

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF LABOR**

**FINANCIAL AND COMPLIANCE
AUDIT REPORT
FOR THE NINE MONTHS ENDED
MARCH 31, 2000**

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF LABOR**

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This report can be accessed in its entirety on-line at www.state.nh.us/lba.

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF LABOR**

INTRODUCTION

Organization

The Department of Labor is under the executive direction of a commissioner who is appointed by the Governor, with the advice and consent of the Council, to a three year term. Assisting, and appointed by the commissioner, is a deputy commissioner who is an unclassified State employee. The commissioner, deputy commissioner, director of workers' compensation, and wage and hour administrator oversee the three divisions of the Department: Workers' Compensation, Inspection, and Administration and Support.

The Department is associated with six boards and councils. The largest board, consisting of 33 members, is the Compensation Appeals Board. Pursuant to RSA 281-A:42-a, the Compensation Appeals Board conducts fair and impartial appeal hearings, separate from the decisions issued by hearing officers at the Department level.

At March 31, 2000, the Department was staffed with 122 employees, consisting of 85 full-time and 37 part-time employees.

Responsibilities

Within the Department, the Workers' Compensation Division is responsible for the administration of the State's workers' compensation law (RSA 281-A). This includes the processing of workers' compensation claims, hearing and deciding on disputed cases, and monitoring of employers' insurance coverage. Other responsibilities include workplace safety which encompasses safety and health inspections, training, and prevention.

The Inspection Division administers and enforces the protective legislation, citizens job protection, youth employment, minimum wage, boiler and pressure vessel, and elevator and accessibility lift laws, as well as the whistleblowers' protection act. The Division accomplishes its duties through safety inspectors who routinely perform compliance inspections in both the private and public sectors, and issue boiler and elevator inspector licenses and certificates.

The Department also administers two State trust funds: the Special Fund for Active Cases established by RSA 281-A:30 and the Special Fund for Second Injuries established by RSA 281-A:55. Revenues for these trust funds are provided by assessments paid by insurance companies and self-insurers and are based on payments made for workers' compensation claims. Expenditures from the funds reimburse insurance companies for certain eligible

Responsibilities (Continued)

payments made to claimants. These trust funds are in the custody of the State Treasury. The balance of the trust funds, as of March 31, 2000, is presented in the table below.

<u>Trust Fund</u>	<u>Fund Balance March 31, 2000</u>
Second Injuries	\$ 4,356,044
Active Cases	55,450
Total	<u>\$ 4,411,494</u>

Funding

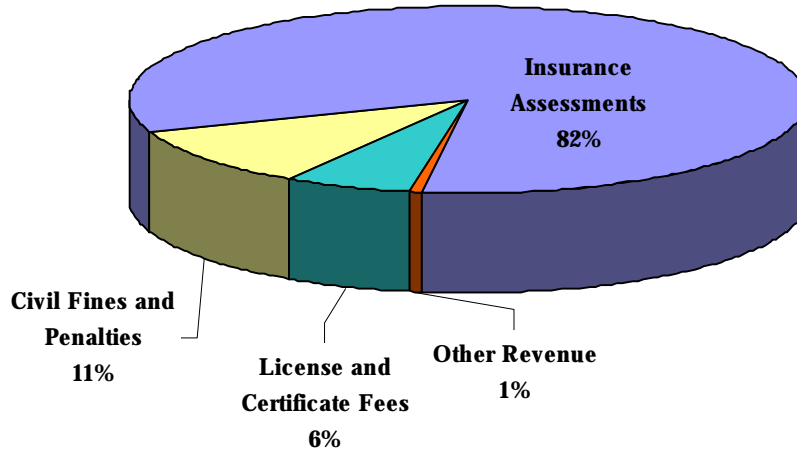
The Department is funded by appropriations in the State's General and Special Funds. The cost of administering the workers' compensation statute is recovered by an administrative assessment, levied on each insurance carrier and self-insurer who has paid workers' compensation benefits in the state. The assessment is based on one fiscal year's cost of administering the workers' compensation statute. Fiscal year 2000 appropriations combined with supplemental warrants, balances forward, and transfers resulted in a spending authority of \$6,995,429 and \$71,384 in the General and Special Funds, respectively. Estimated restricted revenue combined with supplemental warrants and balances forward resulted in anticipated fiscal year 2000 restricted revenue of \$5,497,002 and \$71,384 in the General and Special Funds, respectively. Fiscal year 2000 estimated unrestricted revenue totaled \$1,258,700. Actual amounts collected and expended by the Department for the nine months ended March 31, 2000 are presented graphically for the General Fund on page three and are summarized below for the General and Special Funds.

