

**STATE OF NEW HAMPSHIRE  
HIGHWAY SAFETY AGENCY**

**AUDIT REPORT  
FOR THE NINE MONTHS ENDED  
MARCH 31, 1999**

**STATE OF NEW HAMPSHIRE  
HIGHWAY SAFETY AGENCY**

**TABLE OF CONTENTS**

|   | <b><u>PAGE</u></b> |
|---|--------------------|
| <b>INTRODUCTORY SECTION</b>   |                    |
| Organization .....  | 1                  |
| Responsibilities .....  | 1                  |
| Funding .....   | 1                  |
| Prior Audit .....   | 2                  |
| Audit Objectives And Scope .....  | 2                  |
| <b>CONSTRUCTIVE SERVICE COMMENTS SECTION</b>  |                    |
| <b>Auditor's Report On Compliance And On Internal Control<br/>Over Financial Reporting</b> .....      | <b>4</b>           |
| <b><i>Internal Control Comments</i></b>   |                    |
| 1. Monitoring Of Grantee Procurement Should Be Improved .....   | 6                  |
| 2. Monitoring Of Grantee Adherence To Project Budgets Should Be Improved .....                        | 7                  |
| 3. Grantee Reporting Requirements Should Be Reviewed .....  | 8                  |
| <b><i>State Compliance Comments</i></b>   |                    |
| 4. Annual Employee Evaluations Should Be Prepared .....   | 10                 |
| <b>Auditor's Report On Management Issues</b> .....  | <b>11</b>          |
| <b><i>Management Issues Comments</i></b>  |                    |
| 5. Determination Of Employee Or Independent Contractor Status Should Be Made.....                     | 12                 |
| 6. Manual Federal Grant Ledger Should Be Automated.....   | 13                 |
| 7. Reporting Of Commuter Use Of State-Owned Motor Vehicles Should Be Improved.....                    | 14                 |
| 8. Cross Training In GTS Should Be Considered.....  | 15                 |
| <b>FINANCIAL SECTION</b>  |                    |
| <b>Independent Auditor's Report</b> .....   | <b>16</b>          |
| <b>Financial Statement</b>  |                    |
| Combined Statement Of Revenues And Expenditures - Budget And Actual<br>General And Special Funds..... | 18                 |
| Notes To The Financial Statement .....  | 20                 |
| <b>Required Supplementary Information</b>   |                    |
| Year 2000 Compliance .....  | 28                 |
| <b>Supporting Schedules</b>   |                    |
| Schedule Of Budgetary Components - General Fund.....  | 29                 |
| Schedule Of Budgetary Components - Special Fund .....   | 30                 |
| Schedule Of Expenditures Of Federal Awards (Cash Basis).....  | 31                 |
| <b>APPENDIX - Current Status Of Prior Audit Findings</b> .....  | <b>33</b>          |

**THIS PAGE INTENTIONALLY LEFT BLANK**

**STATE OF NEW HAMPSHIRE  
HIGHWAY SAFETY AGENCY**

**Organization**

RSA 238:7 establishes the State Highway Safety Agency (the Agency) which is responsible, under the executive direction of the Governor, for developing and implementing the State's highway safety program. The Governor, with the consent of the council, appoints a state coordinator of highway safety, an unclassified employee, to a five year term. The coordinator is the Governor's liaison with the National Highway Traffic Safety Administration and aids the Governor in the coordination of interdepartmental activities and those of the various political subdivisions.

The Agency is located at 117 Manchester Street, Concord, New Hampshire. On March 31, 1999, the Agency was staffed with seven employees, including the coordinator.

**Responsibilities**

Pursuant to RSA 238:1, it is the policy of the State and in the public interest to have a highway safety program designed to reduce traffic accidents and the deaths, injuries, and property damage resulting therefrom. Programs mentioned in the statute include improvement of driver and pedestrian performance, an accident record system, accident investigations, vehicle registration, operation and inspection, highway design and maintenance, traffic control, vehicle codes and laws, surveillance of traffic, and emergency services. The policy is carried out by the Agency through the work of its staff and the grants that the Agency issues to State agencies and local government organizations.

During the nine months ended March 31, 1999, the Agency issued approximately \$761,000 in Highway Safety Grants to promote highway safety programs in the State. More detail on these grants is presented graphically on page three.

**Funding**

The Highway Safety Agency is funded by appropriations in the General and Special Funds. The fiscal year 1999 appropriations combined with supplemental warrants, balances forward, and transfers resulted in spending authority of \$375,768 and \$1,387,210 in the General and Special Funds, respectively. Estimated restricted revenue combined with supplemental warrants and balances forward resulted in anticipated fiscal year 1999 restricted revenue of \$364,960 and \$1,387,210 in the General and Special Funds, respectively. The actual financial activity of the Agency, as reported in the General and Special Funds for the nine months ended March 31, 1999, is summarized in the following table.

## Funding (Continued)

| Summary Of Revenues And Expenditures<br>Nine Months Ended March 31, 1999 | General<br>Fund   | Special<br>Fund    | Total               |
|--|-------------------|--------------------|---------------------|
| Total Revenues   | <u>\$ 285,515</u> | <u>\$ 738,927</u>  | <u>\$ 1,024,442</u> |
| Total Expenditures   | <u>\$ 281,132</u> | <u>\$ 769,230</u>  | <u>\$ 1,050,362</u> |
| Excess (Deficiency) Of Revenues<br>Over (Under) Expenditures             | <u>\$ 4,383</u>   | <u>\$ (30,303)</u> | <u>\$ (25,920)</u>  |

The graph on page three illustrates the recipients of Highway Safety grants and contracts issued by the Agency during the nine months ended March 31, 1999. All of the grants and contracts illustrated in the graph were accounted for in the Special Fund.

### Prior Audit

The most recent prior financial and compliance audit of the Highway Safety Agency was for the eighteen months ended December 31, 1985. The appendix to this report on page 33, contains a summary of the current status of the observations contained in the 1985 report. Copies of the prior audit report can be obtained from the Office of Legislative Budget Assistant, Audit Division, 107 North Main Street, State House Room 102, Concord, NH 03301-4906.

