



City of Keene, New Hampshire

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

For the Year Ended June 30, 2022

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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 AUDITOR'S REPORT

To the Honorable Mayor and City Council Members
City of Keene, 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 Keene, 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 February 27, 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 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

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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 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 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.

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

Merrimack, New Hampshire
February 27, 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 Members
City of Keene, New Hampshire

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Keene, 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.

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 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

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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 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.

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, each major fund, and the aggregate remaining fund information of the City of Keene, 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. We issued our report thereon dated February 27, 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.

Melanson

Merrimack, New Hampshire
March 24, 2023

CITY OF KEENE, NEW HAMPSHIRE

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

Federal Agency	Federal	Pass Through	Federal	Passed
Cluster	Assistance	Identifying	Expenditures	Through to
Pass-through Agency	Listing	Number		Subrecipient
Program Title	<u>Number</u>	<u>Number</u>		
U.S. Department of Housing and Urban Development				
Passed Through the New Hampshire Community Development Finance Authority				
Community Development Block Grants - State's Program	14.228	20-038-CDPF	\$ 604,950	\$ 595,230
Community Development Block Grants - State's Program	14.228	19-038-CDED	1,491	-
Community Development Block Grants - State's Program	14.228	19-038-CDPF	<u>454,051</u>	<u>447,539</u>
Total Community Development Block Grants - State's Program			<u>1,060,492</u>	<u>1,042,769</u>
Total U.S. Department of Housing and Urban Development			1,060,492	1,042,769
U.S. Department of Interior				
Passed Through the New Hampshire Division of Historic Resources				
Historic Preservation Fund Grants-In-Aid	15.904	CLG-P19AS00134-03	<u>15,000</u>	-
Total U.S. Department of Interior			15,000	-
U.S. Department of Justice				
Direct Federal Program				
Bulletproof Vest Partnership Program	16.607	N/A	4,772	-
Passed Through Cheshire County				
Edward Byrne Memorial Justice Assistance Grant	16.738	O-BJA-2021-35004	4,124	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2020-H8131-NH-DJ	<u>864</u>	-
Total Edward Byrne Memorial Justice Assistance Grant			<u>4,988</u>	-
Total U.S. Department of Justice			9,760	-
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(408) - State 40439	181,940	-
Highway Planning and Construction	20.205	STP-0111(007) - State 10309B	<u>280,402</u>	-
Total Highway Planning and Construction Cluster			462,342	-
Passed Through the New Hampshire Department of Transportation				
Airport Improvement Program	20.106	SBG-08-16-2017	(1,426)	-
Airport Improvement Program	20.106	SBG-08-19-2020	2,298,933	-
Airport Improvement Program	20.106	SBG-08-22-2020	<u>(13,766)</u>	-
Total Airport Improvement Program			2,283,741	-
Highway Safety Cluster				
Passed Through the New Hampshire Department of Transportation				
State and Community Highway Safety	20.600	69A37520300004020NH0, 69A37521300004020NH0, 69A376522300004020NH0	6,041	-
State and Community Highway Safety	20.600	69A37520300004020NH0; 69A37521300004020NH0	7,652	-
National Priority Safety Programs	20.616	69A3751830000405hNH0	<u>2,692</u>	-
Total Highway Safety Cluster			<u>16,385</u>	-
Total U.S. Department of Transportation			2,762,468	-

(continued)

The accompanying notes are an integral part of this schedule.

(continued)

CITY OF KEENE, 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	Assistance	Identifying	Expenditures	Through to
Pass-through Agency	Listing	Number		Subrecipient
Program Title	Number			
U.S. Department of the Treasury				
Direct Federal Program				
Equitable Sharing Program	21.016	N/A	2,351	-
Passed Through the New Hampshire Housing Financing Authority				
American Rescue Plan Homeowners Assistance Fund	21.026	Unknown	39,554	-
Passed Through the Governor's Office for Emergency Relief and Recovery				
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	46,600	-
American Rescue Plan Act Municipalities / Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	49,342	-
Passed Through the New Hampshire Department of Justice				
American Rescue Plan Act Municipalities / Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	84,425	-
Total Coronavirus State and Local Fiscal Recovery Funds			180,367	-
Total U.S. Department of Treasury			222,272	-
National Endowment for the Humanities				
Passed Through the New Hampshire Department of Natural and Cultural Resources				
American Rescue Plan Library Services and Technology Act State Grants	45.310	LS-250225-OLS-21	39,756	-
Passed Through the Institute of Museum and Library Services				
Grants to States	45.312	LG-95-18-0191-18A	38,065	-
Total National Endowment for the Humanities			77,821	-
U.S. Department of Homeland Security				
Passed Through the City of Beverly, Massachusetts				
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2018-CA-USR-0014	4,185	-
Passed Through the New Hampshire Office of Homeland Security and Emergency Management				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	4516DRNH00000001	1,594	-
Emergency Management Performance Grant	97.042	EMB-2020-EP-00005	75,000	-
Homeland Security Grant Program	97.067	EMW-2020-SS-00045-S01	25,000	-
Homeland Security Grant Program	97.067	EMW-2021-SS-00049-S01	23,186	-
Homeland Security Grant Program	97.067	EMW-2017-SS-0023-S01	16,708	-
Homeland Security Grant Program	97.067	EMW-2019-SS-00053-S01	30,515	-
Homeland Security Grant Program	97.067	EMW-2018-SS-00055-S01	3,774	-
Total Homeland Security Grant Program			99,183	-
Direct Federal Program				
Assistance to Firefighters Grant	97.044	N/A	7,063	-
Assistance to Firefighters Grant	97.044	N/A	4,396	-
Assistance to Firefighters Grant	97.044	N/A	52,653	-
Assistance to Firefighters Grant	97.044	N/A	52,746	-
Total Assistance to Firefighters Grant			116,858	-
Total U.S. Department of Homeland Security			296,820	-
Total Federal Expenditures			\$ 4,444,633	\$ 1,042,769

The accompanying notes are an integral part of this schedule.

CITY OF KEENE, 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 Keene, 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.
- Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
- 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 \$1,594 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 KEENE, 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 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 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:

Assistance Listing Numbers

20.106
20.205

Name of Federal Program or Cluster

Airport Improvement Program
Highway Planning and Construction 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.