewed prior to submission to the DOL. The person responsible for uploading these reports to the Sun System is the same person responsible for the review of these reports. The temporary suspension of these emails, while not intentional, had no effect on the established report review process. Email notifications of these reports' readiness has resumed and will continue. The second condition (B.), In 2018, NHES completed a rewrite of its Federal timeliness reporting. This new functionality allowed for New Hampshire to not only view historical information but also allowed for current progress in meeting timeliness. These reports, both historical and current, allow for a drill down to the claimant level to help the Department identify impediments to meeting timeliness. This new reporting was written as a new and separate component from our old reporting with the old reports continuing to run in the background. With the addition of all of the new Federal programs, code contention was	This issue has been resolved	Michael Burke, Administrator IV, Department of Employment Security

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-010	View of Responsible Officials We are taking a two pronged approach to the resolution of this issue. First, we will be identifying all those claimants who have an overpayment with the source unidentified, currently shown in our system as “other” or “none recorded,” and will manually review for correct source codes. Secondly, we will be coding our system such that an eligibility issue cannot be resolved in an overpayment is created and a source of the overpayment is not identified. In other words, no decision will be rendered, and no determination will issue until the issue is correctly resolved.	December 31, 2022	Michael Burke, Administrator IV, Department of Employment Security
2021-011	View of Responsible Officials The State concurs in part with the findings and concurs with the recommendation. In regard to Section A of the findings, the State has taken action to include the R & D provision in all open subawards, and believes that the remaining deficiencies are not correct. In regard to Section B, due to the unique and emergency nature of the CRF funding the recipients of subawards were sometimes not traditional partners for recipient of federal funding. GOFERR concurs that the de-centralized nature of some CRF programs contributed to failure to document risk assessment in a small number of cases. Of the 7 identified, the State believes that the finding is incorrect as to 4. However, the State has taken action to address this in all open subawards going forward. In regard to Section C and D of the findings the State believes that the monitoring was consistent with the scope of the work and adequate. In regard to Section E of the findings, the State concurs, but notes that for CRF subawards, due to the original end date for performance, in almost all instances any UG report would not have been received until after the award had already been closed. However, the State has addressed this going forward by strengthening the requirement for submission of UG reports in the templates for	The corrective actions indicated above have already been implemented as of the date of this response.	Chase Hagaman, Deputy Director, Executive Office Steven Giovinelli, Financial Reporting Administrator III, Department of Administrative Services

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-012	View of Responsible Officials The State concurs in part with the findings and concurs with the recommendation. In regard to Section A of the findings, the State concurs and has taken action to include the R & D provision in all open subawards. In regard to Section B, the State concurs that it should take more proactive steps to document receipt and review of the biweekly reports in email correspondence, and now does so. However, the State disagrees with any inference that there has been any failure in monitoring, oversight, or review of the subrecipient or their reports. In response to the initially drafted finding, the State indicated that it has weekly, calendared discussions with its subrecipient to discuss provided reports, program updates, action steps, and even policy updates. Moreover, when these biweekly reports are received, they are cataloged on the State's "S: Drive," used to update its publicly posted program dashboard on the GOFERR website and are even shared with members of the Governor's Office for further review and discussion. The very nature of this program and U.S. Treasury's facilitation of it has required the State and its subrecipients to stay in close contact and make regular decisions on strategies and policies within the	The corrective actions indicated above have already been implemented.	Chase Hagaman, Deputy Director, Executive Office Steven Giovinelli, Financial Reporting Administrator III, Department of Administrative Services
2021-013	View of Responsible Officials The NHDOE concurs with this finding and is currently working on how to correct the issue. In fact, once the error was made and detected, it could have been fixed within the audit period if: The GSA was responsive to the DOE's documented repeated requests to delete the incorrect reports. Since the GSA did not remove the reports in a timely manner, the DOE could not enter the correct uploads". As of 2/1/22 all erroneous reports have been removed by GSA and NH DOE will refile the reports in the correct format	June 1, 2022	Lindsey Labonville, Administrator III, Department of Education

