



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

Independent Auditors' Reports Pursuant  
to Government Auditing Standards  
and Uniform Guidance

For the Year Ended June 30, 2020

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**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 AUDITORS' REPORT**

To the Honorable Mayor, City Council, and 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, 2020 , and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 28, 2021.

**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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a

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Andover, Massachusetts  
Greenfield, Massachusetts  
Ellsworth, Maine

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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 may exist that have not been identified.

### **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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Merrimack, New Hampshire  
January 28, 2021

**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 AUDITORS' REPORT**

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

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

We have audited the City of Rochester, New Hampshire's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the



City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

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 major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not



identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 28, 2021 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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  
April 6, 2021

**CITY OF ROCHESTER, NEW HAMPSHIRE**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

| <b><i>Federal Agency</i></b>   |               |   |                     |                     |
|--|---------------|---|---------------------|---------------------|
| Cluster  | Federal       | Pass Through  |                     | Passed              |
| Pass-through Agency  | CFDA          | Identifying   | Federal             | Through to          |
| Program Title  | <u>Number</u> | <u>Number</u>   | <u>Expenditures</u> | <u>Subrecipient</u> |
| <b><i>U.S. Department of Agriculture</i></b>                             |               |   |                     |                     |
| Child Nutrition Cluster  |               |   |                     |                     |
| Passed Through the New Hampshire Department of Education                 |               |   |                     |                     |
| School Breakfast Program   | 10.553        | Unknown   | \$ 163,599          | \$ -                |
| National School Lunch Program - Cash Assistance                          | 10.555        | Unknown   | 564,778             | -                   |
| National School Lunch Program - Non-Cash Assistance                      | 10.555        | Unknown   | 127,488             | -                   |
| Special Milk Program for Children  | 10.556        | Unknown   | 567                 | -                   |
| Total Child Nutrition Cluster  |               |   | 856,432             | -                   |
| Passed Through the New Hampshire Department of Education                 |               |   |                     |                     |
| Child and Adult Care Food Program  | 10.558        | Unknown   | 13,851              | -                   |
| Fresh Fruit and Vegetable Program  | 10.582        | Unknown   | 57,461              | -                   |
| Total U.S. Department of Agriculture                                     |               |   | 927,744             | -                   |
| <b><i>U.S. Department of Housing and Urban Development</i></b>           |               |   |                     |                     |
| CDBG - Entitlement Grants Cluster  |               |   |                     |                     |
| Passed Through the New Hampshire Community Development Finance Authority |               |   |                     |                     |
| Community Development Block Grants/Entitlement Grants                    | 14.218        | #BC-14-MC-33-0004<br>#BC-15-MC-33-0004<br>#BC-16-MC-33-0004 | 47,155              | 27,155              |
| Community Development Block Grants/Entitlement Grants                    | 14.218        | #BC-17-MC-33-0004   | 1,795               | 1,795               |
| Community Development Block Grants/Entitlement Grants                    | 14.218        | #BC-18-MC-33-0004   | 34,658              | 8,347               |
| Community Development Block Grants/Entitlement Grants                    | 14.218        | #BC-19-MC-33-0004   | 206,217             | 122,843             |
| Total CDBG - Entitlement Grants Cluster                                  |               |   | 289,825             | 160,140             |
| Passed Through the New Hampshire Community Development Finance Authority |               |   |                     |                     |
| Public Housing Capital Fund  | 14.872        | ACC NY 496  | 55,222              | -                   |
| Total U.S. Department of Housing and Urban Development                   |               |   | 345,047             | 160,140             |
| <b><i>U.S. Department of Justice</i></b>                                 |               |   |                     |                     |
| Direct Federal Program   |               |   |                     |                     |
| Equitable Sharing Program  | 16.922        | N/A   | 57                  | -                   |
| Passed Through the New Hampshire Department of Justice                   |               |   |                     |                     |
| Crime Victim Assistance  | 16.575        | 2017-VA-GX-0044   | 25,836              | -                   |
| Bulletproof Vest Partnership Program                                     | 16.607        | #2018-BU-BX-18092564  | 3,940               | -                   |
| Public Safety Partnership and Community Policing Grants                  | 16.710        | #2016-UM-WX-0168  | 37,248              | -                   |
| Edward Byrne Memorial Justice Assistance Grant Program                   | 16.738        | #2017-DJ-BX-0359  | 3,837               | -                   |
| Edward Byrne Memorial Justice Assistance Grant Program                   | 16.738        | #2019-DJ-BX-0528  | 1,341               | -                   |
| Total U.S. Department of Justice   |               |   | 72,259              | -                   |

(continued)

The accompanying notes are an integral part of this schedule.

