

**JOINT FISCAL COMMITTEE**

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, March 9, 2012

**MEMBERS PRESENT:**

Rep. Ken Weyler (Chairman)  
Rep. Beverly Rodeschin  
Rep. John Reagan  
Rep. Stephen Stepanek  
Rep. Randy Foose  
Sen. Chuck Morse  
Sen. President Peter Bragdon  
Sen. Bob Odell  
Sen. Sylvia Larsen  
Sen. John Gallus

(Convened at 10:38 a.m.)

**(1) Acceptance of Minutes of the February 17, 2012 meeting.**

CHAIRMAN WEYLER: Good morning. Welcome to Fiscal Committee for Friday, March 9<sup>th</sup>, 2012. I see the Committee is all present. I'll move to Tab (1), acceptance of minutes. Is there a motion?

**\*\*** REP. RODESCHIN: I move.

SEN. GALLUS: Second.

CHAIRMAN WEYLER: Representative Rodeschin moves, Senator Gallus seconds, to accept the minutes of February 17<sup>th</sup>. Is there any corrections or omissions? Seeing none; are you ready for the question?

All in favor say aye? Opposed no? The minutes are accepted.

\*\*\* {MOTION ADOPTED}

(2) Old Business:

CHAIRMAN WEYLER: Anybody wish to take anything off Tab (2) for Old Business?

CONSENT CALENDAR

(3) RSA 9:16-a, Transfers Authorized:

CHAIRMAN WEYLER: Seeing none; we'll move to Tab (3). And the first item is 12-084, Department of Transportation transfer. This is a Consent Calendar. Two items on the Consent Calendar, Items 084, 085.

\*\* SEN. BRAGDON: So moved.

REP. STEPANEK: Second.

CHAIRMAN WEYLER: Motion by Senator Gallus (sic), second by Representative Stepanek to adopt the two items on the Consent Calendar under Tab (3). What that's? Did I do the wrong person?

SEN. BRAGDON: Don't worry about it.

CHAIRMAN WEYLER: We'll work it out. Any further discussion or questions on those items? Seeing none; are you ready for the question? All in favor say aye? Opposed nay? The items are adopted.

\*\*\* {MOTION ADOPTED}

(4) RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$50,000 from Any Non-State Source:

CHAIRMAN WEYLER: We'll move on to Tab (4). Again, Consent Calendar, with Items 077, 078 and 093.

*Joint Fiscal Committee*

*March 9, 2012*

\*\* SEN. BRAGDON: So moved

REP. STEPANEK: Second.

REP. FOOSE: Second.

CHAIRMAN WEYLER: I'll get it right this time. That was Senator Bragdon moves, Representative Stepanek seconds, that the items be adopted. Any further questions? Seeing none; are you ready for the question?

All in favor say aye? Opposed no? The items are adopted.

\*\*\* {MOTION ADOPTED}

(5) **RSA 206:33-b Transfers from Fish and Game Fund and RSA 124:15 Positions Restricted:**

CHAIRMAN WEYLER: Moving on to Tab number (5). There's a request from Fish and Game. It's Item 12-087.

\*\* SEN. BRAGDON: So moved.

REP. FOOSE: Second.

CHAIRMAN WEYLER: Motion by Senator Bragdon, second by Representative Foose, to accept the item. Any further discussion? Seeing none; are you ready for the question?

All in favor say aye? Opposed no? The item is adopted.

\*\*\* (MOTION ADOPTED)

(6) **RSA 604-A:1-b Additional Funding:**

CHAIRMAN WEYLER: Okay. Moving on to Tab (6), Judicial Council, Item 12-088. Motion by Senator Bragdon.

*Joint Fiscal Committee*

*March 9, 2012*

REP. FOOSE: Second.

CHAIRMAN WEYLER: Second by Representative Foose to adopt Item 12-088 for the Indigent Defense Fund. Further discussion? Seeing none; are you ready for the question?

All in favor say aye? Opposed no? The item is adopted.

**\*\*\* {MOTION ADOPTED}**

**(7) Chapter 87:3, Laws of 2008, as amended by Chapter 144:261, Laws of 2009, Disaster Relief Payments to Local Communities; April 2007 Disaster Assistance:**

CHAIRMAN WEYLER: Moving on to Tab (8). We know we'll have a few questions --

REP. STEPANEK: Tab (7).

CHAIRMAN WEYLER: -- on this one the item is --

SEN. MORSE: Tab (7).

REP. STEPANEK: Tab (7).

CHAIRMAN WEYLER: Did I skip something?

REP. STEPANEK: You skipped Tab (7).

CHAIRMAN WEYLER: Let's move on to Tab (7). Item is 12-079, Department of Safety.

**\*\* SEN. BRAGDON: So move.**

CHAIRMAN WEYLER: Moving Disaster Relief Fund.

REP. STEPANEK: Second.

CHAIRMAN WEYLER: Motion by Senator Bragdon, second by

*Joint Fiscal Committee*

*March 9, 2012*

Representative Stepanek, to adopt the item. Further discussion? Seeing none; are you ready for the question?

All in favor say aye? Opposed no? The item is adopted.

**\*\*\* {MOTION ADOPTED}**

**(8) Chapter 125, Laws of 2011, relative to Medicaid Managed Care:**

CHAIRMAN WEYLER: Now we'll move on to Tab (8), and the item is 094 plus the additional. I hope everyone has a copy of the additional piece as amended. And we'll invite Commissioner Toumpas to the table for questions. I believe he's bringing Mr. Mosher with him and a third gentleman. All right.

NICHOLAS TOUMPAS, Commissioner, Department of Health and Human Services: You'll notice I was on my way up here before you just called my name.

CHAIRMAN WEYLER: Always knows the answers.

MR. TOUMPAS: Good morning. For the record, Nick Toumpas, Commissioner of Health and Human Services. I'm joined today by the Department's Chief Financial Officer, Steve Mosher, and the Manager of our Contracts Unit, Walter Faasen.

CHAIRMAN WEYLER: I guess the big question we all have is after the negotiations and the information you've given us on capitation rates, and I know there's an additional by adding in Healthy Kids and so on, are we still certain to save 16 million or more?

MR. TOUMPAS: The short answer of that is yes; but I'm going to ask Walter and Steve to give you an update. Walter specifically on where we are within the process and what brings us here, and then to Steve to be able to add information regarding the budget side of it. Walter.

*Joint Fiscal Committee*

*March 9, 2012*

WALTER FAASEN, Director of Contract & Procurement, Department of Health and Human Services: Good morning.

CHAIRMAN WEYLER: Good morning.

MR. FAASEN: We have been negotiating with selected bidders for this project. We are currently still in the negotiation stage. We have received agreement on rates. Therefore, we are proposing the rates for your consideration today. The contracts are currently still in the negotiation stage, and we hope to get agreement on the final contracts in a number of days.