Summary Of Revenues And Expenditures Nine Months Ended March 31, 2000

	<u>General Fund</u>	<u>Special Fund</u>	<u>Total</u>
Unrestricted Revenues	\$ 1,126,778	\$ -0-	\$ 1,126,778
Restricted Revenues	5,458,445	8,187	5,466,632
Total Revenues	<u>\$ 6,585,223</u>	<u>\$ 8,187</u>	<u>\$ 6,593,410</u>
Expenditures	<u>\$ 3,643,348</u>	<u>\$ 8,187</u>	<u>\$ 3,651,535</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	<u>\$ 2,941,875</u>	<u>\$ -0-</u>	<u>\$ 2,941,875</u>

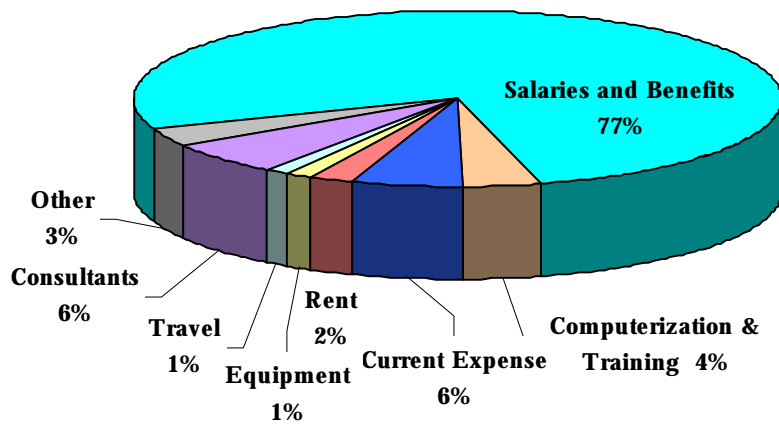
DEPARTMENT OF LABOR

**GENERAL FUND - RESTRICTED AND UNRESTRICTED REVENUES
FOR THE NINE MONTHS ENDED MARCH 31, 2000**



<u>Revenues</u>	
Insurance Assessments	\$5,446,171
Civil Fines and Penalties	698,818
License & Certificate Fees	410,237
Other Revenue	29,997
Total	\$6,585,223

**GENERAL FUND - EXPENDITURES
FOR THE NINE MONTHS ENDED MARCH 31, 2000**



<u>Expenditures</u>	
Salaries and Benefits	\$2,782,976
Consultants	224,125
Current Expense	207,962
Computerization/Training	137,581
Other	122,527
Rent	75,926
Equipment	51,711
Travel	40,540
Total	\$3,643,348

Prior Audit

The most recent prior financial and compliance audit of the Department of Labor was for the eighteen months ended December 31, 1995. The appendix to this report on page 35 contains a summary of the current status of the observations contained in that prior 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.

Audit Objectives And Scope

The primary objective of our audit is to express an opinion on the fairness of the presentation of the financial statements. As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we considered the effectiveness of the internal controls in place at the Department of Labor and tested the Department's compliance with certain provisions of applicable state and federal laws, rules, 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,
- Trust funds,
- Equipment, and
- State and federal compliance.

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 statements of the Department of Labor are contained in the report that follows.

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 statements of the New Hampshire Department of Labor as of and for the nine months ended March 31, 2000, and have issued our report thereon dated May 31, 2000, which was qualified with respect to the lack of presentation of the financial position of the Department 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 Department of Labor's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, rules, 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 certain immaterial instances of noncompliance which are described in observations No. 2 through No. 5 of this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department of Labor's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Department of Labor's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in observation No. 1 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 statements 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 the reportable condition described above is not 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 Department of Labor 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

May 31, 2000

Internal Control Comment
Reportable Condition

Observation No. 1 – Control Procedures Over Revenue Processing Need Strengthening

Observation:

The Department of Labor does not adequately segregate duties over its revenue collection functions. Additionally, reconciliations between its in-house computer system (AS/400 system) and the State's accounting system (NHIFS) are not performed. Total revenue recorded in NHIFS for the nine months ended March 31, 2000 was approximately \$6.6 million.

The AS/400 system is used by the Department as its centralized accounting system to track accounts receivable and collections for all the Department's automated applications. It is used to generate invoices, establish accounts receivable, serve as the record of daily receipt (Form A-15), and post payments to customer accounts.

During our review of the revenue collection process, we noted weaknesses in two areas as described below.

A. Segregation of Duties

One employee is responsible for posting remittances to customers accounts, generating the Form A-15, preparing the deposit and Cash Receipt form (A-17), and posting the A-17 to NHIFS. This lack of segregation of duties increases the likelihood that errors or fraud related to receipts could occur and not be detected in a timely manner.

B. Reconciliation of Revenue

The Department does not reconcile the revenue posted to its AS/400 system to revenue posted to NHIFS. As a result, errors in posting to either system could occur and not be detected in a timely manner. Additionally, the lack of a reconciliation process heightens the risk that fraud related to receipts could occur and not be detected timely. An independent reconciliation provides a means to ensure that transactions are being posted correctly to both systems.

Recommendation:

The Department needs to strengthen its control procedures over revenue by:

- A. Adequately segregating the duties over the revenue collection function.
- B. Performing monthly reconciliations of receipts recorded in the AS/400 System to those recorded in NHIFS. The reconciliation should be performed by an individual independent of the cash receipts recording process.

