



City of Rochester ANNUAL REPORT 2012-13

Providing services which contribute to a sense of community and the overall quality of life.



www.RochesterNH.net

PUBLIC NOTICE

If you own real estate lots that were involuntarily merged by municipal action, you may be able to have those lots restored to their pre-merger status.

Your property may qualify if two or more lots were merged for zoning, assessing, or taxation purposes and the merger occurred:

- During your ownership, without your consent; or
- Prior to your ownership, if no previous owners consented to the merger.

To restore your property to pre-merger status, you must:

- Make a request to the local governing body
 - No later than December 3, 2016

Once restored:

- Your properties will once again become separate lots; however they must still conform to applicable land use ordinances. Restoration does not cure non-conformity.

This notice must be:

- *Posted continuously in a public place from January 1, 2012 until December 31, 2016, and*
- *Published in the 2011 through 2015 Annual Report*

Read the full statute at:

<http://www.gencourt.state.nh.us/rsa/html/LXIV/674/674-mrg.htm>

Welcome to the City of Rochester

Annual Report 2012-2013

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Chapter One At a glance

1.1 Our highlights

Performance

➔ 1st Annual Author's Fair was held at the Rochester Public Library. Plans are now underway for the next event to be held in the Spring of 2014.

➔ Our 1st Annual Wings & Wheels event was a huge success. This community event, organized by the Police Department POP Officer, and held at Skyhaven Airport provided a direct benefit to Gerry's Food Pantry.

➔ The biggest construction news for this year was the new Safran advanced aerospace technology plant. In December, the new bridge in the Granite State Business Park was unveiled, with a distinguished group of guests including Governor Hassan.

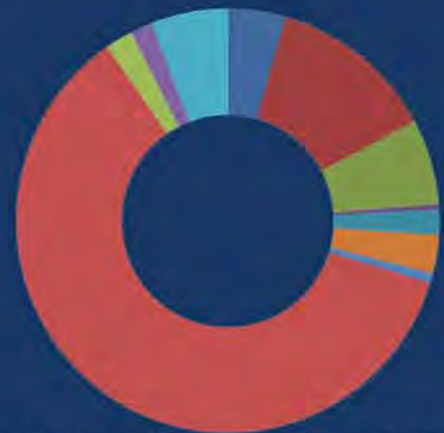
➔ The first START UP business competition was held in June with thirty-seven contestants and seven finalists. This event was a partnership with the ABI Hub from Manchester and is a catalyst for identifying and nurturing new companies and potential businesses.

Financial

Fiscal Year 2012-2013 Sources of Revenue



Fiscal Year 2012-2013 Expenses



Program Revenues

- Charges for services
- Operating grants
- Capital grants and contributions

General Revenues

- Property taxes
- Licenses and permits
- Other general revenues

- General government
- Public safety
- Public works
- Health and welfare
- Culture and recreation
- Community Development
- Community services

- Education
- Food services
- Debt service
- Intergovernmental
- Water
- Sewer
- Arena

1.2 Introduction

Our City Council

Rochester is divided into six (6) wards of as equal as practicable population. Each ward has two (2) council representatives. Our City Council consists of the Mayor and twelve (12) City Councilors.

Our Location

Rochester, New Hampshire, known as the Lilac City, is located in Strafford County, with a population of almost 30,000. Rochester is one of the largest cities in New Hampshire, encompassing over 44 square miles of rolling hills and rivers. Conveniently located only a short distance from New Hampshire's famous Lakes Region, the White Mountains with its ski resorts and the Seacoast with its superb beaches. Only 32 miles NE of Manchester, New Hampshire and 65 miles N of Boston, Massachusetts.

Whether covered with its famous lilacs in the spring, flowers blooming in the summer, spectacular autumn foliage or fresh-fallen snow, the Rochester area is a scenic delight.



Our History

Originally inhabited by Abenaki Indians of the Pennacook tribe, the town was granted to settlers by Colonial Governor Samuel Shute. It was officially incorporated in 1722, named in honor of the Earl of Rochester. Actual settlement of Rochester was delayed until 1728 because of conflict with the Indian tribes.

Traditions of strong family values, strong work ethic and lasting community spirit sustain the lasting pride among residents and businesses in Rochester. Awareness of Rochester's many natural assets and its recent industrial growth contributes to that pride. A great sense of volunteerism exists that is second to none. Whatever the need, whether for an individual or organization, Rochester opens its heart each and every time to help with a worthwhile cause.

Our Environment

Rochester enjoys many of the conveniences of a prospering city combined with the delights of small-town New England traditions. Due to the restoration of the historic Rochester Opera House, cultural and civic activities are offered to residents in the area. Rochester celebrates the arts with Factory Court concerts annually in the spring, a summer festival at the Rochester Commons, a Fourth of July celebration complete with activities and fireworks in the summer, over 120 years of the Rochester Fair (an old fashioned agricultural fair) held in the fall, and a holiday parade in the winter.

One of Rochester's many attributes is its excellent air, highway, rail and water transportation connections. Major highways include routes 11, 108, 125, 202 and the Spaulding Turnpike (Route 16), a four lane, limited access highway with six exits to the City. This expressway provides easy access to Interstate 95, the Pease International Tradeport, Boston's Logan Airport, Manchester International Airport, the Portland International Jetport and the Port of Portsmouth. The New Hampshire Northcoast rail line and Skyhaven Airport also serve Rochester.