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-014	View of Responsible Officials The NHDOE concurs with this finding. A procedure will be put in place to ensure all documents are obtained and reviewed. This is the first time the Department actually had assessment monitoring happen and the NHDOE is working to improve the process. The NHDOE will seek out support to improve this process by Caveon as they are currently helping to refine the process.	June 1, 2022	Lindsey Labonville, Administrator III, Department of Education
2021-015	View of Responsible Officials The NHDOE concurs with this finding and is currently working on how to correct the issue. In fact, once the error was made and detected, it could have been fixed within the audit period if: The GSA was responsive to the DOE's documented repeated requests to delete the incorrect reports. Since the GSA did not remove the reports in a timely manner, the DOE could not enter the correct uploads". As of 2/1/22 all erroneous reports have been removed by GSA and NH DOE will refile the reports in the correct format	June 1, 2022	Lindsey Labonville, Administrator III, Department of Education
2021-016	View of Responsible Officials The NHDOE concurs with this finding. NHDOE will develop a proper process that comments to the review and approval process of annual GEER and ESSER reporting. This process will also mention where the files will be saved for later auditing use.	June 1, 2022	Lindsey Labonville, Administrator III, Department of Education
2021-017	View of Responsible Officials The NHDOE conquers with this finding. NHDOE subsequently has hired a new employee to oversee the risk assessment and program monitoring for all ESSER funds. FY22 ESSER program subrecipients will be monitored based on the risk assessment results. Additionally, because of COVID 19 staffing was seriously curtailed. As of January 1, 2022, a new program specialist IV was hired to develop and implement monitoring protocols such as equitable services during the monitoring process.	Completed.	Lindsey Labonville, Administrator III, Department of Education

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-018	View of Responsible Officials The department does not concur with the finding. Due to the June 2021 expiration of the maintenance contract for the prior vaccine management system, the program was not allowed to access the prior vaccine management system to demonstrate the procedures for reviewing and approving orders for the purposes of this audit. In an effort to maintain a record of order transactions from the prior system, NHIP staff extracted a report for all transactions performed within the prior system from January 1, 2020 to May 31, 2021. This report which notated staff approval of orders from July 1, 2020 to March 31, 2021 was provided to the auditors for the audit period 7/1/20-6/30/21 to serve as documented evidence for the sample requested to by the auditors. Note: approvals in the prior system were only allowable following review of order. Hence, the report did not notate "reviewed" as one could not proceed to approval without first performing a review. During the virtual audit meeting and because of the vaccine management system's removal, access rendered the Department's staff capability of performing test work inoperable. NHIP's policy of the vaccine ordering procedure was not determined to be a finding for the period of time (April 1, 2021 – June 30,	N/A, None Required	Anne Marie Mercuri- Program Section Chief, Lena Boulanger- Vaccine Accountability Coordinator, Department of Health and Human Services

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-019	View of Responsible Officials The Department will review existing internal controls to assess whether they are sufficient to provide management with reasonable assurance the Department complies with the 2 CFR section 180.300. It is important to note that between April 2020 and June 2021 the Department was involved in the State's strategic response to the COVID-19 pandemic. During this time, New Hampshire was under a state of emergency (Executive Order 2020-04), processes were rapidly converted to fully digital overnight, the State's standard approval processes were suspended, and to respond to the COVID-19 pandemic the Department worked with other State Departments and the National Guard to create a record number of amendments, contracts and other agreements (approximately 200% more than standard). The Department is in the process of instituting a new contract life cycle management solution that will utilize conditional logic to include the required attestation for agreements involving federal funds in order to ensure compliance. Phased implementation of the system will begin in the summer and 2022 and is anticipated to be completed by January 2023. Anticipated Completion Date: January 2023 Contact Person	January 2023	Melissa Kelleher, Administrator III, Department of Health and Human Services

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-020	View of Responsible Officials The Department concurs that some of the SFY 2021 FFATA reports were not completed in compliance with the Act as noted. During the pandemic, the existing FFATA guidelines were followed as to the timely reporting on the FSRS Federal Website. However, due to the COVID-19 pandemic and the subsequent related state of emergency (Executive Order 2020-04) processing of the normal “G&C Minutes” now included approved items placed in the “Informational Items” section of the “G&C Minutes” a review of which, is not included in the current FFATA documentation. Corrective Action The Department has modified its FFATA Guidelines to include a review of all sections of the “G&C Minutes” for Federal Awards equal to or greater than $30,000 to identify candidates for FFATA in a manner consistent with the Act.	Corrected - guidelines have modified and will be used	P.J. Nadeau, Administrator III, Department of Health and Human Services