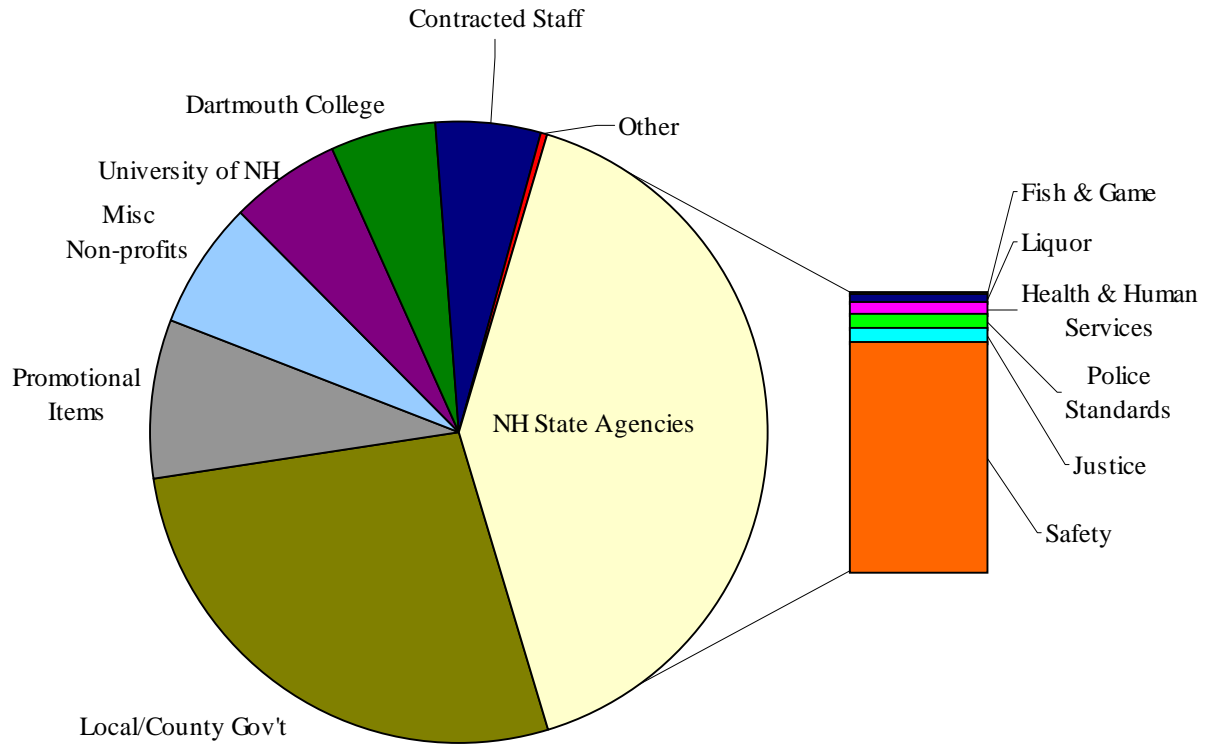
### Audit Objectives And Scope









The primary objective of our audit is to express an opinion on the fairness of the presentation of the financial statement. As part of obtaining reasonable assurance about whether the financial statement is free from material misstatement, we considered the effectiveness of the internal controls in place at the Highway Safety Agency and tested its compliance with certain provisions of applicable laws, regulations, contracts, and grants. Major accounts or areas subject to our examination included, but were not limited to, the following:

- Internal controls,
- Revenues and appropriations,
- Expenditures and encumbrances, and
- Equipment.

Our reports on compliance and on internal control over financial reporting, and on management issues, the related observations and recommendations, our independent auditor's report, and the financial statement of the Highway Safety Agency are contained in the report that follows.

**Highway Safety Agency  
Grants And Contracts By Vendor/Type  
Nine Months Ended March 31, 1999**



|   | <b>Vendor/Type</b> | <b>Amount</b>    | <b>% of Total</b> |
|---|--------------------|------------------|-------------------|
|  | State Agencies     | \$307,857        | 40%               |
|  | Local/County Gov't | 206,699          | 27%               |
|  | Promotional Items  | 63,383           | 8%                |
|  | Misc Non-profits   | 50,332           | 7%                |
|  | University of NH   | 44,663           | 6%                |
|  | Dartmouth College  | 42,877           | 6%                |
|  | Contracted Staff   | 41,984           | 6%                |
|  | Other              | 3,514            | 0%                |
|   | <b>Total</b>       | <b>\$761,309</b> | <b>100%</b>       |

## **Auditor's Report On Compliance And On Internal Control Over Financial Reporting**

*To The Fiscal Committee Of The General Court:*

We have audited the accompanying financial statement of the Highway Safety Agency for the nine months ended March 31, 1999, and have issued our report thereon dated July 29, 1999, which was qualified with respect to the lack of presentation of the financial position of the Highway Safety Agency in the General and Special Funds. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Highway Safety Agency's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which is described in observation No. 4 of this report.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Highway Safety Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Highway Safety Agency's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in observations No. 1 through No. 3 of this report.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This auditor's report on compliance and on internal control over financial reporting is intended solely for the information and use of the management of the Highway Safety Agency and the Fiscal Committee of the General Court and is not intended to be and should not be used by anyone other than these specified parties.

*Office of Legislative Budget Assistant*

Office Of Legislative Budget Assistant

July 29, 1999



**Internal Control Comments**  
**Reportable Conditions**

**Observation No. 1 - Monitoring Of Grantee Procurement Should Be Improved**

*Observation:*

The Highway Safety Agency does not ensure that grantees obtain equipment purchased with grant funds in the most economically efficient manner.

An addendum to the Highway Safety Project Grant Contractual Agreement – Procurement and Equipment Cost – states “Any item or equipment which is available through state procedure must be ordered through the State Division of Plant and Property Management or reimbursement will be limited to the amount such item would have cost through State purchase.”

In addition, the Common Rule – Procurement section 18.36 (5) states “to foster greater economy and efficiency, grantees and sub-grantees are encouraged to enter into State and local inter-governmental agreements for procurement or use of common goods and services.” The State’s Division of Plant and Property Management allows local government agencies to take advantage of its purchasing services.

The Highway Safety Agency does not monitor its grantees for compliance with the above-noted contract requirement, therefore the Agency can not ensure that it is limiting its share of the cost of equipment. For example, during a test of 25 grant expenditures, we noted payments to three community police departments for the Agency’s share of in-cruiser video systems. Each department purchased the same system from the same vendor during a three-month period. The cost of these systems varied from a low of \$5,090 to a high of \$5,273. The variance in prices appears to be due to one department being allowed a discount and another department being overcharged by the vendor. During the nine month period covered by the audit, the Highway Safety Agency granted 17 State and local police departments a total of approximately \$93,000 for the purchase of in-cruiser video systems.

*Recommendation:*

As many of the grants to local departments involve the purchase of similar types of radar, video, and other highway safety related equipment, the Highway Safety Agency should work with the Division of Plant and Property Management, vendors, and local departments to ensure that the departments and the Highway Safety Agency are able to take advantage of product quality assurance, volume discounts, and other advantages that efficient purchasing practices allow. For those grantees that choose not to take advantage of the State’s purchasing programs, in accordance with its contract addendum, the Agency should limit its reimbursement to the amount the equipment items would have cost had the State purchasing program been used.

**Observation No. 1 - Monitoring Of Grantee Procurement Should Be Improved  
(Continued)**

*Auditee Response:*

We partially concur. A check with the Division of Plant and Property Management by the Agency's program manager revealed that there is no State contract bid price on either in-cruiser video or radar equipment. Plant and Property Management takes the necessary steps to secure a bid price only when a State agency is in the process of making a purchase.

