



CITY OF MANCHESTER, 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>
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>	1
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	3
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10



**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 Board of Mayor and Alderman
City of Manchester, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, 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 24, 2023.

Our report includes a reference to other auditors who audited the financial statements of the Manchester School District, Manchester Transit Authority, and Manchester Employees' Contributory Retirement System, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

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Andover, Massachusetts
Greenfield, Massachusetts
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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 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 entity'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.

A handwritten signature in black ink that reads "Melanson". The signature is written in a cursive, flowing style.

Merrimack, New Hampshire
March 24, 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 Board of Mayor and Alderman
City of Manchester, New Hampshire

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Manchester, 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.

The City's basic financial statements include the operations of the Manchester School District and the Manchester Transit Authority (discretely presented component units) which expended \$38,843,941 and \$5,614,224, respectively, in federal awards which are not included in the City's Schedule of Expenditures of Federal Awards for the year ended June 30, 2022. Our audit, described below, did not include the operations of these entities because they engaged other auditors to perform audits in accordance with the Uniform Guidance.

In our opinion, the City complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal*

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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 the City's compliance with the compliance requirements referred to above.

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 the 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 the 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 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.

Report on 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 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, 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 24, 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.

A handwritten signature in black ink that reads "Melanson".

Merrimack, New Hampshire
March 24, 2023

CITY OF MANCHESTER, NEW HAMPSHIRE

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

<i>Federal Agency</i>	Federal	Pass Through	Federal	Passed
Cluster	AL	Identifying	Expenditures	Through to
Pass-through Agency	Number	Number		Subrecipient
Program Title				
U.S. Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster				
Direct Federal Program				
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 1,962,708	\$ 870,342
Total CDBG - Entitlement Grants Cluster			1,962,708	870,342
Direct Federal Program				
Emergency Solutions Grant Program	14.231	N/A	1,575,486	824,934
HOME Investment Partnerships Program	14.239	N/A	149,991	72,280
Lead Hazard Reduction Demonstration Grant Program	14.905	N/A	1,110,314	-
Total U.S. Department of Housing and Urban Development			4,798,499	1,767,556
U.S. Department of Justice				
Direct Federal Program				
Coronavirus Emergency Supplemental Funding Program	16.034	N/A	211,543	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	430,824	233,813
Comprehensive Opioid Abuse Site-Based Program	16.838	N/A	220,272	-
Passed Through the New Hampshire Department of Justice				
Violence Against Women Formula Grants	16.588	2020-WF-AX-0021	141,828	-
Project Safe Neighborhoods	16.609	2018-GP-BX-0058	12,700	-
Project Safe Neighborhoods	16.609	2021PSN02	1,580	-
Public Safety Partnership and Community Policing Grants	16.710	2020MHWXK007	389,451	-
Equitable Sharing Program	16.922	UNKNOWN	70,892	-
Total U.S. Department of Justice			1,479,090	233,813
U.S. Department of Transportation				
Highway Planning and Construction Cluster				
Passed Through the New Hampshire Department of Transportation				
Highway Planning and Construction	20.205	X-A004(604)	3,179	-
Recreational Trails Program	20.219	X-A004(399)	30,094	-
Total Highway Planning and Construction Cluster			33,273	-
Highway Safety Cluster				
Passed Through New Hampshire Department of Transportation				
State and Community Highway Safety	20.600	69A37520300004020NH1	11,608	-
State and Community Highway Safety	20.600	69A37520300004020NH0	20,957	-
National Priority Safety Programs	20.616	69A37520300004020NH0	5,868	-
Total Highway Safety Cluster			38,433	-
Direct Federal Program				
Airport Improvement Program	20.106	N/A	6,082,283	-
Passed Through the New Hampshire Department of Transportation				
Airport Improvement Program	20.106	3-33-0011-112-2018	18,099	-
Airport Improvement Program	20.106	3-33-0011-127-2021	24,822	-
Airport Improvement Program	20.106	3-33-011-120-2020	19,265	-
Airport Improvement Program	20.106	3-33-011-126-2020	3,913,640	-
Airport Improvement Program	20.106	3-33-011-139-2023	70,341	-
Airport Improvement Program	20.106	3-33-011-127-2020	598,879	-
Airport Improvement Program	20.106	3-33-011-128-2020	96,102	-
Airport Improvement Program	20.106	3-33-011-136-2020	95,272	-
Airport Improvement Program	20.106	3-33-011-124-2020	384,027	-
Airport Improvement Program	20.106	3-33-011-135-2022	610,965	-
Airport Improvement Program	20.106	3-33-011-138-2022	413,449	-
Airport Improvement Program	20.106	3-33-011-FUTURE GRANT--2023	34,864	-
Airport Improvement Program	20.106	Future Grant	6,777	-
Airport Improvement Program	20.106	3-33-011-121-2020	1,048,503	-
Airport Improvement Program	20.106	3-33-011-122-2020	951,936	-
Total U.S. Department of Transportation			14,440,930	-