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-021	View of Responsible Officials Finding A: The Department concurs as we used non-standard templates in collaboration with other State Departments to award funding to subrecipients, in an effort to quickly distribute funds due to the COVID-19 pandemic. These templates did not include subrecipients DUNS numbers, indirect cost rates, if any, nor reference to whether the award was R&D, and was a departure from our normal templates that incorporate this information. This departure from standard templates and process was in direct response to the dire situation created by the COVID-19 pandemic. The Department communicated the best information available to describe the Federal Award and subaward, in lieu of the Federal Award Date and the name of the Federal Awarding Agency, as allowed under 2 CFR 200.332 (a). The funding, at that time, was provided by the State of New Hampshire Governor's Office for Emergency Relief and Recovery (GOFERR), as indicated in the grant agreements and cover letters. Finding B: The Department concurs with the finding Finding C: The Department concurs. Due to the expediency of need in the community due to the COVID-19 pandemic, the Department did not evaluate the risk of non-compliance by these sub-recipients, a	January 2023	Melissa Kelleher, Grants Administrator, Department of Health and Human Services Ann Driscoll, Administrator of the Financial Compliance Unit, Department of Health and Human Services
2021-022	View of Responsible Officials The Department concurs. The Department has requested of the Department of Administrative Services that a sub-recipient contract class be created in the State's accounting system to be able to better monitor and report on pass through amounts to sub-recipients for the SFY 24-25 budget cycle. In the interim staff have been told to review their existing contracts to ensure that sub-recipient pass through expenditures for SFY 22 are reported correctly. SEFA procedures will be reviewed and strengthened to ensure adequate controls are in place.	Upon approval of DAS adding a separate sub-recipient contract class in the State's accounting system.	Mary Calise, Deputy Chief Financial Officer, Department of Health and Human Services

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-023	View of Responsible Officials We concur with finding A and B, we will continue to use our quality assistance pull to monitor the findings throughout the year, and work with Bureau of Family Assistance and Bureau of Child Support Services to be consistent with both departments on the best practices based on our findings to make sure we continue to ensure the participant's benefits are accurate.	Completed.	Karyl Provost, Administrator III, Department of Health and Human Services
2021-024	View of Responsible Officials We do not concur. The expenditures outlined are considered verifiable costs via the Memorandum of Understanding (MOU) and the Maintenance of Effort (MOE) forms completed by the third party agency. As part of the June 30, 2018 audit a similar finding is noted which we also did not concur with as part of that audit. The department has since been in contact and had meetings with the Federal Administration for Children and Families (ACF). In addition, a formal response was provided to ACF on January 28, 2022. We are currently awaiting the Federal Administration for Children and Families (ACF) decision concerning this finding and as such, we do not believe any corrective action is required. Rejoinder The Department stated in their response that it verifies the completeness and accuracy of the third-party in-kind match through the MOU entered into and the MOE forms that the providers submit. Per review of the signed certifications (or the MOE forms), we noted the certification contains a description of the general purpose of the program, an identification of the TANF purpose the program addresses, the number of families/individuals served, the expenses incurred under the program, excluding any federal and state	No corrective action is considered necessary	Mary Calise, Deputy Chief Financial Officer, Depart. of Health and Human Services

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-025	View of Responsible Officials We concur that these cases caused errors. Additional trainings have been and will continue to be developed based on identified trends and expressed needs from the Supervisors and/or Employment Counselors. Additional steps have been added to the audit/monitoring procedures in order to place more emphasis on the importance of accurate documentation. We have added a yes/no check box on the federal audit tool to indicate whether or not the audit revealed a federal finding. This was added as a way of bringing immediate focus to that issue in order to address the issue. In addition, The Quality Assurance Specialist's role in working closely with new hires for the first 12 months will assist with reducing errors by new Employment Counselors. We will be requiring Quality Assurance Specialists to: • Meet face to face with each new employee 30 days after the completion of training. This meeting will be to facilitate an introduction, answer questions, provide technical assistance training and provide support. The QA Specialist will provide the new employee with the 90 day technical assistance tool that will be utilized at the 90 day mark.	September 30, 2022	Karyl Provost, Administrator III, Department of Health and Human Services Brigitte Bowmar, Program Specialist IV, Department of Health and Human Services

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-026	View of Responsible Officials Condition A: We concur with finding A, for both cases. We will work with the Bureau of Family Assistance to be sure current policy/procedures are being followed for initial applications and redeterminations in regards to the Statements of Understanding being initialed, signed and in the client's e-folder. Condition B: We concur with finding. During the Covid-19 Pandemic, Redeterminations were being pushed out to a year however it appears this Redetermination was pushed out further than a year. Follow-up for Condition A and B: We will be informing all supervisors of the specific errors found during the audit. We will also require supervisors to include these topics at their next staff meeting. In addition, individual emails will be sent to the staff involved with the errors and provide guidance. Condition C: We concur with finding C. The participant was not non-compliant in the January 2021 period was that she was exposed to Covid in December 2020 and was advised to quarantine for 14 days. She took a leave of absence from school. When she finally submitted her school verifications, they were received after the end of the ACF month and so were not added. Follow-up for Condition C: We will continue to reinforce internal controls and	Completed.	Bethany Redman, TANF Program Specialist IV, Department of Health and Human Services Kim Runion, Bureau Chief Bureau of Employment Services (BES) , Department of Health and Human Services
2021-027	View of Responsible Officials The New Hampshire Department of Energy concurs with the finding as detailed under Condition Items A – E. The Agency will review, and make adjustments to, its existing internal controls, policies, and procedures to ensure that the Department complies with the provisions of 2 CFR sections 200.231(a), 200.331(b) and 200.251.	December 30, 2022.	Wendy Gilman, Grants Compliance, Specialist, New Hampshire Department of Energy