In order to effectively and fairly manage assistance provided for the purchase of equipment, the Agency has established funding ceilings.

**Observation No. 2 - Monitoring Of Grantee Adherence To Project Budgets  
Should Be Improved**

*Observation:*

The Highway Safety Agency does not consistently monitor grantee adherence to project budgets.

Grants issued by the Highway Safety Agency provide funding for a variety of different programs. Organizations seeking Agency funding are required to submit a project budget as part of the application process. A procedures letter is sent to successful applicants notifying the grantees that supporting documentation (copy of paid invoice indicating check number and date of payment or invoice with copies of cancelled checks) must be submitted to the Highway Safety Agency for reimbursement of project costs. The procedures letter also notes that reimbursements will be made up to the limits shown in the approved project contract (which incorporates budget amounts). These procedures are part of the Agency's monitoring system to ensure project performance by the grantee.

For two of 25 grant expenditures tested, the grantees had been reimbursed for expenditures that were different from the projects' budgets. In neither instance was a project adjustment notice, explaining the variance from the original project budget, on file at the Agency. Also, in neither instance, was sufficient supporting documentation on file at the Agency to support the amounts reimbursed to the grantees (additional supporting documentation was obtained by the Agency when requested by the auditors.)

*Recommendation:*

The Highway Safety Agency should adhere to its control policies of limiting reimbursements to project budget amounts that are supported by documentation.

Grantees that request reimbursement for unbudgeted expenditures should be required to justify the variance from the contract budget. All requests for reimbursement should be adequately documented by the grantees prior to payment by the Highway Safety Agency.

**Observation No. 2 - Monitoring Of Grantee Adherence To Project Budgets  
Should Be Improved (Continued)**

*Auditee Response:*

We concur. Grantees that request reimbursement for unbudgeted expenditures will be required to justify any variance from the contract budget and all requests for reimbursement will be adequately documented by the grantees prior to payment by the Highway Safety Agency. The title of Form HS-12 has been changed from "Procedures for Reimbursement of Federal Highway Safety Funds for Municipal Projects" to "Procedure for Reimbursement of Federal Highway Safety Funds". This will be included as a part of all projects.

**Observation No. 3 - Grantee Reporting Requirements Should Be Reviewed**

*Observation:*

The Highway Safety Agency does not monitor grantee compliance with Agency procedures, which require monthly/quarterly project reporting by grantees.

The Grant Application Procedures And Paperwork Requirements memo supplied by the Highway Safety Agency to grantees requires monthly/quarterly and final project reporting by grantees.

The Highway Safety Agency does not enforce these reporting requirements. As a result, the Highway Safety Agency's grantee monitoring system may not be operating as intended and Agency management may not be notified of project results, both positive and negative.

*Recommendation:*

The Highway Safety Agency should review its grantee reporting requirements. If the reporting requirements are an integral part of its program monitoring process, the Agency should enforce grantee compliance. If the current reporting requirements are determined not to be an integral part of its grantee monitoring process, the Agency may want to remove or revise the reporting requirements as appropriate.

**Observation No. 3 - Grantee Reporting Requirements Should Be Reviewed  
(Continued)**

*Auditee Response:*

We concur. The Agency has reviewed the requirements imposed on grantees to complete monthly/quarterly and final reports and determined that these reporting requirements are not an integral part of grantee monitoring. At the time of audit paragraph 9 of the "Procedure for Grant Application for Federal Highway Safety Funds for Municipal Projects" (Form HS-1) stated: "Quarterly reports (HS-7 or 7-a) or final report (HS-8) forms will be provided to the project director for use in reporting project activity which will be used by the Highway Safety Agency in evaluating the state's highway safety program and providing information to the National Highway Traffic Safety Administration." This paragraph has been reworded to state: "Quarterly reports (HS-7 or 7-a) or final report (HS-8) forms will be provided to the project director for use in reporting project activity."

## State Compliance Comments

### **Observation No. 4 – Annual Employee Evaluations Should Be Prepared**

*Observation:*

The Highway Safety Agency does not prepare annual performance evaluations for full-time employees as required by RSA 21-I:42, XIII, N. H. Admin. Rules, Per 801.06, and as suggested by appropriate internal control practices.

RSA 21-I:42, XIII, requires the Department of Administrative Services, Division of Personnel to develop and implement a performance evaluation system for all classified employees which includes, among other points, annual written evaluations. N. H. Admin. Rules, Per 801.06 states that “[e]ach appointing authority shall be responsible for conducting at least one evaluation per year for each full-time classified employee pursuant to RSA 21-I:42, XIII.”

The control environment of an organization has a pervasive influence on the way business activities are structured, objectives established, and risks assessed. The control environment influences the control consciousness of its people. Effectively controlled entities strive to develop and retain competent people, as well as establish appropriate policies and procedures to foster shared values and teamwork in pursuit of the organization’s objectives. One of the primary control procedures suggested for use in striving to retain competent employees and to ensure that employees are aware of and meet the organization’s control objective is the preparation of periodic formal job performance evaluations. Employee evaluations provide feedback necessary to ensure that both the employer’s and employee’s needs are recognized and appropriately considered.

*Recommendation:*

The Highway Safety Agency should conduct regular written job performance evaluations for all full-time classified employees. The results of these evaluations should be used to assist the Agency in its human resources activities and also assist employees to better meet the needs of the Agency.

*Auditee Response:*

We partially concur. The NH Highway Safety Agency is a very small agency operating with a staff of only 7 full-time employees. Therefore, it is relatively easy to monitor the daily activities and work performance of these employees. Situations requiring action are dealt with on a one-to-one basis in a timely fashion, while employees are complimented for jobs well done - especially when performed above and beyond the call of duty.

Please be advised that during the period of October 6<sup>th</sup> through 11<sup>th</sup>, 1999, the annual evaluations for 1999 were conducted. Annual written performance evaluations for full time employees will be conducted in accordance with RSA 21:I:42, XIII.

## **Auditor's Report On Management Issues**

*To The Fiscal Committee Of The General Court:*

We have audited the accompanying financial statement of the Highway Safety Agency for the nine months ended March 31, 1999 and have issued our qualified report thereon dated July 29, 1999, which was qualified with respect to the lack of presentation of the financial position of the Highway Safety Agency in the General and Special Funds. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In planning and performing our audit of the financial statement of the Highway Safety Agency for the nine months ended March 31, 1999, we noted certain issues related to the operation of the Highway Safety Agency that merit management consideration but do not meet the definition of a reportable condition as defined by the American Institute of Certified Public Accountants, and were not issues of noncompliance with laws, rules or regulations.

Those issues that we believe are worthy of management consideration but do not meet the criteria of reportable internal control or compliance conditions are included in observations No. 5 through No. 8 of this report.