(continued)

**CITY OF ROCHESTER, NEW HAMPSHIRE**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

| <b>Federal Agency</b>   |               |                    |                     |                     |
|---|---------------|--------------------|---------------------|---------------------|
| Cluster   | Federal       | Pass Through       |                     | Passed              |
| Pass-through Agency   | CFDA          | Identifying        | Federal             | Through to          |
| Program Title   | <u>Number</u> | <u>Number</u>      | <u>Expenditures</u> | <u>Subrecipient</u> |
| <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 | 67,327              | -                   |
| Total Highway Planning and Construction Cluster                       |               |                    | 67,327              | -                   |
| Total U.S. Department of Transportation                               |               |                    | 67,327              | -                   |
| <b>U.S. Department of the Treasury</b>                                |               |                    |                     |                     |
| Passed Through the New Hampshire Governor's Office for                |               |                    |                     |                     |
| Emergency Relief and Recovery   |               |                    |                     |                     |
| COVID-19 - Coronavirus Relief Fund - First Responder Stipends         | 21.019        | Unknown            | 238,528             | -                   |
| Total U.S. Department of Treasury                                     |               |                    | 238,528             | -                   |
| <b>Environmental Protection Agency</b>                                |               |                    |                     |                     |
| Drinking Water State Revolving Funds Cluster                          |               |                    |                     |                     |
| Passed Through the New Hampshire Department of Environmental Services |               |                    |                     |                     |
| Capitalization Grants for Drinking Water State Revolving Funds        | 66.468        | CS-330122-15       | 2,500,000           | -                   |
| Total Drinking Water State Revolving Funds Cluster                    |               |                    | 2,500,000           | -                   |
| Total Environmental Protection Agency                                 |               |                    | 2,500,000           | -                   |
| <b>U.S. Department of Education</b>                                   |               |                    |                     |                     |
| Special Education Cluster   |               |                    |                     |                     |
| Passed Through the New Hampshire Department of Education              |               |                    |                     |                     |
| and Secondary Education   |               |                    |                     |                     |
| Special Education Grants to States                                    | 84.027        | 202636             | 1,027,300           | -                   |
| Special Education Preschool Grants                                    | 84.173        | 202636             | 32,272              | -                   |
| Total Special Education Cluster                                       |               |                    | 1,059,572           | -                   |
| Passed Through the New Hampshire Department of Education              |               |                    |                     |                     |
| Adult Education - Basic Grants to States                              | 84.002        | 20204324           | 31,302              | -                   |
| Adult Education - Basic Grants to States                              | 84.002        | 97303              | 350                 | -                   |
| Title I Grants to Local Educational Agencies                          | 84.010        | 20200242           | 906,701             | -                   |
| Title I Grants to Local Educational Agencies                          | 84.010        | 20190242           | 339,791             | -                   |
| Title I Grants to Local Educational Agencies                          | 84.010        | 20190564           | 20,791              | -                   |
| Career and Technical Education - Basic Grants to States               | 84.048        | 20203135           | 111,878             | -                   |
| Career and Technical Education - Basic Grants to States               | 84.048        | 20193135           | 12,564              | -                   |
| Education for Homeless Children and Youth                             | 84.196        | 20190276           | 16,220              | -                   |
| Twenty-First Century Community Learning Centers                       | 84.287        | 20200033           | 100,486             | -                   |
| Twenty-First Century Community Learning Centers                       | 84.287        | 20200531           | 85,641              | -                   |
| Twenty-First Century Community Learning Centers                       | 84.287        | 20190531           | 39,572              | -                   |
| Supporting Effective Instruction State Grants                         | 84.367        | 20200195           | 197,118             | -                   |
| Supporting Effective Instruction State Grants                         | 84.367        | 20190195           | 53,769              | -                   |
| Supporting Effective Instruction State Grants                         | 84.367        | 84922              | 7,511               | -                   |
| Student Support and Academic Enrichment Program                       | 84.424        | 20190773           | 123,520             | -                   |
| Total U.S. Department of Education                                    |               |                    | 3,106,786           | -                   |
| Total Federal Expenditures  |               |                    | \$ 7,257,691        | \$ 160,140          |

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, 2020**

#### **Note 1. Basis of Presentation**

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, 2020. 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.

#### **Note 2. Summary of Significant Accounting Policies**

- 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.
- 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 2020, 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, 2020**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

***Federal Awards***

Internal control over major federal programs:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

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:

***CFDA Numbers***

21.019

66.468

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

COVID-19 – Coronavirus Relief Fund – First Responder Stipends

Drinking Water State Revolving Funds 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**

None.

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

There were no findings in the prior year.