**Observation No. 1 – Control Procedures Over Revenue Processing Need
Strengthening (Continued)**

Auditee Response:

The Department concurs with the observation and has taken corrective action. Currently, there are two individuals in the Business Office and receipts and deposits are segregated. Once received, the Business Office enters all receipts into the AS/400, another document is produced and a reconciliation is performed.

State Compliance Comments

Observation No. 2 - Filings Of Statements Of Financial Interests Need To Be Monitored

Observation:

Twenty-seven of forty-nine members (55%) of various boards associated with the Department of Labor did not file Statements of Financial Interests as required by statute.

RSA 21-G:5-a requires that every member of executive branch boards, commissions, advisory committees, boards of directors, and authorities, whether regulatory or administrative, file by July 1 of each year a written statement of financial interests. It further states that members shall not be allowed to enter into or continue their duties unless they file a statement of financial interests.

The Department has four boards whose members are required to comply with RSA 21-G:5-a and must file statements of financial interests annually. We reviewed the July 1, 1999 statements on file with the Secretary of State's Office, as of March 23, 2000, and noted the following.

Name of Board	Number of Members/Alternates required to file	Members that had not filed as of 3/23/00	Percentage that had not filed as of 3/23/00
Penalty Appeals Board	4	1	25%
Board of Conciliation and Arbitration	5	2	40%
Voc. Rehab. Provider Advisory Board	7	6	86%
Compensation Appeals Board	33	18	55%
Totals	49	27	55%

The twenty-seven members who did not file their statements as required, were allowed to enter into or continue their duties on the respective board, contrary to statute.

This observation was also noted in our prior audit of the Department for the 18 months ended December 31, 1995.

Recommendation:

The Department should establish a policy to notify board members of the requirements of RSA 21-G:5-a and monitor the members' adherence to the policy. As required by statute, board members who do not comply with the requirements should not be allowed to continue their duties on the board.

Observation No. 2 - Filings Of Statements Of Financial Interests Need To Be Monitored (Continued)

Auditee Response:

The Department concurs with the observation. The Department has aggressively pursued this requirement. On April 24, 2000, a letter with forms was sent to each Board Member. On June 6, 2000, once all statements were received, they were forwarded to the Secretary Of State's Office.

Observation No. 3 - Hourly Rate Paid To Compensation Appeals Board Members Not Specified In Statute

Observation:

The Department of Labor pays Compensation Appeals Board members an hourly rate for work performed outside of hearings. This practice is not provided for in RSA 281-A:42-a, III.

Attorney members of the Board receive a \$200 per diem and all other members receive a \$150 per diem for each day devoted to the work of the Board pursuant to RSA 281-A:42-a, III. The Department pays board members the daily rate for time spent in hearings. It also pays board members an hourly rate (calculated by dividing the per diem by 7.5 hours) for Board related work performed outside of hearings (e.g. writing decisions for hearings). While the payment of an hourly rate appears reasonable, the statute does not provide for an hourly charge.

This same observation was noted in our prior audit of the Department of Labor for the 18 months ended December 31, 1995. The Department responded they would seek legislation to amend RSA 281-A:42-a, III, to allow for an hourly payment procedure consistent with the services these members provide. The proposed legislation was not adopted.

Recommendation:

The Department should seek an opinion from the Attorney General's Office to determine the appropriateness of paying an hourly rate to Compensation Appeals Board members for Board related work performed outside of hearings.

Auditee Response:

The Department concurs with the observation. The Department has developed a formal written policy and has met with a representative from the Attorney General's Office. The Attorney General's Office is in agreement with the policy developed.

Federal Compliance Comments

Observation No. 4 - Mine Safety And Health Administration Grant Expenditures Not In Accordance With Federal Guidelines

Observation:

The Department charged expenditures to the Mine Safety And Health Administration (MSHA) Grant that were not in accordance with the approved federal budget and was unable to support the 20% state match required by the grant, as detailed below.

- Per review of the 1999 MSHA grant award we noted that \$2,284 was allocated to equipment. We noted three equipment items, totaling \$4,450, were charged to the MSHA Grant during our audit period. It appears that the Department exceeded its MSHA Grant equipment allocation by \$2,166.
- Per review of the March 31, 2000 Statement of Appropriations (SOA), it appears that the amounts appropriated do not agree with the approved MSHA grant award. For example, the SOA appropriated \$0 for personnel and fringe benefits for the MSHA Grant and the grant award allocated \$10,489 to personnel and fringe benefits.
- The Department was unable to provide us with documentation to support the 20% state match required by the MSHA Grant. Based on inquiry of Department personnel, the Department was not aware that a 20% state match was required.

The above errors result in questioned costs of \$7,878, the total amount charged to the MSHA Grant for the nine months ended March 31, 2000.

Questioned Costs: \$7,878

CFDA# 17.600 – Mine Safety And Health Administration Grant

Recommendation:

The Department should establish a system to ensure compliance with federal grant requirements. This system should include becoming knowledgeable with regard to program requirements, charging expenditures in accordance with the approved budget, and ensuring state match requirements are met and adequate documentation is maintained.