This auditor's report on management issues is intended solely for the information of the management of the Highway Safety Agency and the Fiscal Committee of the General Court and is not intended to be and should not be used by anyone other than these specified parties.

*Office of Legislative Budget Assistant*

Office Of Legislative Budget Assistant

July 29, 1999

## Management Issues Comments

### **Observation No. 5 - Determination Of Employee Or Independent Contractor Status Should Be Made**

#### *Observation:*

The Highway Safety Agency has contracts with two workers who perform highway safety program services for the Agency. The Agency regards these workers as independent contractors and not as employees. The determination of whether the relationship of these workers is properly classified as contract workers is not clear, as these workers appear to be closely controlled by the Highway Safety Agency. These workers may more properly be classified as employees of the Agency.

Making the determination of whether a worker is an employee or an independent contractor is sometimes difficult. To assist employers in this determination, the Internal Revenue Service (IRS) has developed a list of 20 questions to attempt to measure the degree of employer control over a worker. Yes answers to the questions tend to indicate employee status and no answers tend to indicate independent contractor status. Applying the questionnaire to the work characteristics of these two contracted workers indicates that it is likely that an employer – employee relationship exists between the Agency and these workers.

The effect of not properly classifying workers can be significant to both the employer and the worker. Contract workers are not paid benefits and are responsible for all payroll taxes. Employers that are found to misclassify workers may be subject to IRS sanctions.

#### *Recommendation:*

The Highway Safety Agency should work with the Department of Administrative Services to determine the proper employment status of these workers.

#### *Auditee Response:*

We concur. The audit questions whether two individuals working under contract with the Agency are "properly classified as contract workers", and the recommendation is that the Agency should work with Administrative Services to determine their proper employment status.

On May 5, 1999, the State Comptroller issued a memo on the subject of "Independent Contractor vs Employee". This memo states: "The general rule is that an individual is an independent contractor if the state has the right to control or direct only the result of the work and not the means and methods of accomplishing the result. An employee is told what will be done and how it will done."

**Observation No. 5 - Determination Of Employee Or Independent Contractor Status Should Be Made (Continued)**

*Auditee Response (Continued):*

In reviewing this memo and the IRS checklist ("Factors Indicating Employer/Employee Relationship") as it relates to the two contractors, we feel they are appropriately classified as "contractors".

**Observation No. 6 - Manual Federal Grant Ledger Should Be Automated**

*Observation:*

The Highway Safety Agency currently maintains a manual grant ledger to track financial information related to its federal program. The ledger tracks receipts and budgeted and actual disbursements by project, grantee, project year, etc.

Maintaining a manual ledger is a labor-intensive effort, the results of which are not easily summarized, manipulated for management information purposes, or shared with other information systems. A manual ledger is also prone to clerical-type errors. Many organizations have automated their manual ledgers to obtain the benefits available from computerized information systems.

While we noted no errors or similar problems in the manual ledger maintained by the Highway Safety Agency, we did note that it appears to require a significant amount of effort to maintain. Also, some of the information posted to the ledger appears redundant to information posted to other information systems, indicating the Agency could gain efficiencies in information processing through the use of a well-designed information system.

*Recommendation:*

The Highway Safety Agency should consider further automating its information systems to eliminate the need for its manual ledger. The Agency should review the information provided by the manual ledger and its other information systems to determine the most efficient and effective method to manage its information needs. The Agency should consider whether efficiencies could be gained through the use of an integrated system that could both replace the current manual ledger and also make other Agency information systems more efficient.

*Auditee Response:*

We concur. The Agency has discussed this issue and will continue to take a look at automating its accounting system.



## **Observation No. 7 - Reporting Of Commuter Use Of State-Owned Motor Vehicles Should Be Improved**

### *Observation:*

The Highway Safety Agency includes days that qualify as non-personal use of State vehicles in its calculation of commuting days to determine the amount of income to include in an employee's salary for tax reporting purposes.

An employee who has use of a State-assigned vehicle and uses the vehicle to commute to the office has personal use of a State vehicle, and according to federal tax law, the value of that use (\$3 per day) must be included in the employee's reportable income. If the employee has an office provided to him by the State, and occasionally commutes from his residency to a temporary work location outside of the city or town where his office is located, the employee has qualified non-personal use of the vehicle on those days that he commutes to a temporary work location and does not report to the office at any point during the day. Such non-personal use is not reportable in determining the employee's income for tax reporting purposes.

The Highway Safety Agency does not make a distinction between personal and non-personal use of an assigned State vehicle for income reporting purposes. The Agency includes all days that an employee uses a State vehicle as personal-use days, regardless of whether the employee reports to the office or not. By not making this distinction, the Agency is over reporting the income of its employees and causing the employees to bear an unnecessary tax liability.

### *Recommendation:*

The Highway Safety Agency should only report as personal use days those days where employees use the State-assigned vehicles to commute to the office. In order for the Agency to accurately report this, the Agency may need to require employees with assigned vehicles to maintain additional vehicle use records.

### *Auditee Response:*

We concur. The Agency has discussed this issue with the Bureau of Accounting (BOA). Pending the future release by BOA of revised guidelines regarding the use of state vehicles for commuting purposes, our Agency has taken corrective action on this matter. Employees assigned the use of state vehicles to commute to and from the office are now required to report state vehicle usage on their weekly activity reports.

## **Observation No. 8 - Cross Training In GTS Should Be Considered**

### *Observation:*

There is only one employee at the Highway Safety Agency trained in the operation of the Grant Tracking System (GTS).

The GTS is a software package developed by the federal grantor that is installed in a desktop computer at the Agency. The GTS is used by the Agency to post grant-related transactions and to communicate grant-related information electronically, including reimbursement requests, with the federal grantor.

The lack of multiple employees trained in the use of the GTS may cause a disruption of Agency operations in the event the current operator left Agency employment.

### *Recommendation:*

The Highway Safety Agency should ensure that employees are cross trained in the operation of mission critical systems such as the GTS. Cross training will help ensure Agency operations are not overly disrupted in the event of employee turnover.

### *Auditee Response:*

We concur. This has been a goal of the Agency for sometime. Efforts will be made to set aside time to train the administrative supervisor and/or secretary.

## **Independent Auditor's Report**

*To The Fiscal Committee Of The General Court:*

We have audited the accompanying financial statement of the Highway Safety Agency for the nine months ended March 31, 1999. The financial statement is the responsibility of the Highway Safety Agency's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully discussed in Note 1, the financial statement referred to above is not intended to present the financial position of the Highway Safety Agency in the General and Special Funds.

