



## **CITY OF ROCHESTER, NEW HAMPSHIRE**

Independent Auditor's Reports Pursuant  
to Government Auditing Standards  
and Uniform Guidance

For the Year Ended June 30, 2022

## TABLE OF CONTENTS

	<u>Page</u>
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	<b>1</b>
<b>Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required By the Uniform Guidance</b>	<b>3</b>
Schedule of Expenditures of Federal Awards	8
Notes to Schedule of Expenditures of Federal Awards	10
Schedule of Findings and Questioned Costs	11



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and City Council and City Manager  
City of Rochester, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rochester, New Hampshire (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 10, 2023.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a

---

Merrimack, New Hampshire  
Andover, Massachusetts  
Greenfield, Massachusetts  
Ellsworth, Maine

800.282.2440 | [melansoncpas.com](http://melansoncpas.com)



combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

Merrimack, New Hampshire  
March 10, 2023



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND  
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and City Council and the City Manager  
City of Rochester, New Hampshire

**Report on Compliance for Each Major Federal Program**

***Qualified and Unmodified Opinions***

We have audited the City of Rochester, New Hampshire's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Qualified Opinion on Title I Grants to Local Educational Agencies***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Title I Grants to Local Educational Agencies program for the year ended June 30, 2022.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2022.

***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States

---

Merrimack, New Hampshire  
Andover, Massachusetts  
Greenfield, Massachusetts  
Ellsworth, Maine

800.282.2440 | melansoncpas.com



*(Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.*

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

***Matter(s) Giving Rise to Qualified Opinion on Title I Grants to Local Educational Agencies***

As described in the accompanying Schedule of Findings and Questioned Costs, the City of Rochester, New Hampshire did not comply with requirements regarding Assistance Listing 84.010, Title I Grants to Local Educational Agencies, as described in finding number 2022-001 for Allowable Costs/Cost Principles. Compliance with these requirements is necessary, in our opinion for the City to comply with the requirements applicable to that program.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material, noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.



In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over



compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We consider the deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rochester, New Hampshire as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 10, 2023 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional





procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Merrimack, New Hampshire  
March 10, 2023

**CITY OF ROCHESTER, NEW HAMPSHIRE**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

<b>Federal Agency</b>					
Cluster	Federal	Pass Through			Passed
Pass-through Agency	AL	Identifying	Federal		Through to
Program Title	<u>Number</u>	<u>Number</u>	<u>Expenditures</u>		<u>Subrecipient</u>
<b>U.S. Department of Agriculture</b>					
Child Nutrition Cluster					
Passed Through the New Hampshire Department of Education					
National School Breakfast Program	10.553	UNKNOWN	\$ 312,589	\$ -	
National School Lunch Program - Cash Assistance	10.555	UNKNOWN	1,515,275	-	
National School Lunch Program - Non-Cash Assistance	10.555	UNKNOWN	143,592	-	
Special Milk Program for Children	10.556	UNKNOWN	301	-	
Total Child Nutrition Cluster			1,971,757	-	
Passed Through the New Hampshire Department of Education					
Fresh Fruit and Vegetable Program	10.582	UNKNOWN	79,288	-	
Total U.S. Department of Agriculture			2,051,045	-	
<b>U.S. Department of Housing and Urban Development</b>					
CDBG - Entitlement Grants Cluster					
Passed Through the New Hampshire Community Development Finance Authority					
Community Development Block Grants/Entitlement Grants	14.218	BC-18-MC-33-0004	11,383	11,383	
Community Development Block Grants/Entitlement Grants	14.218	BC-19-MC-33-0004	10,828	10,828	
Community Development Block Grants/Entitlement Grants	14.218	BC-20-MC-33-0004	66,640	66,640	
Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-33-0004	9,606	8,134	
Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-33-0004	14,674	14,674	
Community Development Block Grants/Entitlement Grants	14.218	BC-21-MC-33-0004	268,686	214,115	
Community Development Block Grants/Entitlement Grants	14.218	21-216-CDHS-CV	3,072	-	
Total CDBG - Entitlement Grants Cluster			384,888	325,774	
Passed Through the New Hampshire Community Development Finance Authority					
Public Housing Capital Fund	14.872	ACC NY 496	61,700	-	
Total U.S. Department of Housing and Urban Development			446,589	325,774	
<b>U.S. Department of Justice</b>					
Passed Through the New Hampshire Department of Justice					
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1837	59,226	-	
Crime Victim Assistance	16.575	2019-V2-GX-0050	25,119	-	
Bulletproof Vest Partnership Program	16.607	2020-BU-BX-2002-0562	6,102	-	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0434	439	-	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0528	605	-	
Edward Byrne Memorial Competitive Grant Program	16.751	2020-DJ-BX-0462	3,414	-	
Total U.S. Department of Justice			94,904	-	
<b>U.S. Department of Transportation</b>					
Highway Planning and Construction Cluster					
Passed Through the New Hampshire Department of Transportation					
Highway Planning and Construction	20.205	X-A000(320) #14350	14,359	-	
Total Highway Planning and Construction Cluster			14,359	-	
Highway Safety Cluster					
State and Community Highway Safety	20.600	Agreement 21-160	3,073	-	
Total Highway Safety Cluster			3,073	-	
Total U.S. Department of Transportation			17,432	-	