Observation No. 4 - Mine Safety And Health Administration Grant Expenditures Not In Accordance With Federal Guidelines (Continued)

Auditee Response:

The Department concurs with the observation. We have spoken with the Mine Safety and Health Administration's grant administrator in Washington and will be receiving permission to transfer line item accounts from personnel to equipment, current expense and travel. We will also adequately document the state's soft match of 20% to indicate exactly where the match is coming from.

Observation No. 5 - Personal Use Mileage Needs To Be Reported

Observation:

Commuter use of the Commissioner's and Deputy Commissioner's State-owned vehicles was not reported for calendar year 1999 as required by IRS Code Section 61, paragraph 1561.

IRS Code Section 61, paragraph 1561 requires that the value of the commuting use of an employer-provided car be included in the gross income of the employee unless the vehicle use meets the IRS criteria enabling it to be classified as non-personal use. During calendar year 1999, the Department of Administrative Services (DAS) met this requirement by requesting that agencies file a report that compiles the number of days that each employee used an assigned vehicle for commuting purposes. DAS then includes \$3 in the employee's gross wages for each day the state vehicle was used for commuting purposes.

During our testing, we noted that the Commissioner and Deputy Commissioner used Department vehicles to commute between their homes and the Department on a regular basis during calendar year 1999, and neither individual met the criteria to qualify this travel as non-personal use. The Department did not report the Commissioner's or Deputy Commissioner's vehicle usage to DAS for inclusion in their gross wages as required.

Recommendation:

The Department should implement procedures to comply with IRS Code Section 61, Paragraph 1561, and include the Commissioner and Deputy Commissioner's daily vehicle usage in its report to DAS.

Auditee Response:

The Department concurs with the observation. On May 5, 2000, when this was brought to this Department's attention, the Department implemented procedures to comply with Paragraph 1561.

Auditor's Report On Management Issues

To The Fiscal Committee Of The General Court:

We have audited the accompanying financial statements of the New Hampshire Department of Labor as of and for the nine months ended March 31, 2000 and have issued our report thereon dated May 31, 2000, which was qualified with respect to the lack of presentation of the financial position of the Department 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the New Hampshire Department of Labor as of and for the nine months ended March 31, 2000, we noted an issue related to the operation of the Department that merits management consideration but does not meet the definition of a reportable condition as defined by the American Institute of Certified Public Accountants, and was not an issue of noncompliance with laws, rules, regulations, contracts, or grants.

The issue that we believe is worthy of management consideration but does not meet the criteria of reportable conditions or noncompliance is included in observation No. 6 of this report.

This auditor's report on management issues is intended solely for the information and use of the management of the Department of Labor 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

May 31, 2000

Management Issue Comment

Observation No. 6 - Future Computer System Costs Should Be Allocated Between Workers' Compensation And Inspection Divisions

Observation:

Upon completion of the Department's computer system replacement project, future system enhancements, upgrades, and maintenance costs should be allocated between the Inspection and the Workers' Compensation Divisions.

The Department of Labor is in the process of replacing its AS/400 computer system to provide a solution to the Workers' Compensation Division's paper-based processing problems. As approved through the State's budget process, the \$3.1 million system replacement is funded through the workers' compensation Administration Fund. The current AS/400 computer system is also used by the Inspection Division for the processing of elevator, boiler, and pressure vessel certificates, inspector licensing, fines, fees, and penalties. Accordingly, the enhancements of the new system will benefit the Inspection Division. According to Department management, the benefits gained by the Inspection Division are a by-product of the resolution to the Workers' Compensation Division's processing problems and the costs to replace the Department's computer system would have been incurred regardless of the benefits gained by the Inspection Division.

However, any future enhancements, upgrades, or maintenance costs, benefiting the Inspection Division, should be properly allocated between the Workers' Compensation and Inspection Divisions, as is currently done for the AS/400 system.

Recommendation:

Upon completion of the AS/400 system replacement project, the Department should implement procedures to ensure that future system enhancements, upgrades, and maintenance costs, are properly allocated between the Workers' Compensation and Inspection Divisions.

Auditee Response:

The Department concurs with the observation. It is understood that once the results of these redesign efforts are in place, any future financial obligations for maintenance and enhancements will be appropriately distributed between the Workers' Compensation and Inspection Divisions.

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Independent Auditor's Report

To The Fiscal Committee Of The General Court:

We have audited the accompanying financial statements of the New Hampshire Department of Labor as of and for the nine months ended March 31, 2000. These financial statements are the responsibility of the Department of Labor's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 statements referred to above are not intended to present the financial position of the Department of Labor in the General and Special Funds.

In our opinion, except for the matter discussed in the third paragraph, the financial statements referred to above present fairly, in all material respects, certain financial activity of the Department of Labor as of and for the nine months ended March 31, 2000, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements referred to in the first paragraph. The accompanying supporting schedules on pages 32 through 34 are presented for the purpose of additional analysis and are not required parts of the financial statements of the Department of Labor. Such information has been subjected to the auditing procedures applied in our audit of the financial statements referred to in the first paragraph and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2000 on our consideration of the Department of Labor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grants.