In our opinion, except for the matter discussed in the previous paragraph, the financial statement referred to above presents fairly, in all material respects, certain financial activity of the Highway Safety Agency for the nine months ended March 31, 1999, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statement referred to in the first paragraph. The accompanying required supplementary information and supporting schedules as listed in the table of contents are presented for the purpose of additional analysis and are not required parts of the financial statement of the Highway Safety Agency. Such information has been subjected to the auditing procedures applied in our audit of the financial statement referred to in the first paragraph and, in our opinion, is fairly presented in all material respects in relation to the financial statement taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 29, 1999 on our consideration of the Highway Safety Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

*Office of Legislative Budget Assistant*  
Office Of Legislative Budget Assistant

July 29, 1999

**STATE OF NEW HAMPSHIRE  
HIGHWAY SAFETY AGENCY**

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL - GENERAL AND SPECIAL FUNDS  
FOR THE NINE MONTHS ENDED MARCH 31, 1999**

|  | <b>General Fund</b>       |                          |   |
|--|---------------------------|--------------------------|---|
|  | <b><u>Budget</u></b>      | <b><u>Actual</u></b>     | <b>Favorable/<br/>(Unfavorable)<br/><u>Variance</u></b> |
| <b><u>Revenues</u></b>   |                           |                          |   |
| <b><u>Restricted Revenues</u></b>                                    |                           |                          |   |
| National Highway Traffic Safety<br>Administration Program Funds      | \$ 79,494                 | \$ 65,219                | \$ (14,275)   |
| Transfers From New Hampshire<br>Department Of Transportation         | <u>285,466</u>            | <u>220,296</u>           | <u>(65,170)</u>   |
| <b>Total Restricted Revenues</b>                                     | <b><u>\$ 364,960</u></b>  | <b><u>\$ 285,515</u></b> | <b><u>\$ (79,445)</u></b>                               |
| <b><u>Expenditures</u></b>   |                           |                          |   |
| Highway Safety Grants  | \$ -0-                    | \$ -0-                   | \$ -0-  |
| Salaries And Benefits  | 328,072                   | 240,932                  | 87,140  |
| Current Expenses   | 34,122                    | 27,446                   | 6,676   |
| Equipment  | -0-                       | -0-                      | -0-   |
| Travel   | 4,500                     | 3,741                    | 759   |
| Indirect Costs   | 9,008                     | 9,008                    | -0-   |
| Other  | <u>66</u>                 | <u>5</u>                 | <u>61</u>   |
| <b>Total Expenditures</b>  | <b><u>\$ 375,768</u></b>  | <b><u>\$ 281,132</u></b> | <b><u>\$ 94,636</u></b>                                 |
| <b>Excess (Deficiency) Of Revenues<br/>Over (Under) Expenditures</b> | <b><u>\$ (10,808)</u></b> | <b><u>\$ 4,383</u></b>   | <b><u>\$ 15,191</u></b>                                 |

The accompanying notes are an integral part of this financial statement.

| <u>Special Fund</u>        |                           |  | <u>Totals (Memo Only)</u>  |                            |  |
|----------------------------|---------------------------|--|----------------------------|----------------------------|--|
| <u>Budget</u>              | <u>Actual</u>             | <u>Favorable/<br/>(Unfavorable)<br/>Variance</u> | <u>Budget</u>              | <u>Actual</u>              | <u>Favorable/<br/>(Unfavorable)<br/>Variance</u> |
| \$ 1,387,210               | \$ 738,927                | \$ (648,283)                                     | \$ 1,466,704               | \$ 804,146                 | \$ (662,558)                                     |
| <u>-0-</u>                 | <u>-0-</u>                | <u>-0-</u>                                       | <u>285,466</u>             | <u>220,296</u>             | <u>(65,170)</u>                                  |
| <b><u>\$ 1,387,210</u></b> | <b><u>\$ 738,927</u></b>  | <b><u>\$ (648,283)</u></b>                       | <b><u>\$ 1,752,170</u></b> | <b><u>\$ 1,024,442</u></b> | <b><u>\$ (727,728)</u></b>                       |
| \$ 1,345,864               | \$ 761,309                | \$ 584,555                                       | \$ 1,345,864               | \$ 761,309                 | \$ 584,555                                       |
| -0-                        | -0-                       | -0-  | 328,072                    | 240,932                    | 87,140   |
| 1,000                      | 182                       | 818  | 35,122                     | 27,628                     | 7,494  |
| 23,000                     | -0-                       | 23,000   | 23,000                     | -0-                        | 23,000   |
| 16,000                     | 6,879                     | 9,121  | 20,500                     | 10,620                     | 9,880  |
| -0-                        | -0-                       | -0-  | 9,008                      | 9,008                      | -0-  |
| <u>1,346</u>               | <u>860</u>                | <u>486</u>                                       | <u>1,412</u>               | <u>865</u>                 | <u>547</u>                                       |
| <b><u>\$ 1,387,210</u></b> | <b><u>\$ 769,230</u></b>  | <b><u>\$ 617,980</u></b>                         | <b><u>\$ 1,762,978</u></b> | <b><u>\$ 1,050,362</u></b> | <b><u>\$ 712,616</u></b>                         |
| <b><u>\$ -0-</u></b>       | <b><u>\$ (30,303)</u></b> | <b><u>\$ (30,303)</u></b>                        | <b><u>\$ (10,808)</u></b>  | <b><u>\$ (25,920)</u></b>  | <b><u>\$ (15,112)</u></b>                        |

**STATE OF NEW HAMPSHIRE  
HIGHWAY SAFETY AGENCY**

**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE NINE MONTHS ENDED MARCH 31, 1999**

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statement of the Highway Safety Agency has been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Financial Reporting Entity**

The Highway Safety Agency is an organization of the primary government of the State of New Hampshire. The accompanying financial statement reports certain financial activity of the Highway Safety Agency. The financial activity of the Highway Safety Agency is accounted for in the General and Special Funds in the State of New Hampshire's Comprehensive Annual Financial Report (CAFR). Assets, liabilities, and fund balances are reported by fund for the State as a whole in the CAFR. The Highway Safety Agency, as an organization of the primary government, accounts for only a small portion of the General and Special Funds and those assets, liabilities, and fund balances as reported in the CAFR that are attributable to the Highway Safety Agency cannot be determined. Accordingly, the accompanying financial statement is not intended to show the financial position of the Highway Safety Agency in the General and Special Funds and the changes in these fund balances are not reported on the accompanying financial statement.

**B. Basis Of Presentation - Fund Accounting**

The State of New Hampshire and the Highway Safety Agency use funds and account groups to report on their financial position and the results of their operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

## **NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **B. Basis Of Presentation - Fund Accounting (Continued)**

#### *Governmental Fund Types*

##### General Fund

The General Fund accounts for all financial transactions not specifically accounted for in any other fund. By law, and with certain exceptions, all revenues of governmental funds are paid daily into the State Treasury. All such revenues, other than certain designated revenues, are credited to the General Fund. Annual expenditures that are not allocated by law to other funds are charged to the General Fund.