(continued)

(continued)

**U.S. Department of the Treasury**

Passed Through the New Hampshire Governor's Office for  
Emergency Relief and Recovery

Coronavirus State and Local Fiscal Recovery Funds  
Coronavirus State and Local Fiscal Recovery Funds

21.027	SLFRP2088	129,815	-
21.027	SLFRP2088	600,000	-

Total U.S. Department of Treasury

729,815	-
---------	---

**Institute of Museum and Library Services**

Direct Federal Program

Grants to States

45.310	LS-250225-OLS-21	4,419	-
--------	------------------	-------	---

Total Institute of Museum and Library Services

4,419	-
-------	---

**U.S. Department of Education**

Special Education Cluster

Passed Through the New Hampshire Department of Education  
and Secondary Education

Special Education Grants to States

84.027	92640	13,846	-
--------	-------	--------	---

Special Education Grants to States

84.027	20202636	35,126	-
--------	----------	--------	---

Special Education Grants to States

84.027	20205108	4,198	-
--------	----------	-------	---

Special Education Grants to States

84.027	20193521	14,956	-
--------	----------	--------	---

Special Education Grants to States

84.027	20220186	1,068,281	-
--------	----------	-----------	---

Special Education Grants to States

84.027	20210088	16,265	-
--------	----------	--------	---

Special Education Grants to States

84.027	20220757	4,437	-
--------	----------	-------	---

Special Education Preschool Grants

84.173	92640	8,008	-
--------	-------	-------	---

Special Education Preschool Grants

84.173	20220186	35,604	-
--------	----------	--------	---

Special Education Preschool Grants

84.173	20210088	69	-
--------	----------	----	---

Special Education Preschool Grants

84.173	20220757	1,425	-
--------	----------	-------	---

Total Special Education Cluster

1,202,215	-
-----------	---

Passed Through the New Hampshire Department of Education

Adult Education - Basic Grants to States

84.002	20220037	45,817	-
--------	----------	--------	---

Title I Grants to Local Educational Agencies

84.010	20210993	253,493	-
--------	----------	---------	---

Title I Grants to Local Educational Agencies

84.010	20220286	1,004,214	-
--------	----------	-----------	---

Title I Grants to Local Educational Agencies

84.010	20205130	57,887	-
--------	----------	--------	---

Title I Grants to Local Educational Agencies

84.010	20211800	12,211	-
--------	----------	--------	---

Career and Technical Education - Basic Grants to States

84.048	20220046	145,915	-
--------	----------	---------	---

Career and Technical Education - Basic Grants to States

84.048	20210740	9,553	-
--------	----------	-------	---

Twenty-First Century Community Learning Centers

84.287	20210870	65,059	-
--------	----------	--------	---

Twenty-First Century Community Learning Centers

84.287	20220183	59,680	-
--------	----------	--------	---

English Language Acquisition State Grant

84.365	20211522	8,209	-
--------	----------	-------	---

Supporting Effective Instruction State Grant

84.367	20200195	269	-
--------	----------	-----	---

Supporting Effective Instruction State Grant

84.367	20210997	110,916	-
--------	----------	---------	---

Supporting Effective Instruction State Grant

84.367	20200195	23,430	-
--------	----------	--------	---

Supporting Effective Instruction State Grant

84.367	20220513	46,140	-
--------	----------	--------	---

Student Support and Academic Enrichment Program

84.424	20190773	101,708	-
--------	----------	---------	---

COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund

84.425D	20211490	1,358,105	-
---------	----------	-----------	---

COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund

84.425D	20200802	73,856	-
---------	----------	--------	---

COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund

84.425U	20220350	130,736	-
---------	----------	---------	---

Total U.S. Department of Education

4,709,411	-
-----------	---

**U.S. Department of Homeland Security**

Passed Through the New Hampshire Department of Safety

COVID-19 - Disaster Grants - Public Assistance (Presidentially  
Declared Disasters)