Office of Legislative Budget Assistant
Office Of Legislative Budget Assistant

May 31, 2000

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF LABOR**

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL AND SPECIAL FUNDS
FOR THE NINE MONTHS ENDED MARCH 31, 2000**

	<u>General Fund</u>		<u>Favorable/ (Unfavorable) Variance</u>
	<u>Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
<u>Unrestricted Revenues</u>			
License And Certificate Fees	\$ 648,400	\$ 410,237	\$ (238,163)
Civil Fines And Penalties	584,500	698,818	114,318
Miscellaneous Fees	25,800	17,723	(8,077)
Total Unrestricted Revenues	<u>\$ 1,258,700</u>	<u>\$ 1,126,778</u>	<u>\$ (131,922)</u>
<u>Restricted Revenues</u>			
Insurance Assessments	\$ 5,497,002	\$ 5,446,171	\$ (50,831)
Other	-0-	12,274	12,274
Federal Funds	-0-	-0-	-0-
Total Restricted Revenues	<u>\$ 5,497,002</u>	<u>\$ 5,458,445</u>	<u>\$ (38,557)</u>
Total Revenues	<u>\$ 6,755,702</u>	<u>\$ 6,585,223</u>	<u>\$ (170,479)</u>
<u>Expenditures</u>			
Salaries And Benefits	\$ 3,866,945	\$ 2,782,976	\$ 1,083,969
Computerization/Training	2,129,002	137,581	1,991,421
Current Expenses	308,610	207,962	100,648
Rent	151,072	75,926	75,146
Equipment	133,690	51,711	81,979
Travel	55,746	40,540	15,206
Other	126,238	122,527	3,711
Consultants	224,126	224,125	1
Total Expenditures	<u>\$ 6,995,429</u>	<u>\$ 3,643,348</u>	<u>\$ 3,352,081</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>\$ (239,727)</u>	<u>\$ 2,941,875</u>	<u>\$ 3,181,602</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Fund</u>			<u>Combined Totals (Memo Only)</u>		
<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
\$ -0-	\$ -0-	\$ -0-	\$ 648,400	\$ 410,237	\$ (238,163)
-0-	-0-	-0-	584,500	698,818	114,318
-0-	-0-	-0-	25,800	17,723	(8,077)
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,258,700</u>	<u>\$ 1,126,778</u>	<u>\$ (131,922)</u>
\$ -0-	\$ -0-	\$ -0-	\$ 5,497,002	\$ 5,446,171	\$ (50,831)
-0-	-0-	-0-	-0-	12,274	12,274
71,384	8,187	(63,197)	71,384	8,187	(63,197)
<u>\$ 71,384</u>	<u>\$ 8,187</u>	<u>\$ (63,197)</u>	<u>\$ 5,568,386</u>	<u>\$ 5,466,632</u>	<u>\$ (101,754)</u>
<u>\$ 71,384</u>	<u>\$ 8,187</u>	<u>\$ (63,197)</u>	<u>\$ 6,827,086</u>	<u>\$ 6,593,410</u>	<u>\$ (233,676)</u>
\$ 35,392	\$ -0-	\$ 35,392	\$ 3,902,337	\$ 2,782,976	\$ 1,119,361
-0-	-0-	-0-	2,129,002	137,581	1,991,421
8,034	688	7,346	316,644	208,650	107,994
-0-	-0-	-0-	151,072	75,926	75,146
-0-	-0-	-0-	133,690	51,711	81,979
7,368	2,158	5,210	63,114	42,698	20,416
20,590	5,341	15,249	146,828	127,868	18,960
-0-	-0-	-0-	224,126	224,125	1
<u>\$ 71,384</u>	<u>\$ 8,187</u>	<u>\$ 63,197</u>	<u>\$ 7,066,813</u>	<u>\$ 3,651,535</u>	<u>\$ 3,415,278</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (239,727)</u>	<u>\$ 2,941,875</u>	<u>\$ 3,181,602</u>

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF LABOR
COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS
MARCH 31, 2000**

	Special Fund For <u>Active Cases</u>	Special Fund For Second <u>Injuries</u>	Total Expendable <u>Trust Funds</u>
<u>Assets</u>			
Cash And Cash Equivalents	\$ 970	\$ 1,347,083	\$ 1,348,053
Investments	<u>54,480</u>	<u>3,008,961</u>	<u>3,063,441</u>
Total Assets	<u>\$ 55,450</u>	<u>\$ 4,356,044</u>	<u>\$ 4,411,494</u>
<u>Liabilities And Fund Balance</u>			
Fund Balance	<u>\$ 55,450</u>	<u>\$ 4,356,044</u>	<u>\$ 4,411,494</u>
Total Liabilities And Fund Balance	<u>\$ 55,450</u>	<u>\$ 4,356,044</u>	<u>\$ 4,411,494</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF LABOR**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
EXPENDABLE TRUST FUNDS
FOR THE NINE MONTHS ENDED MARCH 31, 2000**