CHAIRMAN WEYLER: Questions from the Committee? Representative Stepanek.

REP. STEPANEK: Thank you. So have you narrowed it down to the three particular vendors who you are, in fact, now finalizing contracts with, or are you still working with a number of vendors?

MR. FAASEN: We have gone through the selection of the bidders and have selected three MCOs that we are currently negotiating with.

REP. STEPANEK: Thank you.

CHAIRMAN WEYLER: Do they already have a presence in the state so there won't be any delay on start-up?

MR. FAASEN: Sorry, cannot comment on that.

MR. TOUMPAS: If I may? We, again, due to the conditions regarding the blackout period, we cannot tell you the number of actual bids that we received. It was greater than three, but we cannot -- we cannot tell you the number. Nor can we tell you the organizations, their locations, or anything else about those organizations until we bring the contracts to the Governor and Executive Council. We are targeting March 28<sup>th</sup>.

*Joint Fiscal Committee*

*March 9, 2012*

One of the items that you have before you is to extend that time line. According to Senate Bill 147 required us to get to the Governor and Executive Council, present the contracts by March 15<sup>th</sup>. We -- we are not able to do that. And so we are now targeting to get the contracts before the Governor and Executive Council for the March 28<sup>th</sup> Governor and Council meeting.

Under the -- under the way the process works, the contracts and the selections that we've made and the actual contracts would become public and available on Friday, the 23<sup>rd</sup>. Sometime in the afternoon of Friday, March 23<sup>rd</sup>.

CHAIRMAN WEYLER: I was curious when you moved the Healthy Kids into this, why wasn't that in there in the original?

MR. TOUMPAS: I thought it was.

MR. MOSHER: It's been in there.

MR. TOUMPAS: It has been in there.

CHAIRMAN WEYLER: Because the amended -- the amended version I got said you added -- it's like 99,000 member months got added in the new -- new amended version. It wasn't in there before.

MR. FAASEN: It was part of the RFP, just in the calculation of the capitated rate that in the end we had to correct that to include the -- that population. So we added the member months, but they have been part of the RFP from the start.

CHAIRMAN WEYLER: Did we lose any Federal money that used to go into this Healthy Kids by doing this this way?

MR. MOSHER: No. We -- we've had meetings with CMS Regional and we have to -- there's a couple of areas, Healthy Kids being one of them, where we get 65% Federal

*Joint Fiscal Committee*

*March 9, 2012*

participation.

CHAIRMAN WEYLER: Yeah.

MR. MOSHER: There's an alternative way to do it; but yes, we are going to retain that enhanced Federal match.

CHAIRMAN WEYLER: How about the Silver?

MR. MOSHER: That -- that is the Silver. The Healthy Kids Silver is the group that gets the 65% Federal match.

CHAIRMAN WEYLER: And the -- well, I thought that was the Gold group that got the match.

MR. MOSHER: No, Gold is our regular Medicaid population, the State Plan population.

CHAIRMAN WEYLER: That gets the 50%?

MR. MOSHER: They get 50%.

CHAIRMAN WEYLER: Okay. We are still maintaining that pretty much the way it was. We are not losing any of the funds that went into that.

MR. MOSHER: That's correct.

CHAIRMAN WEYLER: Thank you. Questions from the Committee? Senator Morse.

SEN. MORSE: First, let me thank the Department for meeting with the Senate Fiscal Committee this morning to iron out quite a few things on the two requests that you've given us.

Nick, if this contract were to be delayed at all for the July 1<sup>st</sup> start-up, would we be able to achieve the level of savings that you have in the budget next year?

*Joint Fiscal Committee*

*March 9, 2012*

MR. TOUMPAS: One of the things that we have maintained consistently, Senator, is that whether -- whether this would be delayed by a day or month or any amount of time, the Department is planning on achieving the \$16 million savings. 'Cause that was the piece that we knew going into this that we are confident that we will achieve the \$16 million savings with or without this.

SENATOR MORSE: Thank you.

CHAIRMAN WEYLER: Can you share any of the information that the Senate got in the early morning meeting that we didn't -- House Members haven't heard yet?

SEN. MORSE: The -- well, one is you touched on the Federal savings. And I think the question was asked this morning, are we losing any savings that whether it be on pharmaceutical or anything else. I think the best example the Department gave or the best answer the Department gave is that's in the rate. Because those savings that we -- the money we might have lost Federally is in the rates of the MCOs that are bidding this contract. And so you couldn't say that if we were to still get \$6 million from pharmaceuticals that, you know, there'd be an additional six million and we go from 16 million to 22. That's not the case because the rates would have went in a different direction. So I think the Department did a good job of explaining that.

CHAIRMAN WEYLER: The reimbursement -- the drug reimbursement's coming into the rates, in effect?

MR. MOSHER: Yes. We have -- the MCO contracts are part of our overall --

CHAIRMAN WEYLER: Right.

MR. MOSHER: -- medical cost, if you will. We would probably lose unrestricted revenue about \$5 million from two places. One is the Federal reimbursement is likely to

*Joint Fiscal Committee*

*March 9, 2012*

be about half of that, 2 to 3 million, because of lower utilization. And then the other piece of it is another 2 to 2 and a half million which is the rebates we get through our Pharmacy Benefit Manager. Those savings are going to be retained by the MCOs.

When we issued our data book for bidding, it included those revenues and said that you can expect these kinds of revenues and you should net out those revenues in your cost. A third area that -- of revenue that the MCOs retained is third party liability recoveries. We often -- well, we do go searching for third party payers for claims that Medicaid may have paid. That's about a million dollars a year. Those were also netted against the rates that they bid on.

CHAIRMAN WEYLER: Thank you. Senator Morse.

SEN. MORSE: I think the next biggest thing to the extent that the dates are public, we were pushing things back to the 28<sup>th</sup>. We didn't want to see Council getting a contract, you know, the day of. So there are some specific dates that are happening within this month. If we vote to go to the 28<sup>th</sup> approval from Council, there are specific dates where Council will get the contract, Council and the Governor have agreed to a presentation, and I think Nick can tell you about that ahead of time so that they can study this contract in public.

MR. TOUMPAS: If I may? The Department did -- has been reaching out to the Council directly to be able to have one-on-one sessions with each one of the members of the Executive Council to brief them on what the initiative is about and the nature of the contract and the whole program, because they really have not been part of this whole process. We -- so we touched with several of them, a couple more that we will still reach out to.

On Wednesday of this week, the Department did a presentation, which is posted on the Department's Website.

*Joint Fiscal Committee*

*March 9, 2012*

We did a presentation for the Executive Council to provide them with an overview of the Medicaid Program and an overview of why we were looking to move into the managed care model, what our goals were, the approach that we were going to take to this in terms of the three steps that we -- that we've talked about. And then just at a high level, just what some of the protections are for consumers, providers, and the State with the contract.