##### Special Revenue Fund

The Special Fund, one of the State's Special Revenue Funds, is used to account for specific revenue sources that are legally restricted to expenditures for specific purposes. The Agency's federally funded highway safety grant programs are accounted for in the Special Fund.

#### *Account Groups*

##### General Fixed Assets

General fixed assets acquired for use by the Highway Safety Agency for the performance of its operations are reflected in the General Fixed Assets Account Group at the time of acquisition. As of March 31, 1999, the Highway Safety Agency had recorded in the General Fixed Assets Account Group the cost of general fixed assets based on available historical cost records. Donated fixed assets are recorded at fair market value at the time donated.

### **C. Measurement Focus And Basis Of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using the flow of current financial resources measurement focus and reported on a modified accrual basis of accounting. Accordingly, the State of New Hampshire accounts for its financial transactions relating to the General and Special Funds on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations of the fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the period in which obligations are incurred as a result of the receipt of goods or services.



## **NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D. Budgetary Data**

#### *General Budget Policies*

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 annual budgets for each year of the biennium, consists of three parts: Part I is the Governor's program for meeting all expenditure needs as well as estimating revenues to be received. 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 and proprietary fund types with the exception of the Capital Projects Fund. The Capital Projects Fund budget represents appropriations for individual projects, which extend over several fiscal years. Fiduciary-type funds are not budgeted.

The New Hampshire biennial budget is composed of the initial operating budget, supplemented by additional appropriations. These additional appropriations and estimated revenues from various sources are authorized by Governor and Council action, annual session laws, and existing statutes which require appropriations under certain circumstances. As shown on the Schedule of Budgetary Components - General Fund on page 29, and Special Fund on page 30, the final budgeted amount includes the initial operating budget plus supplemental appropriation warrants, balances brought forward, and transfers.

Budgetary control is at the department level. All departments are authorized to transfer appropriations within their departments with the prior approval of the Joint Legislative Fiscal Committee and the Governor and Council. Additional fiscal control procedures are maintained by both the Executive and Legislative Branches of government. The Executive Branch, represented by the Commissioner of the Department of Administrative Services, is directed to continually monitor the State's financial system. The Legislative Branch, represented by the Joint Legislative 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 lapse to undesignated fund balance and be available for future appropriations unless they have been encumbered or are legally defined as non-lapsing accounts. Capital Projects Fund appropriations are scheduled to lapse two years from the date appropriated unless extended or designated as non-lapsing by law.

## **NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D. Budgetary Data (Continued)**

#### *General Budget Policies (Continued)*

A Combined Statement Of Revenues And Expenditures - Budget And Actual - General And Special Funds is presented as the Agency's financial statement. The Agency has no activity recorded in the Capital Projects, Proprietary, or Fiduciary Funds.

#### *Variances - Favorable/(Unfavorable)*

The variance column on the Combined Statement Of Revenues And Expenditures - Budget And Actual - General And Special Funds highlights differences between budget and actual revenue and expenditures. For revenue, these variances are caused by actual revenue exceeding budget generating a favorable variance or actual being less than budget generating an unfavorable variance. For expenditures, a favorable variance results from actual expenditures being less than the amount budgeted for the fiscal year. The favorable expenditure variances represent a combination of ending available balances and unliquidated encumbrances. Unfavorable expenditure variances represent actual expenditures for the reporting period exceeding the amounts budgeted for the fiscal year.

When a statement is presented at an interim date, a date other than a June 30 fiscal year end, the variance reflects the difference between the budget period amount, twelve months in the case of the General and Special Funds, and a partial year's actual revenue and expenditures. Thus, on the nine month financial statement dated March 31, 1999, unfavorable variances in General and Special Fund revenues are expected because nine months of actual revenues are compared to the amount of revenue expected to be collected in the twelve month period. Similarly, favorable expenditure variances are expected as nine months of expenditures are compared to amounts expected to be expended in the twelve month budget period.

#### *Encumbrances*

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services the encumbrance is liquidated and the expenditure and liability are recorded. The Agency's General and Special Fund unliquidated encumbrance balances at March 31, 1999 were \$2,567 and \$119,367, respectively.

### **E. Fixed Assets - General**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition costs are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Fixed Assets – General (Continued)**

estimated fair market value on the date received. Assets in the General Fixed Assets Account Group are not depreciated.

**F. Interfund And Intrafund Transactions**

The State accounts for interfund and intrafund transactions as described below:

Reimbursements - Various departments charge user fees for such services as centralized data processing, accounting and auditing, purchasing, personnel, and maintenance. In addition, the Department of Administrative Services charges rent to those departments that are housed in state-owned buildings. These fees and rent are not considered material and are recorded as revenue by the servicing department and as expenditures by the user department.

**G. Interpretation Of Totals (Memorandum Only) Columns**

Total columns have been included in the Combined Statement of Revenues and Expenditures – Budget and Actual – General and Special Funds. The total columns include interfund activity and are presented only to facilitate financial analysis. Data in these columns do not present financial activity in conformity with generally accepted accounting principles. Intra-agency eliminations have not been made in the aggregation of this data.

**NOTE 2 -- GENERAL FIXED ASSETS ACCOUNT GROUP**

Equipment is recorded at historical cost if known, estimated cost if historical cost is unknown, or fair market value at date of acquisition if the asset is donated.

The following is a schedule of equipment balances and activity reported by the Highway Safety Agency to the Department of Administrative Services for the nine months ended March 31, 1999. Equipment purchases are funded through budgeted appropriations.

|  |                                 |
|--|---------------------------------|
| Equipment Balance at July 1, 1998          | \$ 117,106                      |
| Additions                                  | 9,440                           |
| Deletions                                  | <u>19,788</u>                   |
| <b>Equipment Balance at March 31, 1999</b> | <b><u><u>\$ 106,758</u></u></b> |

### **NOTE 3 -- EMPLOYEE BENEFIT PLANS**

#### *New Hampshire Retirement System*

The Highway Safety Agency, as an organization of the State government, participates in the New Hampshire Retirement System (Plan). The Plan is a defined benefit plan and covers substantially all full-time employees of the Highway Safety Agency. The Plan qualifies as a tax-exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. RSA 100-A established the Plan and the contribution requirements. The Plan, which is a cost-sharing, multiple-employer Public Employees Retirement System (PERS), is divided into two membership groups. Group I consists of employees and teachers. Group II consists of firefighters and police officers.

Group I - Members contributing through age 60 qualify for a normal service retirement allowance based on years of creditable service. The yearly pension amount is  $1/60$  (1.67%) of average final compensation (AFC), multiplied by years of creditable service. AFC is defined as the average of the three highest salary years. At age 65 the yearly pension amount is recalculated at  $1/66$  (1.5%) of AFC multiplied by years of creditable service. Members in service with ten or more years of creditable service who are between ages 50 and 60 are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service. In addition, any Group I member who has completed at least 20 years of creditable service that, when combined with his or her age equals at least 70, is entitled to retire and have benefits commence immediately at a reduced service retirement allowance.