	<u>Special Fund For Active Cases</u>	<u>Special Fund For Second Injuries</u>	<u>Total Expendable Trust Funds</u>
<u>Revenues</u>			
Assessments	\$ 30,502	\$ 5,058,361	\$ 5,088,863
Interest And Dividends	<u>3,076</u>	<u>151,914</u>	<u>154,990</u>
Total Revenues	<u>33,578</u>	<u>5,210,275</u>	<u>5,243,853</u>
<u>Expenditures</u>			
Payments To Insurance Carriers/ Self Insurers	<u>92,725</u>	<u>4,648,445</u>	<u>4,741,170</u>
Total Expenditures	<u>92,725</u>	<u>4,648,445</u>	<u>4,741,170</u>
Excess (Deficiency) Of Revenues Over(Under) Expenditures	<u>(59,147)</u>	<u>561,830</u>	<u>502,683</u>
Fund Balance July 1, 1999	<u>114,597</u>	<u>3,794,214</u>	<u>3,908,811</u>
Fund Balance March 31, 2000	<u>\$ 55,450</u>	<u>\$ 4,356,044</u>	<u>\$ 4,411,494</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF LABOR**

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED MARCH 31, 2000

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Department of Labor have 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 Department of Labor is an organization of the primary government of the State of New Hampshire. The accompanying financial statements report certain financial activity of the Department. The financial activity of the Department is accounted for in the General, Special, and Fiduciary 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 Department, 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 Department cannot be determined. Accordingly, the accompanying financial statements are not intended to show the financial position of the Department in the General and Special Funds and the changes in these fund balances are not reported on the accompanying financial statements.

B. Basis of Presentation - Fund Accounting

The State of New Hampshire and the Department 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 Department of Labor's federally funded programs are accounted for in the Special Fund.

Fiduciary Fund Types

Expendable Trust Fund

Transactions related to assets held in a trustee or agency capacity are accounted for in the fiduciary fund category. All assets of an expendable trust fund can be expended to achieve the purpose for which it was established.

Account Groups

General Fixed Assets

General fixed assets acquired for use by the Department for the performance of its operations are reflected in the General Fixed Assets Account Group at the time of acquisition. As of March 31, 2000, the Department 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

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

C. Measurement Focus And Basis Of Accounting (Continued)

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. Expendable trust funds are accounted for using the modified accrual basis of accounting. The financial statements of an expendable trust fund include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

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 extends 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 Schedules of Budgetary Components - General Fund on page 32, and Special Fund on page 33, 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

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

D. Budgetary Data (Continued)

Budget Overview Committee, and the Office of Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs. Unexpended balances of appropriation 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.

A Combined Statement Of Revenues And Expenditures - Budget And Actual - General and Special Funds is presented as part of the Department of Labor's financial statements. The Department has no activity recorded in the Capital Projects Fund.

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 statements are 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, for the nine month financial statements dated March 31, 2000, 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 Department's unliquidated encumbrance balances at March 31, 2000 in the General and Special Funds were \$74,232 and \$832, respectively.

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

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 estimated fair market value on the date received. Interest costs incurred during construction are not capitalized. 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 Combined Totals (Memo 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 – ADMINISTRATION FUND

The Administration Fund established pursuant to RSA 281-A:59 is used to fund all costs of administering the workers' compensation statute. An assessment is levied on each insurance carrier and self-insurer who paid workers' compensation benefits and is based on the pro-rata share of one fiscal year's costs to be appropriated out of the fund. Pursuant to RSA 281-A:59, this assessment is then deducted as a credit against any insurance premium tax the carrier may owe the State under RSA 400-A:32. The balance in the fund at the beginning of the fiscal year is used to proportionately reduce the assessments.

The Workers' Compensation Division and a portion of the Administration and Support Division of the Department are funded by the Administration Fund. The Administration Fund is budgeted in the General Fund and is accounted for in the State accounting system in the Department's Workers' Compensation Division.

NOTE 3 – EXPENDABLE TRUST FUNDS

The Department of Labor is the administrator of two expendable trust funds which are in the custody of the State Treasurer. The Special Fund for Active Cases was established by RSA 281-A:30 for the purpose of reimbursing insurance carriers and self-insurers who pay workers' compensation benefits for individuals who sustained total disability from a work related injury on or before June 30, 1975. The Special Fund for Second Injuries was established by RSA 281-A:55 for the purpose of reimbursing insurance carriers and self-insurers who pay workers' compensation benefits to individuals who suffered permanent physical or mental impairment, and incur a subsequent disability arising from the course of the individual's employment on or after July 1, 1975. Each insurance carrier or self-insurer who pays workers' compensation benefits is required to contribute to the funds through an annual assessment billed by the Department. Funds collected are deposited by the State Treasurer. Disbursements from the trust funds are authorized by the Labor Commissioner and are made upon written request by the insurance carrier or self-insurer for reimbursements of eligible benefits paid as defined by the governing RSA's.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

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

RSA 6:7 establishes the policy to which the State Treasurer must adhere when depositing public monies. The statute restricts deposits to national banks, trust companies and savings banks within the United States that have a branch in the State of New Hampshire. In addition, all depositories used by the State must be approved, at least annually, by the Governor and Executive Council.