We only had an hour, and it was really -- there was a desire for more discussion. The Governor proposed, and I thought it was a good idea, we readily agreed that on Monday, March 26<sup>th</sup>, at 2:30, I believe it will be in the Council Chambers, there will be a public meeting with the Department being available to address any questions and issues that the Executive Council will have because they will have received the contracts on Friday, March 23<sup>rd</sup>.

Again, the contracts -- again, through the whole procurement process, the contracts will become publicly noticed so that at that point you will know who the three parties are that we wish to contract with. The contract document itself, along with the G & C submittal, it will probably be a fairly substantial package, will be available to the public and for people to be able to review; and most notably, obviously, for the Executive Council to be able to go through that. So we plan on having that -- it's a two-hour block that the Council and the Governor have set up for that Monday, March 26<sup>th</sup>. And then the formal meeting itself for the Council is on Wednesday, the 28<sup>th</sup>.

CHAIRMAN WEYLER: Very good. Anything else? Senator Larsen.

SEN. LARSEN: One of the discussions that the Senate heard that I would like to have out in public is the discussion on quality of service and quality of care, the guarantees. And Chapter 125, which is the Medicaid management -- managed care legislation, talks about the Department shall ensure no reduction in quality of care, of

*Joint Fiscal Committee*

*March 9, 2012*

services provided to enrollees, and shall exercise all due diligence to maintain or increase current level of quality of care provided.

In our approving today the capitation levels for services and the enrolled capitation, would you care to, again, state how certain the Department is that they're going to be able to monitor quality of care of services and --

MR. TOUMPAS: Yeah, the --

SEN. LARSEN: And further, if you could just clarify what populations are not yet included in this contract which will be, I believe, by this legislation required to be in within the next 12 months?

MR. TOUMPAS: Let me deal with that second question first.

The -- the Department has indicated that we would implement this in three steps. Step 1, which is the initial -- initial year is all the Medicaid populations, but only the services that are the State Plan services, including the mental health services, prescription drug, outpatient, inpatient services and so forth, for all the populations.

The second step, which we follow after the first step, would -- it does not add additional populations. What it does, we would at that point we would have had a waiver that would now be mandatory that all populations be in the program. But we would also at that point phase-in the services for the home and community-based care services for the elderly, the services provided largely through the Area Agency Network for those with physical and developmental disabilities, and then the institutional services that are provided to the elderly through the nursing homes. Those would come in in a Step 2. So those services are not included or reflected in the rates that you have before you.

*Joint Fiscal Committee*

*March 9, 2012*

The total amount of dollars that comprise the rates here are reflective only of the medical services, the prescription drug services, the mental health services, and so forth. Again, not -- not including those waiver -- the so-called waiver services for the disabled, as well as for the elderly.

The Step 3 as we talked about, assuming the Affordable Care Act remains in Law, would be the Medicaid expansion that would occur in January of 2014. We wanted to make sure that we were very clear in the Request For Proposal that that was in consideration because if you look at the total number of Medicaid beneficiaries that we have today, it's somewhere around 120 to 130,000. At the end of each month we were tracking somewhere around 120,000 point in time at the end of the month. But over the course of a year, we'll serve upwards of 130,000 State citizens into -- in the Medicaid Program.

The Medicaid expansion, assuming the Affordable Care Act stays in place, would add our estimate at this point is another 50,000 people onto the Medicaid Program. Now, under -- under that, the first three years of that expansion population would be covered entirely by the Federal Government, and then it would begin to titrate down so that the State's responsibility would be 10%. But again, that is in the Affordable Care Act and the Supreme Court will deal with that this month and then we'll know more about that toward the end of the year.

As far as the quality of service, we have no intention of diminishing the quality of service or cutting back on services because the RFP is very specific about what services are going to be provided and so forth. We have metrics in the -- in the RFP and that will be in the contract regarding distance, access standards and so forth. We have put -- regarding quality and certain quality metrics, we have identified some things where there's a holdback of 1% of the capitated payment for the managed care organization that is contingent upon them achieving the benchmarks that we have with respect to quality. We also have additional dollars that are in

*Joint Fiscal Committee*

*March 9, 2012*

there regarding payment reform and looking for innovation in terms of how payments -- payments are made to the providers to explore new models for the -- for both the payment for and the delivery of services. And again, our focus in this first year is on the medical -- medical prescription drug services. It does not include those waiver services and long-term care services. Steve or Walter, you want to add anything to that?

MR. FAASEN: No.

CHAIRMAN WEYLER: I think the message that we should give to the public is that the savings are supposed to result from increased monitoring and follow-up with the Medicaid patient, rather than cutting back on service. Thereby increasing their health and through monitoring and follow-up, it will in the long run save us money.

MR. TOUMPAS: Mr. Chair, I very much appreciate you saying that, because that is precisely what our target is. Again, by having each one of the Medicaid beneficiaries have a medical home in order to be able to navigate the system, to reduce inappropriate admissions or readmissions in and out of various facilities, to try to minimize the use of the emergency room as a primary care setting through better coordination of care, through the integration of greater prevention and wellness programs for the Medicaid beneficiaries in order to be able to create a higher level of health. And if people are healthier, then the costs are going to -- are going to decrease.

We are looking at a dynamic in our state where our population is growing and it is growing older. We're now -- we are the fourth oldest state in the country, with a median age of somewhere over 41 -- 41 years. And that's the area that is growing and with that population they bring increasing levels of complexity and cost. So this is really a way, not so much to save money per se --

CHAIRMAN WEYLER: Right.

*Joint Fiscal Committee*

*March 9, 2012*

MR. TOUMPAS: -- but it is really around creating greater efficiencies. Are there savings that are pegged for this? Yes. And we believe those are -- we believe those are achievable without sacrificing the quality of care or without turning around and saying, no, you're not going to be able to get the services. But the level of oversight and so forth that would be provided, we believe, is going to increase the overall health of the population of the Medicaid population.

CHAIRMAN WEYLER: I think that's a very good goal. Senator Morse for a motion.

**\*\*** SEN. MORSE: I think it's appropriate to move item number 12-094 as amended.

SEN. REAGAN: Second.

CHAIRMAN WEYLER: Okay. The item is moved and seconded. And we are approving the capitated rates as well as the change from the 15<sup>th</sup> to the 28<sup>th</sup> as a deadline for this submission. And everyone understand the question? Any further discussion? Seeing none; are you ready for the question?

All in favor say aye? Opposed no? The item's adopted.

Thank you for all your hard work and for making the deadline. When you missed the first one, I was a little worried. I always have faith in you.

MR. TOUMPAS: Thank you.