Group II - After attaining the age of 45, members with 20 years of creditable service qualify to receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members in service at age 60 qualify to receive a prorated retirement allowance.

Members of both groups are entitled to disability allowances and also death benefit allowances subject to various requirements and rates based on AFC or earnable compensation. All covered Highway Safety Agency employees are members of Group I.

The Plan is financed by contributions from the members, the State and local employers, and investment earnings. During the nine months ended March 31, 1999, Group I and II members were required to contribute 5% and 9.3%, respectively, of gross earnings. The State funds 100% of the employer cost for all of the Highway Safety Agency's employees enrolled in the Plan. The annual contribution required to cover any normal cost beyond the employee contribution is determined every two years based on the Plan's actuary.

### **NOTE 3 -- EMPLOYEE BENEFIT PLANS (Continued)**

#### *New Hampshire Retirement System (Continued):*

The Highway Safety Agency's payments for normal contribution costs for nine months ended March 31, 1999 amounted to 3.86% of the covered payroll for its Group I employees. The Highway Safety Agency's contributions for nine months ended March 31, 1999 were \$7,800, equal to the required employer contributions for the period. The Plan does not make separate measurements of assets and pension benefit obligation for individual employers. The New Hampshire Retirement System Comprehensive Annual Financial Report contains detailed information regarding the Plan as a whole, including information on payroll, contributions, actuarial assumptions and funding method, and historical trend data. The New Hampshire Retirement System operates on a fiscal year ending June 30.

#### *Deferred Compensation Plan*

The Highway Safety Agency, as an organization of the State government, offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all State employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property rights purchased with those amounts, and all income attributable to those amounts, property or rights, are held in trust for the exclusive benefit of participants and their beneficiaries. The Highway Safety Agency and the State are not actively involved in managing the Plan's assets.

#### *Postemployment Health Care Benefits*

In addition to the benefits described above, the Highway Safety Agency, as an organization of the State government, provides postemployment health care benefits, in accordance with RSA 21-I:30, to all retired employees and their spouses on a non-contributory basis, as authorized by State statute.

During the nine months ended March 31, 1999, the State paid for the full cost of health insurance premiums for the retired employees and spouses on a pay-as-you-go basis. The cost of the health insurance for the Highway Safety Agency employees and spouses is a budgeted amount and is paid from an appropriation made to the administrative organization of the New Hampshire Retirement System. Accordingly, the cost of health insurance benefits for the retired Highway Safety Agency employees and spouses is not included in the Highway Safety Agency's financial statement.

#### **NOTE 4 -- FEDERAL FUNDS**

The Highway Safety Agency is the recipient of a State and Community Highway Safety grant from the National Highway Traffic Safety Administration, Federal Highway Administration, Department of Transportation. Funds from this grant are used by the Highway Safety Agency and are also passed through to State and local government organizations to address problems identified within the nine national priority areas of Alcohol and other Drug Countermeasures, Police Traffic Services, Occupant Protection, Traffic Records, Emergency Medical Services, Motorcycle Safety, Pedestrian/Bicycle Safety, Speed Control, and Roadway Safety. The Agency's federally funded highway safety grant programs are accounted for in the Special Fund.

## REQUIRED SUPPLEMENTARY INFORMATION

### **YEAR 2000 COMPLIANCE**

In October 1998, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin 98-1 entitled, *Disclosures about Year 2000 Issues*. The provisions of the GASB Technical Bulletin, effective for financial statements on which the auditor's report is dated after October 31, 1998, require the State to make disclosures in the notes to the financial statements about its readiness in addressing year 2000 issues for its computer systems and other electronic equipment. In March 1999, GASB issued an amended Technical Bulletin, 99-1, allowing disclosure of year 2000 issues in required supplementary information or in the notes to the financial statements. Retroactive application was allowed.

The year 2000 issues is the result of shortcomings in electronic data-processing systems and other electronic equipment that may adversely affect operations in the year 1999 and beyond. State legislation (Chapter 255, Laws of 1998) requires State agencies to demonstrate adequate year 2000 compliance and to report their status on a quarterly basis. The Division of Information Technology Management within the Department of Administrative Services has provided guidance to agencies regarding industry accepted practices for completing their year 2000 projects.

The following stages have been identified as necessary to implement a year 2000 compliant system:

- 1) Awareness stage – encompasses establishing a budget and project plan for dealing with the year 2000 issue.
- 2) Assessment stage – when the organization begins the actual process of identifying all of its systems and individual components of the systems. An organization may decide to review all system components for year 2000 compliance or, through a risk analysis, identify only mission critical systems and equipment to check for compliance.
- 3) Remediation stage – when the organization actually makes changes to systems and equipment. This stage deals primarily with the technical issues of converting existing systems, or switching to compliance systems. During this stage, decisions are made on how to make the systems or processes year 2000 compliant and the required system changes are made.
- 4) Validation and Testing stage – when the organization validates and tests the changes made during the conversion process. The development of test data and test scripts, the running of test scripts, and the review of test results are crucial for this stage of the conversion process to be successful. If the testing results show anomalies, the tested area needs to be corrected and re-tested.

The Highway Safety Agency maintains various computerized systems that are subject to year 2000 data processing compliance issues. The Highway Safety Agency reports that, based on its testing, all of its computer systems were year 2000 compliant at March 31, 1999. None of the Agency's systems are deemed to be critical to the delivery of services, and the Agency's contingency plan is to revert to a manual system should unforeseen year 2000 problems disrupt its automated systems.