Deposits are classified as to credit risk by the three categories described below:

- Category 1 Fully insured or collateralized with securities held by the State or its agent in the State's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the State's name.
- Category 3 Uncollateralized.

The following schedule shows the March 31, 2000 balance in the Department's depository accounts summarized by deposit type and risk category. The certificate of deposit is classified as an investment on the balance sheet because the maturity date is more than three months. For purposes of the notes to the financial statements, the certificate of deposit is categorized as a deposit in accordance with Governmental Accounting Standards Board (GASB) Statement No. 3. The total bank balance represents the total amounts on

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits (continued)

deposit as reported by the banks. The carrying amount represents the balances on the State's records. The principal difference in demand deposits is outstanding checks which have not cleared the bank as of March 31, 2000.

	Categories			Total Bank Balance	Carrying Amount
	1	2	3		
Demand Deposits	\$ 100,000	\$ -0-	\$ 1,073,301	\$ 1,173,301	\$ 216,871
Money Market Accounts	<u>-0-</u>	<u>-0-</u>	<u>1,131,182</u>	<u>1,131,182</u>	<u>1,131,182</u>
Total Cash & Cash Equivalents	100,000	-0-	2,204,483	2,304,483	1,348,053
Certificate Of Deposit	<u>-0-</u>	<u>-0-</u>	<u>54,480</u>	<u>54,480</u>	<u>54,480</u>
Total Deposits	<u>\$ 100,000</u>	<u>\$ -0-</u>	<u>\$ 2,258,963</u>	<u>\$ 2,358,963</u>	<u>\$ 1,402,533</u>

Investments

The following statutory requirements and Treasury policies have been adopted to ensure reasonable rates of return on investments while minimizing risk.

The State Treasurer, under the authority of RSA 11:1, acts as custodian of the Department's expendable trust fund investments. In accordance with RSA 11:5, all trust funds in the custody of the Treasurer are invested and reinvested in legal instruments allowable under RSA 6:8.

In accordance with GASB Statement No. 3, investments are classified as to risk by the three categories described below:

- Category 1 Insured or registered in the State's name, or securities held by the State or its agent in the State's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments (continued)

The Department's investments at March 31, 2000, summarized by type and risk category, are shown in the following schedule.

	<u>Categories</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments				
U.S. Government Obligations	<u>-0-</u>	<u>-0-</u>	<u>3,008,961</u>	<u>3,008,961</u>
Total Investments	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,008,961</u>	<u>\$ 3,008,961</u>

NOTE 5 -- 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 Department of Labor to the Department of Administrative Services for the nine months ended March 31, 2000. Equipment purchases are funded through budgeted appropriations.

Equipment Balance at July 1, 1999	\$ 930,379
Additions	172,735
Deletions	<u>(247,108)</u>
Equipment Balance at March 31, 2000	<u>\$ 856,006</u>

NOTE 6 -- EMPLOYEE BENEFIT PLANS

New Hampshire Retirement System

The Department of Labor, 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 Department. 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.

NOTE 6 -- EMPLOYEE BENEFIT PLANS (Continued)

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 Department employees are members of Group I.

The Plan is financed by contributions from the members, the State and local employers, and investment earnings. During fiscal year 2000, 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 Department'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.

The Department's payments for normal contribution costs for nine months ended March 31, 2000 amounted to 3.94%, of the covered payroll for its Group I employees. The Department's contributions for the nine months ended March 31, 2000 were \$71,878 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.

Post-employment Health Care Benefits

In addition to the benefits described above, the Department of Labor, as an organization of the State government, provides post-employment 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.

NOTE 6 -- EMPLOYEE BENEFIT PLANS (Continued)

During the nine months ended March 31, 2000, 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 Department employees and spouses is a budgeted amount and is paid from an appropriation made to the administrative organization of the New Hampshire Retirement System. The portion of the Department that is funded through workers compensation insurance assessments reimburses the New Hampshire Retirement System for its share of post-employment health care benefits. The amount reimbursed for the nine months ended March 31, 2000 totaled \$56,216.