**\*\*\* {MOTION ADOPTED}**

**(9) Chapter 224:203, Laws of 2011, Department Budgets; Transfer Of Federal Funds:**

CHAIRMAN WEYLER: Okay. Moving on to Tab (9), Item 080.

*Joint Fiscal Committee*

*March 9, 2012*

\*\* SEN. BRAGDON: So moved.

REP. FOOSE: Move approval.

CHAIRMAN WEYLER: And do them one at a time. 080, Department of Cultural Resources, authorization to transfer \$63,001 in funds.

\*\* REP. FOOSE: Move approval.

CHAIRMAN WEYLER: Move approval by Representative Foose.

SEN. BRAGDON: Second.

CHAIRMAN WEYLER: Second by Senator Bragdon. Further discussion? Seeing none; are you ready for the question?

All in favor say aye? Opposed no? The item is adopted.

\*\*\* **{MOTION ADOPTED}**

CHAIRMAN WEYLER: Moving on to Item 089.

\*\* SEN. BRAGDON: So moved.

CHAIRMAN WEYLER: Motion by Senator Bragdon.

REP. REAGAN: Second.

CHAIRMAN WEYLER: Second by Representative Stepanek (sic), for the Adjutant General's Department authorization to transfer.

Did I give the wrong name?

REP. STEPANEK: That's okay.

*Joint Fiscal Committee*

*March 9, 2012*

REP. REAGAN: That's okay. Proceed.

CHAIRMAN WEYLER: If the voices are a little different, I do better. I don't see, looking sideways, the faces as well. Anyway, authorization to transfer a million fifty-one thousand two hundred eighty in Federal funds. And any further questions or discussion? Seeing none, are you ready for the question?

All in favor say aye? Opposed no? The item is adopted.

**\*\*\* {MOTION ADOPTED}**

CHAIRMAN WEYLER: Moving on to item number 12-090.

**\*\*** SEN. BRAGDON: So moved.

CHAIRMAN WEYLER: Motion by --

REP. STEPANEK: Second.

CHAIRMAN WEYLER: -- Senator Bragdon, second by Representative Stepanek. Department of Education, authorization to transfer \$964,704. Any questions? Any further discussion? Seeing none; are you ready for the question?

All in favor say aye? Opposed no? The item is adopted.

**\*\*\* {MOTION ADOPTED}**

**(10) Chapter 224:210, Laws of 2011, Department of Information Technology, Transfer Among Accounts:**

CHAIRMAN WEYLER: Okay. We move on to Tab (10). Where did everybody go? Item 12-091.

**\*\*** SEN. BRAGDON: So move.

*Joint Fiscal Committee*

*March 9, 2012*

CHAIRMAN WEYLER: Motion by Senator Bragdon.

REP. REAGAN: Second.

CHAIRMAN WEYLER: Second by Representative Reagan. Item 12-091, Department of Information Technology, authorization to transfer 28,900. Any discussion or questions? Seeing none; are you ready for the question?

All in favor say aye? Opposed no? The item is adopted.

**\*\*\* {MOTION ADOPTED}**

**(11) Chapter 224:371, Laws of 2011, Department of Administrative Services; Transfer Among Accounts:**

CHAIRMAN WEYLER: Tab number (11), Item 12-092.

**\*\* SEN. BRAGDON**: So move.

CHAIRMAN WEYLER: Motion by Senator Bragdon.

REP. REAGAN: Second.

CHAIRMAN WEYLER: Second by Representative Reagan to adopt Item 12-092, Department of Administrative Services, transfer of 186,339 in general funds and 160,365 in other funds. Any questions? Very detailed analysis. Thank you very much. So we don't even have any questions. Are you ready for the question?

All in favor say aye? Opposed no? Item is approved.

**\*\*\* {MOTION ADOPTED}**

**(12) Miscellaneous:**

**(13) Information Materials:**

*Joint Fiscal Committee*

*March 9, 2012*

CHAIRMAN WEYLER: And any questions on the information items?

REP. FOOSE: Is there a late item?

CHAIRMAN WEYLER: There is a late item. Late item is 12-095, the Department of Safety requests a transfer of 40,000 to replace two vehicles. Anybody interested they are Ford transit vehicles, to replace two that would not pass inspection anymore. Anybody wish any explanation of this?

SEN. BRAGDON: I don't need explanation. I would point out I think they adequately addressed my questions as to why it's late and why it's so critical, and I think the information did that.

CHAIRMAN WEYLER: Appreciate that. Thank you. Anybody wish to move the item?

**\*\*** REP. FOOSE: Move approval.

CHAIRMAN WEYLER: Representative Foose moves approval.

REP. REAGAN: Second.

CHAIRMAN WEYLER: Representative Reagan seconds. Further discussion?

All in favor say aye? Opposed no? The item is adopted.

**\*\*\* {MOTION ADOPTED}**

**Audits:**

CHAIRMAN WEYLER: Okay. The next item is a very lengthy one on the Consolidated Annual Financial Report. We'll invite Mr. Mahoney to introduce the appropriate people.

*Joint Fiscal Committee*

*March 9, 2012*

RICHARD MAHONEY, Director, Audit Division, Office of Legislative Budget Assistant: Thank you, Mr. Chairman. Good morning. Good morning, Committee Members.

For the record, I'm Richard Mahoney, Director of Audits for the Office of Legislative Budget Assistant. As this Committee knows, our Office is responsible to audit the State's Comprehensive Annual Financial Report on an annual basis, and we do that by contracting with KPMG. So with us this morning is Greg Driscoll. Greg is a partner with KPMG who's responsible for the audit engagement at the State, and he'll be joined by Scott Warnetski who is a Senior Audit Manager with responsibility for the audit as well.

GREG DRISCOLL, KPMG: Good morning.

CHAIRMAN WEYLER: Good morning, gentlemen.

MR. DRISCOLL: We are, as Dick said, we are responsible to perform the audit of the State's Comprehensive Annual Financial Report. And what I'll point you to, we are largely going to be speaking to our role on the audit, the results of the audit which are encapsulated in the letter that should have been provided loosely in the back of the CAFR.

Ed Carter will come up to explain, provide some analysis of the financial statements. So we'll be speaking to this letter and point to one or two things in the CAFR as we go along.

So what I'd like to do is walk you through the letter and parse out the beginning in just a little bit maybe more detail than I normally would since this is my first time before you all replacing Shawn Warren, who for those of you been around for a long time remember. It's tough to follow a legend but I will do my best.

CHAIRMAN WEYLER: Where did he go?

*Joint Fiscal Committee*

*March 9, 2012*

MR. DRISCOLL: Where did he go? They just replaced him with me. So I'm keeping his chair warm for a couple of years.

So anyway, start out with our responsibility under professional standards. In the first sentence there under that we are responsible for forming and expressing an opinion about whether financial statements are presented fairly in conformity with U.S. Generally Accepted Accounting Principals. Those are the standards that the State needs to comply with that are promulgated for governmental units.