97.036	FEMA-4516-DR-NH	14,017	-
--------	-----------------	--------	---

Total U.S. Department of Homeland Security

14,017	-
--------	---

Total Federal Expenditures

\$ 8,067,632	\$ 325,774
--------------	------------

The accompanying notes are an integral part of this schedule.

## **CITY OF ROCHESTER, NEW HAMPSHIRE**

### **Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2022**

#### **Note 1. Summary of Significant Accounting Policies**

- The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Rochester, New Hampshire (the City) under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.
- Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.
- The amounts reported for the National School Lunch Program – Non-Cash Assistance represent the fair value of commodities received.
- Expenditures awarded from the Federal Emergency Management Agency (FEMA), must be presented on the Schedule when; 1) FEMA has approved the City's project worksheet (PW) and 2) the City has incurred the eligible expenditures. The \$14,017 reported for Disaster Grants – Public Assistance (Presidentially Declared Disasters), AL 97.036, represents expenditures incurred in prior years that were approved by FEMA during fiscal year 2022.

#### **Note 2. De Minimis Cost Rate**

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note 3. Donated Personal Protective Equipment (PPE) (Unaudited)**

During fiscal year 2022, the City did not receive donated PPE from federal sources.

**CITY OF ROCHESTER, NEW HAMPSHIRE**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☒ yes ☐ none reported

Type of auditor's report issued on compliance for major federal programs:

Title I Grants to Local Educational Agencies	<i>Qualified</i>
Child Nutrition Cluster	<i>Unmodified</i>
Coronavirus State and Local Fiscal Recovery Funds (ARPA)	<i>Unmodified</i>
Special Education Cluster	<i>Unmodified</i>

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☒ yes ☐ no

Identification of major federal programs:

***Assistance Listing Number(s)***

84.010  
10.553/10.555/10.556  
21.027  
  
84.027/84.173

***Name of Federal Program or Cluster***

Title I Grants to Local Educational Agencies  
Child Nutrition Cluster  
Coronavirus State and Local Fiscal Recovery Funds (APRA)  
Special Education Cluster

Dollar threshold used to distinguish  
between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

## SECTION II - FINANCIAL STATEMENT FINDINGS

None.

## SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

### **2022-001      *Improve Time and Effort Documentation***

#### **Federal Program(s) Information**

Federal Agency: U.S. Department of Education

Award Name: Title I Grants to Local Educational Agencies

AL Number: 84.010

Award Year: 2020, 2021, and 2022

Compliance Requirement: Allowable Costs/ Cost Principles

#### **Type of Finding**

Compliance

Internal Control over Compliance - Significant Deficiency

#### ***Criteria or Specific Requirement***

Grantees must provide reasonable assurance that federal awards are expended only for allowable activities and that the costs of goods and services charged to federal awards are allowable and in accordance with the applicable cost principles. Management is also responsible for establishing and maintaining effective internal control over compliance with federal requirements that have a direct and material effect on a federal program. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the type of compliance requirement of a federal program on a timely basis.

#### ***Condition and Context***

A sample of disbursements charged to the grants was tested for proper supporting documentation in order to determine if in accordance with the federal requirements related to Allowable Costs/Cost Principles. As a result of testing of payroll disbursements charged to grants, certain costs were found that did not meet the time and effort documentation requirements. Specifically, semi-annual certifications were not provided for salaried individuals charged to the grants.

#### ***Cause***

Weaknesses in the design and operation of controls.