**STATE OF NEW HAMPSHIRE  
HIGHWAY SAFETY AGENCY**

**SCHEDULE OF BUDGETARY COMPONENTS  
GENERAL FUND  
FOR THE NINE MONTHS ENDED MARCH 31, 1999**

|  | <u>Operating<br/>Budget</u> | <u>Supplemental<br/>Appropriation<br/>Warrants</u> | <u>Balances<br/>Brought<br/>Forward</u> | <u>Net<br/>Transfers<br/>In/(Out)</u> | <u>Budget</u>             |
|--|-----------------------------|--|---|---------------------------------------|---------------------------|
| <b><u>Revenues</u></b>                 |                             |  |   |                                       |                           |
| <u>Restricted Revenues</u>             |                             |  |   |                                       |                           |
| National Highway Traffic Safety        |                             |  |   |                                       |                           |
| Administration Program Funds           | \$ 79,494                   | \$ -0-   | \$ -0-                                  | \$ -0-                                | \$ 79,494                 |
| Transfers From New Hampshire           |                             |  |   |                                       |                           |
| Department Of Transportation           | <u>276,492</u>              | <u>12,927</u>                                      | <u>(3,953)</u>                          | <u>-0-</u>                            | <u>285,466</u>            |
| <b>Total Restricted Revenues</b>       | <b><u>\$ 355,986</u></b>    | <b><u>\$ 12,927</u></b>                            | <b><u>\$ (3,953)</u></b>                | <b><u>\$ -0-</u></b>                  | <b><u>\$ 364,960</u></b>  |
| <b><u>Expenditures</u></b>             |                             |  |   |                                       |                           |
| Highway Safety Grants                  | \$ -0-                      | \$ -0-   | \$ -0-                                  | \$ -0-                                | \$ -0-                    |
| Salaries And Benefits                  | 308,290                     | 12,927   | 6,855                                   | -0-                                   | 328,072                   |
| Current Expenses                       | 34,122                      | -0-  | -0-                                     | -0-                                   | 34,122                    |
| Equipment                              | -0-                         | -0-  | -0-                                     | -0-                                   | -0-                       |
| Travel                                 | 4,500                       | -0-  | -0-                                     | -0-                                   | 4,500                     |
| Indirect Costs                         | 9,008                       | -0-  | -0-                                     | -0-                                   | 9,008                     |
| Other                                  | <u>66</u>                   | <u>-0-</u>   | <u>-0-</u>                              | <u>-0-</u>                            | <u>66</u>                 |
| <b>Total Expenditures</b>              | <b><u>\$ 355,986</u></b>    | <b><u>\$ 12,927</u></b>                            | <b><u>\$ 6,855</u></b>                  | <b><u>\$ -0-</u></b>                  | <b><u>\$ 375,768</u></b>  |
| <b>Excess (Deficiency) Of Revenues</b> |                             |  |   |                                       |                           |
| <b>Over (Under) Expenditures</b>       | <b><u>\$ -0-</u></b>        | <b><u>\$ -0-</u></b>                               | <b><u>\$ (10,808)</u></b>               | <b><u>\$ -0-</u></b>                  | <b><u>\$ (10,808)</u></b> |



**STATE OF NEW HAMPSHIRE  
HIGHWAY SAFETY AGENCY**

**SCHEDULE OF BUDGETARY COMPONENTS  
SPECIAL FUND  
FOR THE NINE MONTHS ENDED MARCH 31, 1999**

|  | <u>Operating<br/>Budget</u> | <u>Supplemental<br/>Appropriation<br/>Warrants</u> | <u>Balances<br/>Brought<br/>Forward</u> | <u>Net<br/>Transfers<br/>In/(Out)</u> | <u>Budget</u>              |
|--|-----------------------------|--|---|---------------------------------------|----------------------------|
| <b><u>Revenues</u></b>   |                             |  |   |                                       |                            |
| <u>Restricted Revenues</u>   |                             |  |   |                                       |                            |
| National Highway Traffic Safety<br>Administration Program Funds      | \$ 559,206                  | \$ 772,205   | \$ 55,799                               | \$ -0-                                | \$ 1,387,210               |
| Transfers From New Hampshire<br>Department Of Transportation         | <u>-0-</u>                  | <u>-0-</u>   | <u>-0-</u>                              | <u>-0-</u>                            | <u>-0-</u>                 |
| <b>Total Restricted Revenues</b>                                     | <b><u>\$ 559,206</u></b>    | <b><u>\$ 772,205</u></b>                           | <b><u>\$ 55,799</u></b>                 | <b><u>\$ -0-</u></b>                  | <b><u>\$ 1,387,210</u></b> |
| <b><u>Expenditures</u></b>   |                             |  |   |                                       |                            |
| Highway Safety Grants  | \$ 518,632                  | \$ 771,433   | \$ 55,799                               | \$ -0-                                | \$ 1,345,864               |
| Salaries And Benefits  | -0-                         | -0-  | -0-                                     | -0-                                   | -0-                        |
| Current Expenses   | 1,000                       | -0-  | -0-                                     | -0-                                   | 1,000                      |
| Equipment  | 23,000                      | -0-  | -0-                                     | -0-                                   | 23,000                     |
| Travel   | 16,000                      | -0-  | -0-                                     | -0-                                   | 16,000                     |
| Indirect Costs   | -0-                         | -0-  | -0-                                     | -0-                                   | -0-                        |
| Other  | <u>574</u>                  | <u>772</u>   | <u>-0-</u>                              | <u>-0-</u>                            | <u>1,346</u>               |
| <b>Total Expenditures</b>  | <b><u>\$ 559,206</u></b>    | <b><u>\$ 772,205</u></b>                           | <b><u>\$ 55,799</u></b>                 | <b><u>\$ -0-</u></b>                  | <b><u>\$ 1,387,210</u></b> |
| <b>Excess (Deficiency) Of Revenues<br/>Over (Under) Expenditures</b> | <b><u>\$ -0-</u></b>        | <b><u>\$ -0-</u></b>                               | <b><u>\$ -0-</u></b>                    | <b><u>\$ -0-</u></b>                  | <b><u>\$ -0-</u></b>       |

**STATE OF NEW HAMPSHIRE  
HIGHWAY SAFETY AGENCY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CASH BASIS)  
FOR THE NINE MONTHS ENDED MARCH 31, 1999**

| <u>Federal<br/>Catalog<br/>Number</u> | <u>Federal Grantor/Federal Program</u> | <u>Expenditures</u>      |
|---------------------------------------|--|--------------------------|
|                                       | <u>Department Of Transportation</u>    |                          |
| 20.600                                | State And Community Highway<br>Safety  | \$ <u>841,587</u>        |
|                                       | <b>Total</b>                           | <b>\$ <u>841,587</u></b> |

**THIS PAGE INTENTIONALLY LEFT BLANK**

**APPENDIX**

**CURRENT STATUS OF PRIOR AUDIT FINDINGS**

The following is a summary, as of July 29, 1999, of the status of the observations contained in the audit report of the Highway Safety Agency for the eighteen months ended December 31, 1985. A copy of the prior report can be obtained from the Office of Legislative Budget Assistant, Audit Division, 107 North Main Street, State House Room 102, Concord, NH 03301-4906.

|   | <b>Status</b> |
|---|---------------|
| <b>Internal Control Structure</b>                     |               |
| <i>Reportable Conditions</i>                          |               |
| 1. Draw Down Procedures                               | ● ● ●         |
| <b>State Compliance</b>                               |               |
| 2. Equipment Records                                  | ● ● ●         |
| <b>Federal Compliance</b>                             |               |
| 3. Federal Nondiscrimination Policy                   | ● ● ●         |
| 4. Federal Projects Ledger And Reimbursement Requests | ● ● ●         |

**Status Key**

|                        |       |
|------------------------|-------|
| Fully Resolved         | ● ● ● |
| Substantially Resolved | ● ● ○ |
| Partially Resolved     | ● ○ ○ |
| Unresolved             | ○ ○ ○ |

**THIS PAGE INTENTIONALLY LEFT BLANK**