Our opinion in your package here, in the CAFR, is on Pages 14 and 15. And the bottom line of the opinion is that we have issued what's called an unqualified opinion, meaning that -- or a clean opinion you may be familiar with. And, ultimately, that there are no qualifications on our opinion that the State's financial statements are prepared in accordance with Generally Accepted Accounting Principles. So that's the best opinion that you can get. So it is unqualified and clean.

We do have two sets of professional standards under which we conduct our audit. Generally Accepted Auditing Standards in the United States issued by the AICPA, our Institute of Certified Public Accountants, as well as government auditing standards issued by the United States Government Accountability Office. So two sets of standards that we have to comply with in conducting our audit and the letter just points out that we did comply with those standards in our performance.

Also, the other thing to keep in mind is that we provide reasonable assurance through our audit, not absolute assurance, that those financial statements do not contain material misstatements. Again, the only way we could get absolute assurance is if we tested every transaction made by the State during the Fiscal period, which obviously we can't do. We incorporate sampling. We

*Joint Fiscal Committee*

*March 9, 2012*

incorporate materiality into determining which transactions we will test in the audit procedures that we conduct. So because of that use of sampling and materiality determinations, we can only provide reasonable assurance, not absolute.

As far as internal control goes at the State, we do test of the State's internal control over financial reporting. However, unlike providing an opinion on the financial statements, we do not provide an opinion on internal control and the adequacy of the internal control. Because we only test internal controls to the extent to gather audit evidence to form our opinion on the financial statements, and to help us decide what substantive procedures over the balance we ought to perform. So we do have internal control observations that will be communicated to you separately in a separate report that is issued as part of the State's Federal single audit, which will be completed at the end of March. That report will contain at this point two material weaknesses in internal control. And, again, we will share that report with you when we present the Federal single audit.

For those control observations that we have that do not rise to the level of material weakness, we will be providing the State with a Management Letter of some of those less significant control and operational observations. And again, that will be presented to the Committee at a later date.

Moving on to Page 2 of our letter, the next section, other information and documents containing audited financial statements. This book that you have here, and Ed will go out through the layout of the book, but this book in addition to the State's basic financial statements has other information in it. Commissioner Hodgdon's transmittal letter, as well as some statistical information related to the State's fiscal period. We do not audit that information, but we do have responsibility to read it and be sure that it is not in contradiction with the financial statements that we audited. And we executed that responsibility and found there

*Joint Fiscal Committee*

*March 9, 2012*

to be no contradictions.

Getting into the State's accounting practices and alternative treatments, the significant accounting policies are outlined in Note 1 to the State's financial statements. One thing to highlight for you, and I don't want to steal Ed's thunder so I'll be brief, the State did implement a new accounting standard this year, GASB Statement 54. And essentially, what -- how this impacted the State was in its governmental funds which include the general funds for those of you who have been around, that fund balance section there were changes in how fund balances classified. The old days it used to be reserved, designated, and undesignated. Now from three categories we've gone out to five categories. Essentially, changing the hierarchy of those categories based on the level of constraint placed on the use of those resources.

So I'll stop there and Ed will pickup when he goes through the financial statements, and I can certainly take questions as to that change when we have some Q and A. But that was the one accounting standard that was newly adopted by the State during the fiscal period.

Unusual transactions, we point out one in the letter and this was the -- which I'm sure you're all intimately aware of -- the amended tax returns filed by several of the State's hospitals related to the Medicaid Enhancement Tax. The reason I point this out as an unusual transaction is it was the reason for the delay in the issuance of the financial statements. Because of the nature of DRA's requirements as far as the information that they could provide for an ongoing review of amended tax returns, we were unable to be provided with evidence that was sufficient for us to be able to reach a conclusion on the liability that would have been recorded, if any, by the State. So we had to wait until notices were actually issued to the hospitals. So that was the reason for the delay from our usual timing in the issuance of the financial statements of mid to late December to the end of February. That was the one holdup was, again, waiting for those notices that DRA could provide us because they were public at that point. And from that point we could reach conclusions about the State's recording of those, any obligation related to the refunds. And as it says in the letter,

*Joint Fiscal Committee*

*March 9, 2012*

and Ed will explain, the State believed based on those results they did not have a net obligation to the taxpayers so no liability was recorded at June 30<sup>th</sup>, 2011.

Qualitative aspects of accounting practices. We have ongoing discussions with management about their accounting policies and practices and new accounting standards. And, again, they are outlined in Note 1-R. And through our discussions and through our audit the -- where they have alternatives, the accounting policies and practices that have been adopted by the State are appropriate, given their circumstances in the context within which they report.

So with that, I'm going to turn it over to Scott to go through some of the nuts and bolts that we had as far as the conduct of the audit.

CHAIRMAN WEYLER: Thank you.

SCOTT WARNETSKI, Senior Audit Manager, KPMG: Great. Thank you, Greg. I'm going to begin my comments on Page 3 of that letter you have in front of you. Starting with the management judgments and accounting estimates. As part of our audit we're required to notify you of some significant judgments and estimates that management uses in preparing their financial statements. These tend to be higher risk areas because they are estimates and they're not grounded in concrete financial transactions, such as their receipt and disbursement of cash. Typically, these estimates could fluctuate results of -- financial results a little bit more because of the nature of these estimates, which leads to the higher risk sort of designation that we give them. So that's why we do point these out and want to make the Committee aware of these estimates and what we do to audit these estimates.

There are five listed there. The State's estimate of its tax receivables and any uncollectible accounts. Its estimate of their other post-employment benefit liability. Its estimate of the Medicaid claims liability, claims incurred prior to June 30 that would be paid after June 30.

*Joint Fiscal Committee*

*March 9, 2012*

Its estimate of workers' compensation -- of its workers' compensation liability. And finally, its pollution remediation liability. I will point out that they do engage -- the State does engage experts in certain instances to help them prepare these estimates, particularly in the other post-employment benefits and workers' compensation. The State engages actuaries to help estimate what these liabilities are, and we essentially do the same. We engage KPMG's actuaries to help evaluate the results of the State's actuaries and the overall reasonableness of the assumptions used in preparing those.

So at a high level, we essentially will test the methodology that the State uses in preparing these estimates. This also includes testing any inputs into the calculations, such as claims data or any other sort of data that we can test. And then in the end sort of evaluate overall reasonableness of the estimate in light of, you know, general circumstances, depending on sort of what's going on.

So finally, where we can, we actually do compare the prior year estimates to sort of current year actual. What this does is gives us sort of a lookback into how the prior year estimate has shaken out compared to the current year results. So the closer the prior year estimate is to the current year actual sort of gives us a good indication that there's a sort of a sound process in place to estimate these liabilities.