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-028	View of Responsible Officials The New Hampshire Office of Energy concurs with finding in that during the period ending June 30, 2021, the Department did not file the required FFATA reports. Corrective Action The Agency will review, and make adjustments to, its existing internal controls, policies, and procedures to ensure that the Department complies with the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170.	December 30, 2022.	Wendy Gilman, Grants Compliance Specialist, New Hampshire Department of Energy
2021-029	View of Responsible Officials The New Hampshire Department of Energy (NHDOE) concurs with the finding. As noted under Cause above, insufficient personnel was the condition responsible for this Finding. Due to the death of the LIHEAP Program Manager in early January 2020 and the ensuing Covid-19 hiring freeze restrictions imposed two months later, the current LIHEAP Program Manager had been solely responsible for all aspects of the program. NHDOE has hired an assistant to the LIHEAP Program Manager and procedures will be reviewed and updated to ensure that all federal reports will be filed in a timely manner.	Prior to the start of the 2023 Program Year on October 1, 2022.	Eileen Smiglowski, LIHEAP Program Manager, Department of Energy

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-030	View of Responsible Officials The New Hampshire Department of Energy (NHDOE) concurs with the finding. As noted under Cause above, insufficient resources and Covid-19 restrictions contributed to the Condition of this Finding. While thorough desk monitoring of all sub-contractors were performed during the program year in addition to program monitoring, the performance of fiscal monitoring was unable to be conducted due to Covid-19 restrictions. Since that time, NHDOE has hired an assistant to the LIHEAP Program Manager. NHDOE will revise its policies and procedures over data reported by sub-recipients and monitor the reports to ensure complete and accurate data is reported.	Prior to the start of the 2023 Program Year on October 1, 2022.	Eileen Smiglowski, LIHEAP Program Manager, Department of Energy
2021-031	View of Responsible Officials We concur, we are implementing an attestation form stating the Foster Care Rates have been reviewed and will either remain unchanged or will increase.	March 2022	Rebecca Lorden, Human Services Finance Director, Department of Health and Human Services Christy Roy, Administrator III Rate Setting Unit, Department of Health and Human Services

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-032	View of Responsible Officials We concur that 2 providers did not provide information on the day of the visit to indicate that staff completed all the health and safety trainings required. Per He-C 4002.06(p), department staff reviews the non-compliances found during the visit at the close of the visit or as soon as possible thereafter, and as such, this information would have been communicated to the provider. The department's process is to provide additional time for providers to supply us with the required documentation to demonstrate compliance before the statement of findings is issued. As the 2 programs were not cited for the non-compliance, most likely the documentation was provided and the information in the file was not updated by department staff to indicate that. We concur that we need to strengthen our internal processes to ensure our documentation is accurate. We do not concur that this is a material finding, given that in 3 other samples when the documentation demonstrated that health and safety trainings were not completed by staff, the programs were cited for the non-compliance and corrective action was required.	April 2022	Melissa Clement, Chief Child Care Licensing Unit, Department of Health and Human Services
2021-033	View of Responsible Officials We concur. We have submitted a Data Exchange Coordinator request to SSA that was signed by the Commissioner.	Approval of request sent to SSA	Ann Driscoll, Administrator III, Department of Health and Human Services

Audit Finding Reference Number	Planned Corrective Action	Anticipated Completion Date	Contact Person
2021-034	View of Responsible Officials We concur. Program Integrity/Provider enrollment is currently working on a strategy to identify revalidations not completed and a plan to disposition those providers while ensuring minimal disruption to member services and protecting limited provider networks for certain disciplines such as the mental health network. Program Integrity/Provider enrollment anticipates all past due provider revalidations to be dispositioned by end of December 2022. Program Integrity will be coordinating with Medicaid operations to update the original Provider attestation to be completed by December 2022.	December 2022	Karen Carleton, Administrator II, Department of Health and Human Services
2021-035	View of Responsible Officials We concur. In SFY 2021, the State and Conduent prepared a plan to adequately test NCCI edits. Testing will be completed in SFY 2022 and included in the 2022 SOC1 report.	August 2022	Ken Gagne, MMIS Technology Manager, Department of Health and Human Services
2021-036	View of Responsible Officials The Department concurs. SEFA procedures will be reviewed and strengthened to ensure adequate controls are in place.	September 30, 2022	Hannah Glines, Revenue Director, Department of Health and Human Services

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