***Effect or Potential Effect***

Due to the weaknesses in internal controls noted above, there is a risk that amounts charged to federal awards may not be allowable or in accordance cost principles. Known and likely questioned costs are equal to all payroll related costs charged to the grants and are as follows:

<u>AL</u> <u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Questioned</u> <u>Costs</u>
84.010	Title I Grants to Local Educational Agencies	\$192,601

***Identification as Repeat Finding***

As identified in Section IV, the Schedule of Prior Year Findings, this is a repeat of finding 2021-001. The reason for this finding's recurrence is due to the prior year single audit report not being issued until September of 2022, which is in fiscal year 2023. The City was not able to take the corrective action and make changes for the year under audit, as the year was already over.

***Recommendation***

The weakness in internal controls noted above should be addressed in order to provide reasonable assurance that federal awards are expended only for allowable activities, and that the costs of goods and services charged to federal awards are allowable and in accordance with the applicable cost principles.

***Views of Responsible Official Planned Corrective Action Plan***

Management's corrective action plan is included at the end of this report after the Schedule of Prior Year Findings.

**SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS**

<u>Finding #</u>	<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Current Year</u> <u>Status</u>
2021-001	84.010	Improve Time and Effort Documentation	Repeated in 2022-001



# City of Rochester School Department

**Mr. Kyle Repucci**  
Superintendent of Schools  
e-mail: [repucci.k@sau54.org](mailto:repucci.k@sau54.org)

**Ms. Christine Hebert**  
Assistant Superintendent of Schools  
e-mail: [hebert.c@sau54.org](mailto:hebert.c@sau54.org)

**Mrs. Linda Bartlett**  
Business Administrator  
e-mail: [bartlett.l@sau54.org](mailto:bartlett.l@sau54.org)

**Ms. Sarah Reinhardt**  
Director of Special Education and Special Programs  
e-mail: [reinhardt.s@sau54.org](mailto:reinhardt.s@sau54.org)

**Office of the Superintendent**  
150 Wakefield Street  
Suite #8  
Rochester, NH 03867-1348  
(603) 332-3678  
FAX: (603) 335-7367



May15, 2023

Marcum, LLP  
9 Executive Park Drive, Suite 100  
Merrimack, New Hampshire 03054

This letter is in reference to the City of Rochester, New Hampshire's major federal programs monitoring procedure as part of City's single audit for the year ended on June 30, 2022. Included please find the Corrective Action Plan for the finding related to Time and Effort Documentation.

## CORRECTIVE ACTION PLAN

### Audit Finding Reference:

2022-001 Improve Time and Effort Documentation  
Federal Agency: U.S. Department of Education  
Program: Title I Grants to Local Educational Agencies  
AL Number: 84.010  
Award Year: 2020, 2021, and 2022  
Compliance Requirement: Allowable Costs/Costs Principles

### Planned Corrective Action:

The Rochester School Department developed a procedure to ensure that semi-annual certifications are completed by employees funded under federal funding sources, including Title I, no later than July 30<sup>th</sup> for the period from January 1 – June 30, and no later than January 30<sup>th</sup> for the period from July 1 – December 31 annually after the finding 2021-001. This procedure is currently being implemented and has been disseminated to all grant managers and the Federal Grants Manager. The forms are already being utilized and completed by the appropriate employees. Attached please find our semi-annual certification template. This repeat finding is due to the prior year single audit report not being issued until September 2022, which is in the fiscal year 2023, so this change was not able to impact the year ending in June 2022, since that year was already over.

**Name of Contact Person:** Kyle Repucci, Superintendent of Schools, (603) 332-3678, [repucci.k@sau54.org](mailto:repucci.k@sau54.org)  
**Anticipated Completion Date:** May 15, 2023

Sincerely,

Kyle Repucci, Superintendent of Schools

ATTACHMENT

**Single Cost Objective Using Federal Funds Semi-Annual Certification**

Date: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_

School/SAU: \_\_\_\_\_

Employee Name: \_\_\_\_\_

Employee ID: \_\_\_\_\_

Title: \_\_\_\_\_

Where employees are expected to work solely on a single Federal program or cost objective, charges for their salary will be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

I, [NAME], certify that my work time from [DATE] to [DATE] was spent on [GRANT], CFDA # [xxx]

\_\_\_\_\_  
*Employee Signature*

\_\_\_\_\_  
*Supervisory Official Signature*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Date*