And finally, we do consider management bias in developing these estimates, as I said. Because they're estimates, a change in assumption or anything like that can sway the financial results. So we do consider that and how it would affect the financial statements in designing our audit procedures.

Finally, on the last paragraph there, in essence, everything appeared to be reasonably stated was our conclusion in all material respects. Okay.

So moving on to the next page on Page 405 - 4 of 5, I should say - one of the items we are required to notify the Committee of is any corrected and uncorrected misstatements that we uncovered during

*Joint Fiscal Committee*

*March 9, 2012*

our audit. The first paragraph there talks about the uncorrected misstatements. Those are on the last page of your packet as an attachment to the management representation letter that is signed by the management, including the Governor. This was -- there were two items we noted related to the recording of capital assets in the correct period. The entry in the back would be the correcting entry. This, should it have been recorded, would have been in what we call the Government-wide Financial Statements which do not affect the general fund. And Ed will talk a little bit more when he comes up about what the Government-wide Financial Statements are. And then following that are our corrected misstatements. These are items that we found during our audit that management did correct and is reflected in the CAFR that you see in front of you.

Finally -- well, not finally but following that, we are also required to notify you of any disagreements that we had with management, whether on financial or accounting or any reporting matters. We are happy to report we did not have any disagreements with management that we'd be required to report to the Committee at this time.

We'd also be required to report to any consultations with other accountants. Sometimes referred to the sort of opinion shopping. The management did not like our opinion, and they went elsewhere to go get a better opinion, if you will. We would be required to notify you of any of those instances and there were none.

And then, finally, some other significant issues discussed or correspondence with management. We generally do discuss a variety of matters prior to our retention. You know, whether on the application of accounting principles or treatment of certain transactions, but nothing outside the normal course of a typical audit. And then on the last page we are providing to you any material written communications between us and management and that is included as an attachment to our report as the management representation letter that the State signs at the conclusion of the audit essentially representing that we have been provided all the information, the books and records are complete and accurate to the best of their acknowledge, and there's a whole bunch of different things in there.

*Joint Fiscal Committee*

*March 9, 2012*

And then, lastly, we did not note -- we did not encounter any significant difficulties in performing the audit that we would have to report to you. So, with that, that's the end of our prepared comments. If there's any questions, we can field those at this time.

CHAIRMAN WEYLER: Any questions from the Committee? I don't see any. Thank you.

MR. WARNETSKI: Thank you.

MR. DRISCOLL: Thank you; and we'll be available for questions after Ed's presentation as well.

CHAIRMAN WEYLER: Very good. Welcome, Comptroller Carter, and Commissioner Hodgdon.

LINDA HODGDON, Commissioner, Department of Administrative Services: Good morning.

CHAIRMAN WEYLER: Good morning.

MS. HODGDON: Just before Ed prepares his remarks, I just want to thank the Committee for their patience. I know this is late. I know you granted us an extension. I'm very pleased that we were able to hit the 2/29 date, but we all know that wasn't the date we were supposed to be here but we did have some extenuating circumstances. So thank you very much for indulging us while we did work through that, and I'm glad we were able to hit the 2/29 date.

CHAIRMAN WEYLER: I am as well.

ED CARTER, State Comptroller, Department of Administrative Services: Good morning. I'm Ed Carter, State Comptroller. Good to join you again.

CHAIRMAN WEYLER: Good to see you.

MR. CARTER: I would be remiss if I didn't, and I'm afraid I would forget so I want to start just by saying I

*Joint Fiscal Committee*

*March 9, 2012*

offer my thanks to the firm of KPMG for their exceptional performance and assistance. We had a number of difficult areas this year in the audit, and they were extremely cooperative and helpful while maintaining their own -- their own professional dignity -- integrity which they needed to do in helping us through those areas. And I want to thank them for that.

I wanted to just take you -- give you kind of a walking tour through the CAFR because it is a very complicated report. There are a number of different statements prepared on different bases, and I'm going to attempt to just kind of lay a bit of that out.

Certainly, first, there is the opening letters from the Governor and the Commissioner. In the Commissioner's letter which is right up in the front after Governor's letter and some other information, lays out some economic outlooks and just some other discussions. But something you may be particularly interested in is on Page 8 which is the surplus. I will call it official though it's not audited. It's not part of the audited financial statements. You will not see a surplus statement elsewhere in the financial statement. I will show you when we get there where you will see the final balance, but there is no other analysis of surplus as such.

This is the common format you'll see throughout the, you know, the year in various forms. But our balance at the end of the year is 17.7 million in the undesignated fund balance, plus 9.3 in the Rainy Day Fund. This was slightly at variance with what had been presented in the original draft. As is inevitable, there are always something that crops up or some difference that's noted during the audit period. Many times it's -- it's my own people that notice it at that time, and we bring it to the auditors and say we are going to change it. That was changed by about 8.4 million, primarily due to the instance of the CMS -- the infamous CMS letter that was received in January, actually, which disclosed that an amount of money needed to be returned to providers in order to obtain the approval they needed to change or to amend their plan for the DSH for that year. So that was something that was hindsight. It's disclosed in the subsequent event footnotes that I'll point out. And we had to make that change.

*Joint Fiscal Committee*

*March 9, 2012*

Also, in this section you'll see on Page 9 is a recap of the unrestricted revenues. Those that cover all net appropriations. And the amount of unrestricted revenue this year came out about flat with just slightly lower than the prior year.

You will also see that there was no transfer to the Rainy Day Fund this year as is provided under the law that we transfer excess balances. That was addressed in House Bill 2 that no transfer be made this year in order to protect us from any type of a contention that we had used ARRA monies in a form that was not prescribed.

There was a particular rule that was very convoluted and very difficult to prove otherwise and so the -- and rightfully, the decision was made not to make any deposit this year rather than be at risk of it being -- rather than being at risk of having someone contend that we had deposited ARRA monies into the Rainy Day Fund.

CHAIRMAN WEYLER: There is a Bill going forward in the House which transfers what appears to be a premium tax, insurance premium tax, above what was estimated into the Rainy Day Fund. Will that be a problem? Have you commented on that Bill?

MR. CARTER: I specifically have not commented on that Bill. I've not done a great deal of research into the rules of ARRA in that regard. That was studied at some time by the Attorney General's Office early in the process of ARRA. Something that was brought up at that time was that it could be contended that ARRA monies supplanted the spending of unrestricted funds thereby leading to an excess that was deposited into the Rainy Day Fund. Like I said, that's kind of convoluted. I'm not sure because the insurance tax proceeds, the premium tax proceeds are an unrestricted revenue, I'm not completely confident that that contention could still be made.

CHAIRMAN WEYLER: Thank you.