(continued)

(continued)

CITY OF MANCHESTER, NEW HAMPSHIRE

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

Federal Agency	Federal AL	Pass Through Identifying Number	Federal Expenditures	Passed Through to Subrecipient
U.S. Department of the Treasury				
Direct Federal Program				
Equitable Sharing Program	21.016	N/A	170,911	-
Passed Through the New Hampshire Governor's Office for Emergency Relief and Recovery				
COVID-19 - Coronavirus Relief Fund	21.019	UNKNOWN	90,489	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	UNKNOWN	7,983,898	45,308
Total U.S. Department of Treasury			8,245,298	45,308
Environmental Protection Agency				
Clean Water State Revolving Funds Cluster				
Passed Through the New Hampshire Department of Environmental Services				
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-330192-41	10,524,119	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-330192-42	381,404	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-330192-43	1,233,632	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-330192-44	543,789	-
Total Clean Water State Revolving Funds Cluster			12,682,944	-
Total Environmental Protection Agency			12,682,944	-
U.S. Department of Health and Human Services				
Health Center Program Cluster				
Direct Federal Program				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	2,080,673	2,028,378
COVID-19 Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	275,605	275,605
Total Health Center Program Cluster			2,356,278	2,303,983
Passed Through the New Hampshire Department of Health and Human Services				
Public Health Emergency Preparedness	93.069	NU90TP922018	270,699	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	NU17CE924984	117,081	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance (SAMHSA)	93.243	H79SM082210	594,548	594,548
Immunization Cooperative Agreements	93.268	NH23IP922595	102,037	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50C2000522	482,681	-
Public Health Emergency Response: Public Health Crisis	93.354	NU90TP922106	12,535	-
Activities to Support State, Tribal, Local and Territorial Health Department Response	93.391	NH75OT000031	911	-
Child Lead Poisoning Prevention Surveillance	93.753	NUE2EH001457	50,515	-
National Bioterrorism Hospital Preparedness Program	93.889	U3REP190580	7,899	-
HIV Prevention Activities Health Department Based	93.940	U6PS924538	120,878	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	TI010035	213,778	198,778
Preventive Health and Health Services Block Grant	93.991	UNKNOWN	14,100	-
Maternal and Child Health Services Block Grants to the States	93.994	B04MC30627	58,418	58,305
Total U.S. Department of Health and Human Services			4,402,358	3,155,614
U.S. Department of Homeland Security				
Direct Federal Program				
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	107,577	-
Passed Through the New Hampshire Department of Safety				
Homeland Security Grant Program	97.067	EMW-2016-SS-00053	24,090	-
Homeland Security Grant Program	97.067	EMW-2018-SS-00055	16,713	-
Homeland Security Grant Program	97.067	EMW-2019-SS-00053-S01	40,441	-
Assistance to Firefighters Grant	97.044	EMW-2020-FG-12016	1,367,504	-
Total U.S. Department of Homeland Security			1,556,325	-
Total Federal Expenditures			\$ 47,605,444	\$ 5,202,291

The accompanying notes are an integral part of this schedule.

CITY OF MANCHESTER, 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 Manchester, 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.
- 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 \$107,577 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 MANCHESTER, 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

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:

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.218	CDBG Cluster/Entitlement Grants
16.710	Public Safety Partnership and Community Policing Grants
20.106	Airport Improvement Program
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
97.044	Assistance to Firefighters Grant

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

\$1,428,163

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.