

# **CITY OF MANCHESTER, NEW HAMPSHIRE**

FEDERAL SINGLE AUDIT REPORT  
For the Year Ended June 30, 2013

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**FEDERAL SINGLE AUDIT REPORT**

**TABLE OF CONTENTS**

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**REPORT REQUIRED BY THE FEDERAL SINGLE AUDIT ACT AND  
OMB CIRCULAR A-133**

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 OMB Circular A-133 .....	1-2
Schedule of Expenditures of Federal Awards .....	3-5
Notes to Schedule of Expenditures of Federal Awards .....	6
Schedule of Findings and Questioned Costs .....	7-8
Summary of Prior Year Audit Findings .....	9

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**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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> .....	10-11
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**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 OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Mayor and Aldermen  
City of Manchester, New Hampshire

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

We have audited the City of Manchester, New Hampshire's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. 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 of Manchester, New Hampshire's basic financial statements include the operations of the Manchester Transit Authority and the Manchester School District, component units of the City, which received \$22,064,125 in federal awards which is not included in the schedule during the year ended June 30, 2013. Our audit described below did not include the operations of the Manchester Transit Authority or the Manchester School District as these component units engaged other auditors to perform procedures in accordance with OMB Circular A-133.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2013.

## 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the discretely 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, 2013, and the related notes to the financial statements, which collectively comprise the City of Manchester, New Hampshire's basic financial statements. We issued our report thereon dated March 27, 2014, which contained unmodified opinions on those financial statements. Our report included a reference to other auditors. 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 OMB Circular A-133 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.



New Haven, Connecticut  
March 31, 2014, except for the Schedule of Expenditures of Federal Awards as to which date is  
March 27, 2014

CITY OF MANCHESTER, NEW HAMPSHIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2013

Federal Grantor Pass-Through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b>Department of Health and Human Services:</b>		
<b>Direct Programs:</b>		
Consolidated Health Centers	93.224	\$ 564,061
<b>Passed Through the State of New Hampshire Department of Health and Human Services:</b>		
<b>Immunization Cluster:</b>		
Childhood Immunization Grants	93.268	87,778
<b>Total Immunization Cluster</b>		<b>87,778</b>
Medical Reserve Corps Small Grant Program	93.008	805
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	33,170
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	29,985
Centers for Disease Control & Prevention-Investigation and Technical Assistance	93.283	422,094
Refugee and Entrant Assistance - Discretionary Grants	93.576	18,392
Block Grants for Prevention and Treatment of Substance Abuse	93.959	54,831
Preventative Health Services-Sexually Transmitted Diseases Control Grants	93.977	68,456
Preventative Health & Health Services Block Grant	93.991	45,532
		<b>761,043</b>
<b>Total Department of Health and Human Services</b>		<b>1,325,104</b>
<b>Department of Justice:</b>		
<b>Direct Programs:</b>		
Juvenile Justice and Delinquency Prevention	16.540	2,731
Project Safe Neighborhoods	16.609	29,387
ARRA-Public Safety Partnership & Community Policing Grants	16.710	747,616
Equitable Sharing Program	16.922	282,268
<b>JAG Program Cluster:</b>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	226,770
ARRA-Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Unite Local Governments	16.804	171,536
<b>Total JAG Program Cluster</b>		<b>398,306</b>
		<b>1,460,308</b>
<b>Passed Through State of New Hampshire Office of the Attorney General:</b>		
Sexual Assault Services Formula Program	16.017	4,318
ARRA-Violence Against Women Formula Grants	16.588	145,886
Enforcing Underage Drinking Laws Program	16.727	20,411
		<b>170,615</b>
<b>Total Department of Justice</b>		<b>1,630,923</b>

See Notes to Schedule of Expenditures of Federal Awards

(Continued)

CITY OF MANCHESTER, NEW HAMPSHIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
For the Year Ended June 30, 2013