MR. CARTER: Skipping over now into the audited section, you'll see the audit on page -- the audit report

*Joint Fiscal Committee*

*March 9, 2012*

on Page 14 that Greg referred you to. And contained within this Section is this management discussion and analysis through Page 22. And on Page 24, we see the beginning of what's referred to as the government-wide statements. There are -- this is the entire State all in, in two primary categories. That of primary government and that of component units. Component units are Agencies related to the State but not an integral part of the State, such as the University System. And you'll see that on this balance sheet you have what's referred to as a classified balance sheet meaning you have current items, you have long-term items. You will not see the same as you get into many of the government -- government fund statements. You will also see that net assets are at variance with what you would see in the fund statement. The surplus that we commonly refer to is not the fund -- the unrestricted net assets here. You will see that over on another statement.

I would just like to take you to the next page which lays the overall operations of the State out in a somewhat unique manner. It starts with expenses categorized by the many functions and programs of the State. It lays out specific program revenues. Those would be your restricted dollars that go to certain programs, Federal contributions and other. And then it provides a net at that point which then becomes your net -- your net to be covered by your unrestricted dollars on the next page, on Page 27. Below that, it groups together all of those unrestricted dollars that we take in to provide the net position. So it's fairly unique. And this is all, again, on a full accrual basis. So it is somewhat at variance with the way in which we account for the surplus. It takes in long-term accruals. It includes all the debt and fixed assets as well, but an interesting way to layout the activities of the State on a full accrual basis.

From there we go into the first set of fund statements. Now as you refer to, all of the various funds I'm going to try to point out where you see the different ones. You're all familiar with the general fund, the

*Joint Fiscal Committee*

*March 9, 2012*

Highway Fund, Turnpike operations, Liquor operations. I'll try and point you to where you will see those here. This first set of statements is the governmental funds which are comprised of the general, the highway, the education, and other what's referred to as non-major governmental funds. And I would have you just, if you would, make a notation above the word highway. Page 86 of this report provides you a breakdown of the Highway Fund. I won't take you there now, but you could see more information concerning the Highway at that location. And the non-major governmental fund are broken down in a bit more detail on Page 89. And then you can see it's a very simple balance sheet because this is not classified. It is all -- it doesn't distinguish between long-term and short-term assets and liabilities. And basically, they don't account for long-term. But this is where we have our surplus. Under the general fund, the very bottom numbers here and under the fund balances is your other unassigned.

As Greg had said, we adopted a new accounting principle this year that was recently pronounced and this was the year of adoption called the GASB 54 -- 52 which is the categorization of various equity accounts. But those five categories now that Greg had referred to, you will see down here in this fund balance section you have non-spendable categories. That's tied up in inventory or other permanent type non-spendable areas. Then you have restricted fund balances. This is something that is restricted by a third party outside of the government, such as the Federal Government or a donor who put specific restrictions on it. It could also involve taxes which were restricted at the time that the enabling legislation was enacted. So if a particular legislation created a tax, and at that time restricted it to a specific purpose, that would also be restricted.

Under that comes committed. That is where the highest governing authority of the State may have placed a restriction on the use of certain assets. If the Legislature passed a Bill that was not a part of an enacting legislation of tax, that would be a considered --

*Joint Fiscal Committee*

*March 9, 2012*

that would be considered a committed fund. Other than that, assigned is where management, particularly the Comptroller or any other level of government below that highest authority, may place assets in some type of a reserve for budgeting or other purposes. And that would be an assigned item. You'll see that in the other funds, such as Fish and Game and others, their net balance is assigned by virtue of the fact that they are designated for those purposes.

Then below that you have that which we've set aside in the Rainy Day Fund and the Other which is all other fund balances; unrestricted, undesignated.

The next section starting on Page 35, the statement is on Page 36, is your proprietary assets. This is where you see any funds that are called basically enterprise funds. They constitute here the Turnpike System, the Liquor Commission, the Lottery Commission, and specifically Unemployment as well. Not because -- these generally are funds which operate like a business or they are totally funded by specific revenues for the purpose of operating that fund. That's why they're called enterprise funds. And they are categorized here in what's referred to as proprietary funds. These also are accounted for on a full accrual basis unlike the general fund. If I didn't mention, the general fund is not on a full accrual. It's on something called a modified accrual basis, where not all liabilities are accrued or assets recognized. But these are all on full accrual basis. You read these statements very much like you would read a commercial enterprise's financial statements, other than the fact that they are non-profit.

Then followed by that is the fiduciary and agency. These are basically entrusted funds starting on Page 41. These are other funds that have been given to the State or provided to the State to operate certain activities. These, in fact, include also the pension trust funds.

Then after that are the -- there's some component unit financial statements, the University System and some other non-major component units, and the footnotes begin on Page 47, commonly referred to as disclosures. You'll hear of something being disclosed -- not accounted for but disclosed in the financial statements. This

*Joint Fiscal Committee*

*March 9, 2012*

is where it would be disclosed. The disclosures of the financial statements basically provide an overview of the general policies that the State applies in maintaining its financial records. It provides for -- also, I'd like to point you to there are a number of specific account breakdowns in the beginning part of the notes, but if you skip over to Page 70, some of the more informative begins the litigation.

Footnote 13 is your litigation. We have a fair amount of litigation going on in this state. One piece of good news this year is that we actually had four closed this year. They are still disclosed because you're required in the year that they are closed to disclose the fact that they are. They include the Disproportionate Share Hospital Payments. The good news is it closed. The bad news is it cost us \$38 million. Litigation related to Financial Resources Mortgages, Inc., the FRM. It was closed to our favor. The Chase Home was also closed with some obligation by the State. It is somewhat closed. There is a piece of the Chase Home that has ongoing obligation and we will continue to disclose that aspect of it. And I did say there were four, and I can only -- I only marked three. I apologize.

And then the last thing I wanted to -- well, another item I wanted to bring your attention to is on Page 75. Footnote 19, Subsequent Events. Because we were delayed, because there is such a lapse of time from the time of preparation to the financial statements or the close of the year and the final issuance, and this year exacerbated by the fact that we had further delay in issuing. You have occurrences. You have things come up that tell you more about what the condition of the State was at the balance sheet date, i.e., June 30<sup>th</sup>. As I mentioned before in this case an action was taken by CMS in response to a request by the State which ended up generating an obligation by the State which was clearly attributable to June 30<sup>th</sup>. That was a subsequent event that gave rise to an adjustment in the financial statements.

There are other items noted here. The debt issuance. Just common debt issuance. And also the MET closure. The MET Refund closure I should say. If I could just offer a few comment on that in terms of what occurred. It's important to understand that the

*Joint Fiscal Committee*

*March 9, 2012*

Comptroller's Office is the first party responsible for preparing the financial statements. Auditors don't prepare the financial statements, they audit them. It is my Office's responsibility to determine what the financial statements need to present in conformity with Generally Accepted Accounting Principles. I had no ability in this case due to the restrictions, the confidentiality restrictions imposed on the tax areas, I had no insight into what the details of the refund requests were. Only had a total amount that had been requested. I had no ability to make a judgment or even receive a judgment from the taxing authorities because they were shrouded, if you will, during the period of their examination of those requests. So the first step is I wasn't able to give the auditors the number. I couldn't say that there's no obligation. I had no basis to make that judgment.