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF LABOR**

**SCHEDULE OF BUDGETARY COMPONENTS
GENERAL FUND
FOR THE NINE MONTHS ENDED MARCH 31, 2000**

	<u>Operating Budget</u>	<u>Supplemental Appropriations Warrants</u>	<u>Balances Brought Forward</u>	<u>Net Transfers In (Out)</u>	<u>Budget</u>
<u>Revenues</u>					
<u>Unrestricted Revenues</u>					
License And Certificate Fees	\$ 648,400	\$ -0-	\$ -0-	\$ -0-	\$ 648,400
Civil Fines And Penalties	584,500	-0-	-0-	-0-	584,500
Miscellaneous Fees	25,800	-0-	-0-	-0-	25,800
Total Unrestricted Revenues	<u>\$ 1,258,700</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,258,700</u>
<u>Restricted Revenues</u>					
Insurance Assessments	5,683,478	52,333	(238,809)	-0-	5,497,002
Other	-0-	-0-	-0-	-0-	-0-
Total Restricted Revenues	<u>\$ 5,683,478</u>	<u>\$ 52,333</u>	<u>\$ (238,809)</u>	<u>\$ -0-</u>	<u>\$ 5,497,002</u>
Total Revenues	<u>\$ 6,942,178</u>	<u>\$ 52,333</u>	<u>\$ (238,809)</u>	<u>\$ -0-</u>	<u>\$ 6,755,702</u>
<u>Expenditures</u>					
Salaries And Benefits	\$ 3,794,678	\$ 66,111	\$ -0-	\$ 6,156	\$ 3,866,945
Computerization/Training	2,129,002	-0-	-0-	-0-	2,129,002
Current Expenses	277,590	-0-	2,200	28,820	308,610
Rent	151,072	-0-	-0-	-0-	151,072
Equipment	100,901	-0-	-0-	32,789	133,690
Travel	65,722	-0-	-0-	(9,976)	55,746
Other	63,702	-0-	120,325	(57,789)	126,238
Consultants	1	-0-	224,125	-0-	224,126
Total Expenditures	<u>\$ 6,582,668</u>	<u>\$ 66,111</u>	<u>\$ 346,650</u>	<u>\$ -0-</u>	<u>\$ 6,995,429</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>\$ 359,510</u>	<u>\$ (13,778)</u>	<u>\$ (585,459)</u>	<u>\$ -0-</u>	<u>\$ (239,727)</u>

STATE OF NEW HAMPSHIRE

DEPARTMENT OF LABOR
SCHEDULE OF BUDGETARY COMPONENTS
SPECIAL FUND
FOR THE NINE MONTHS ENDED MARCH 31, 2000

	Operating Budget	Supplemental Appropriations Warrants	Balances Brought Forward	Net Transfers In (Out)	Budget
<u>Revenues</u>					
<u>Restricted Revenues</u>					
Federal Funds	\$ -0-	\$ 54,861	\$ 16,523	\$ -0-	\$ 71,384
Total Restricted Revenues	<u>\$ -0-</u>	<u>\$ 54,861</u>	<u>\$ 16,523</u>	<u>\$ -0-</u>	<u>\$ 71,384</u>
<u>Expenditures</u>					
Salaries and Benefits	\$ -0-	\$ 35,392	\$ -0-	\$ -0-	\$ 35,392
Current Expenses	-0-	2,000	6,034	-0-	8,034
Travel	-0-	3,500	3,868	-0-	7,368
Other	-0-	13,969	6,621	-0-	20,590
Total Expenditures	<u>\$ -0-</u>	<u>\$ 54,861</u>	<u>\$ 16,523</u>	<u>\$ -0-</u>	<u>\$ 71,384</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATE OF NEW HAMPSHIRE

DEPARTMENT OF LABOR

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CASH BASIS)
FOR THE NINE MONTHS ENDED MARCH 31, 2000

<u>Federal Catalog Number</u>	<u>Federal Grantor/Federal Program</u>	<u>Expenditures</u>
	<u>Department of Labor</u>	
17.600	Mine Safety And Health Administration Grant	\$ 7,878
17.249	Employment Services And Job Training Pilots - Demonstrations And Research	<u>309</u>
	Total	<u><u>\$ 8,187</u></u>

APPENDIX

Current Status Of Prior Audit Findings

The following is a summary, as of May 31, 2000, of the status of the observations contained in the audit report of the Department of Labor for the eighteen months ended December 31, 1995. 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.

	Status
Internal Control Structure	
<i>Reportable Conditions</i>	
1. Recognition Of Fine And Penalty Revenue	● ● ●
2. Outstanding Fines Recorded In The Manual System	● ● ●
3. Processing Of Trust Fund Transactions	● ● ●
4. Controls Over Processing Of Receipts	● ● ●
5. Accounting For Equipment	● ● ●
6. Electronic Data Processing Controls	● ● ○
State Compliance	
7. Certificate And License Fees	● ● ●
8. Per Diems Paid To Members Of The Compensation Appeals Board <i>(see current year Observation No. 3)</i>	● ● ○
9. Boards And Councils Associated With The Department Of Labor <i>(see current year Observation No. 2)</i>	○ ○ ○
10. Penalty Appeal Board Hearing Decisions	● ● ●
Management Issues	
11. Employee Leave Balances	● ● ●
12. Disposition Of Unclaimed Wage-Adjustment Checks	● ● ●

Status Key

Fully Resolved	● ● ●
Substantially Resolved	● ● ○
Partially Resolved	● ○ ○
Unresolved	○ ○ ○

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