Federal Grantor Pass-Through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b>Department of Homeland Security:</b>		
<b>Direct Programs:</b>		
Emergency Operations Center	97.052	44,377
		<u>44,377</u>
<b>Passed Through State of New Hampshire Department of Safety:</b>		
Emergency Management Performance Grants	97.042	1,461
Homeland Security Grant Program	97.067	99,702
State Homeland Security Program (SHSP)	97.073	661,019
		<u>762,182</u>
<b>Total Department of Homeland Security</b>		<u>806,559</u>
<b>Department of Transportation:</b>		
<b>Direct Programs:</b>		
Airport Improvement Program	20.106	7,935,876
<b>Passed Through State of New Hampshire Department of Transportation:</b>		
<b>Highway Planning and Construction Cluster:</b>		
Highway Planning & Construction	20.205	4,272
<b>Total Highway Planning and Construction Cluster</b>		<u>4,272</u>
State and Community Highway Safety	20.600	36,253
Alcohol Impaired Driving Countermeasures	20.601	26,713
		<u>67,238</u>
<b>Total Department of Transportation</b>		<u>8,003,114</u>
<b>Department of Housing and Urban Development:</b>		
<b>Direct Programs:</b>		
<b>Community Development Block Grant Cluster:</b>		
Community Development Block Grants/Entitlement Grants	14.218	1,912,789
<b>State-Administered Community Development Block Grant Cluster:</b>		
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	1,601,186
HOME Investment Partnerships Program	14.239	404,866
Emergency Shelter Grant Program	14.231	148,000
Lead Hazard Reduction Demonstration Grant Program	14.905	598,840
<b>Total Department of Housing and Urban Development</b>		<u>4,665,681</u>

See Notes to Schedule of Expenditures of Federal Awards

(Continued)

CITY OF MANCHESTER, NEW HAMPSHIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
 For the Year Ended June 30, 2013

Federal Grantor Pass-Through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b>Department of Economic Development Agency:</b>		
<b>Direct Programs:</b>		
Economic Development Technical Assistance	11.303	<u>43,080</u>
<b>Environmental Protection Agency:</b>		
<b>Direct Programs:</b>		
Healthy Communities Grant Program	66.110	15,053
Congressionally Mandated Projects	66.202	134,683
Brownfields Training, Research, and Technical Assistance Grants	66.818	<u>39,516</u>
<b>Total Environmental Protection Agency</b>		<u><u>189,252</u></u>
<b>Department of Energy:</b>		
<b>Direct Programs:</b>		
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	<u>44,996</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 16,708,709</u></u>

See Notes to Schedule of Expenditures of Federal Awards

## CITY OF MANCHESTER, NEW HAMPSHIRE

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

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Various agencies of the Federal Government have made financial assistance available to the City of Manchester, New Hampshire. These grants fund several programs including housing, education, human and social services, transportation, public safety and general government activities.

#### Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Manchester, New Hampshire (the "City") under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 Principles

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Manchester, New Hampshire and is presented on the modified accrual basis of accounting for grants which are accounted for in the governmental funds and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

#### Note 3. Subrecipients

Of the expenditures presented in the Schedule of Expenditures of Federal Awards, the City provided the following federal awards to subrecipients:

Name of Program/Project	CFDA Number	Amount Provided to Subrecipient
Community Development Block Grants/Entitlement Grants	14.218	\$ 1,912,789
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1,601,186
Consolidated Health Centers	93.224	564,061
Home Investment Partnerships Program	14.239	404,866
Lead Hazard Reduction Demonstration Grant Program	14.905	598,840
Emergency Shelter Grant Program	14.231	148,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	226,770
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to Unite Local Governments	16.804	171,536



**CITY OF MANCHESTER, NEW HAMPSHIRE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued**  
**For the Year Ended June 30, 2013**

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**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**CITY OF MANCHESTER, NEW HAMPSHIRE  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2013**

There were no prior year findings that pertained to the federal single audit.



**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 Aldermen  
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 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, 2013, 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 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the City of Manchester Employees' Contributory Retirement System, the Manchester School District and the Manchester Transit Authority as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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) to determine the 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 entity'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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

The image shows a handwritten signature in cursive script that reads "McGladrey LLP". The signature is written in black ink and is positioned above the typed address and date.

New Haven, Connecticut  
March 27, 2014