So we had to wait until DRA completed their work, at least on a part of them. And they did complete their work on a large proportion, about 75% of the requests that had been received during the period applying to 2011 and before. And from the results of that, we were able to extrapolate that there would be no material impact of the eventual payouts of refunds on the financial statements. But that process took until the time that DRA could complete their reviews.

MS. HODGDON: It's probably important to note for that 75% there was at least about a two and a half million dollar positive effect that we did not book. Because we did do an extrapolation for the last 25%. So there's, you know, there may be a cushion there. But the conservative thing to do was to not book that, because we don't know what the last 25% looked like. So we may see that yet in 2012.

MR. CARTER: And you will see that come through in a couple of pieces. You may see in the month of March a couple million dollars of refunds being issued by DRA for these MET refunds. As Commissioner just mentioned, the reviews of those hospitals for the years for which they were requesting refunds resulted in the Commission identifying additional taxes the hospitals should have paid over and above what they had requested in refunds. That's

*Joint Fiscal Committee*

*March 9, 2012*

the positive effect. That results in notices to those hospitals that they need to pay those amounts.

The other hospitals that they determined they, in fact, had a valid refund requests, those refunds need to be paid right now. You'll see those paid out in the month of March and they'll come through in the revenue focus you'll see at the end of this month. The amounts receivable from the hospitals, stay tuned. I mean, you know, they have to chase those monies and collect them. Just to clarify that point.

And the last thing disclosed here is the foreclosure settlement. The foreclosure abuse nationwide settlement. It just discloses the amounts that are expected to be coming into the State and the amount that is expected to be received specifically by the State. Our understanding is the 11 million that's been designated to come directly to the State is earmarked, if you will, not to use the literal phrase, but it is designated for the Consumer Protection Bureau. So that may not be unrestricted monies or available to the general fund. It depends on the nature of the restrictions that -- that cover the monies that come in.

CHAIRMAN WEYLER: Wasn't this already announced it was going to go to help payments of mortgages, consumers?

MR. CARTER: That is correct. There are a number of things it's been talked about going towards. What I haven't yet seen is anything specifically that says it must, and that will come with whatever language comes out of the final settlement.

That was the end of my prepared remarks. Are there any questions?

CHAIRMAN WEYLER: Any questions from the Committee?

SEN. LARSEN: I --

CHAIRMAN WEYLER: Senator Larsen.

*Joint Fiscal Committee*

*March 9, 2012*

SEN. LARSEN: I did have one. The -- on Page 26, you have the statement of activities and kind of a new presentation of the State's position. But I was curious, you have a section on Page 26 called component units and it has University System but then it says non-major component units. What's an example of a non-major component unit?

MR. CARTER: That could be the Pease Authority. I'm thinking off the top of my head. But those are disclosed later in the footnotes will identify them and in some cases further detail is provided in supplementals.

MR. DRISCOLL: Senator Larsen, if you go to Pages 96 and 97, you will see the four component units that comprise the non-major column. It's Business Finance Authority, Community Development Finance Authority, Pease Development Authority, and the Community College System.

SEN. LARSEN: Okay. Thank you.

MS. HODGDON: There's also a text write-up on Page 47.

SEN. LARSEN: Thank you.

CHAIRMAN WEYLER: Further questions from the Committee? Seeing none; please continue.

MS. HODGDON: I think we are all set unless you have questions.

CHAIRMAN WEYLER: We are all finished. Very good.

MR. CARTER: That's it.

MR. DRISCOLL: Thank you.

CHAIRMAN WEYLER: Any further questions on the Consolidated Annual Financial Report? Seeing none; I'll recognize Representative Rodeschin for a motion.

*Joint Fiscal Committee*

*March 9, 2012*

REP. RODESCHIN: I move to accept the report, place it on file, and release it in the usual manner.

CHAIRMAN WEYLER: Have we done that already?

REP. RODESCHIN: No, we haven't done that.

JEFFRY PATTISON: Legislative Budget Assistant, Office of Legislative Budget Assistant: You have, in fact, given me the authority to do that.

REP. RODESCHIN: That's right, we did.

CHAIRMAN WEYLER: We did, in fact, the last meeting. So we have released this and accepted it in anticipation of this date and time. Or this 29<sup>th</sup>, actually, date and time. Thank you very much for all your hard work.

MR. DRISCOLL: Thank you.

MS. HODGDON: Thank you.

CHAIRMAN WEYLER: It's a very useful document. Do you also do that revenue focus, is that from your office?

MR. CARTER: Yes.

CHAIRMAN WEYLER: That's also very useful. Appreciate that. Thank you all very much. We now know everything we need to know; right?

All right. Let's plan the next meeting, folks, before we all leave. Senators, any restrictions on the next meeting?

SEN. MORSE: July is looking good.

CHAIRMAN WEYLER: I know you're going to get busy.

*Joint Fiscal Committee*

*March 9, 2012*

SEN. MORSE: I thought this was going to be a short calendar. What happened?

CHAIRMAN WEYLER: We are done before noon. That is a short calendar.

MR. PATTISON: Friday, April 13<sup>th</sup>.

CHAIRMAN WEYLER: Did you hear that? Friday, April 13<sup>th</sup>.

REP. RODESCHIN: That a good day, Friday the 13<sup>th</sup>?

CHAIRMAN WEYLER: Friday the 13<sup>th</sup>.

MR. PATTISON: Why not?

CHAIRMAN WEYLER: Lucky day. Any problems with the date? Begin at 10. 10 o'clock Fiscal on Friday the 13<sup>th</sup>. Thank you all very much. We will adjourn -- the motion to adjourn.

**\*\*** REP. RODESCHIN: So move.

REP. FOOSE: Move.

SEN. GALLUS: Second.

CHAIRMAN WEYLER: Representative Rodeschin moves to adjourn and Senator Gallus seconds. We are adjourned. All in favor say aye? We are adjourned.

**\*\*\* {MOTION ADOPTED}**

(Adjourned at 11:47 a.m.)

*Joint Fiscal Committee*

*March 9, 2012*

CERTIFICATION

I, Cecelia A. Trask, a Licensed Court Reporter-Shorthand, do hereby certify that the foregoing transcript is a true and accurate transcript from my shorthand notes taken on said date to the best of my ability, skill, knowledge and judgment.

*Cecelia A. Trask*

Cecelia A. Trask, LSR, RMR, CRP  
State of New Hampshire  
License No. 47



*Joint Fiscal Committee*

*March 9, 2012*