Our City Vision

Rochester's commitment to economic development has spurred major growth of manufacturing and high-tech companies. The City continues to diversify, strengthen and grow as business and industrial expansions attract new residents to the area.

Excellent educational advantages are available to residents. The Richard W. Creteau Regional Technology Center trains students for well-paid positions and assures companies in the area of a skilled workforce.

Shopping in Rochester provides residents in the city and surrounding communities with an attractive downtown area and several malls and plazas. Antiques, footwear, appliances, pharmacies, restaurants and a variety of services are found in downtown Rochester and small boutiques to large department and grocery stores are found at several plazas and malls located throughout the City.

Cultural and recreational activities include plays at the Rochester Opera House, theater, the Rochester Country Club golf course, ball fields, hiking, walking paths, rivers, ponds and lakes.

Combined with its natural beauty, easy access and many opportunities, Rochester is The Place To Be.

Our Mission

Our mission is to provide services which contribute to a sense of community and the overall quality of life.

Our Principles

As a City Council we will demonstrate our commitment for our city by seeking to adhere to the principles of:

- City Charter
- General Ordinances of the City of Rochester

Our Community

- Our community, including residents, visitors and ratepayers
- Business and investors
- Local service providers
- Community groups
- State and federal government agencies, and other local governments, and
- Professional organizations including industry



\$110m

Rochester City Council Budget 2012-2013



2,519 hours

total hours of sunshine annually



1.3 Facts and Figures

Rochester Fast Facts

- Incorporated in 1722
- Rochester is the 5th most populated city in the state of New Hampshire out of 96 cities.
- The largest Rochester racial/ethnic groups are White (94.3%) followed by Hispanic (1.8%) and Two or more races (1.4%).

29,823

Estimated residents in Rochester, NH

- The median household income of Rochester residents was \$52,401. *Rochester household made slightly more than Hampton Beach households (\$52,023) and New London households (\$51,733).*
- The median age for Rochester residents is 40.7 years young.

Location

Latitude: 43.298493

Longitude: -70.977006

- 43 miles from Manchester, NH
- 54 miles from Portland, ME
- 75 miles from Boston, MA
- 286 miles from New York City, NY
- 271 miles from Montreal, Quebec

Land and trails

45.40

Land area in square miles

- There are approximately 655.3 persons per square mile.
- There are 0.4 square miles of inland water area.
- Gonic Trails - 3 various trails, up to 3.5 miles
- Pickering Ponds - 2+ miles of trails

Roads, sidewalks and bridges

- 235 miles of road (*205 miles paved, 30 miles unpaved*)
- 176 city streets
- 60 private
- 28 miles of sidewalks
- 16 city bridges

Water

- 1,437 water customers
- 5,604 water and sewer customers
- 15 sewer only customers
- 3,000,000 average daily gallons of wastewater treated

2,000,000

Average daily gallons of drinking water produced

- 120 miles of water pipe distribution
- 80 miles of sewer pipe distribution
- 4 water pump stations

City-owned facilities

- 11 buildings
- 380,000 square feet

Recreation facilities

- 3 pools
- 3 fields
- Roger Allen Park with 10 baseball, 5 softball, 1 football, 5 soccer and 1 buddy ball fields
- 1 ice arena
- 1 community center

Schools

- 8 elementary schools - 2,015 students
- 1 middle school - 1,038 students
- 1 high school - 1,680 students
- 2 private schools - 222 students
- 1 Regional Technology Center

1.4 Employee recognition and achievements

Recognition for Years of Service

35 Years

Norm Sanborn, Jr. , Fire

20 Years

Dennis Duchesneau, Police
Theresa Hervey, Assessing
Mark Avery, Fire
Chris Sheing, Fire
Stephen Johnson, Fire
Melissa Ayers, Fire

30 Years

Gail Galloway, Welfare
Anne May, Recreation

10 Years

Steven Wheeler, Public Works
Michael George, Fire
Andrew Jackson, Police
Lynette Richardson, Police
Micah Ruel, Fire
Mark Dixon, Public Works
Keith MacKenzie, Police

25 Years

Kristen Henderson, Public Works
Dominick Bellio, Fire
Sidney Bean, Public Works
Donovan Funk, Police
Roland Connors, Finance
Angela Gray, Finance
Diane Hoyt, Finance

New Employees

Sheldon Perkins, Code
Sarah Bailey, Communications
James Reinert, Communications
Samuel Currier, Public Works
Stephen Gingras, Public Works
Samantha Juneau, Public Works
Joshua Laurent, Public Works
Christopher McKenney, Public Works
Samantha Rivera, Public Works
Gretchen Young, Public Works
Mary Ellen Humphrey, Economic Develop.
Kaitlin Olsen, Fire
Jennifer Bent, Library
Kelsey Fleming, Library
Meredith Leno, Library
Shannon Perry, Library
Stephanie Piro Nolan, Library
Brian Sylvester, Library
James Campbell, Planning
Elena Engle, Planning
Karen Bonneau, Police
Matthew DuChemin, Police
Adam Ducharme, Police
Geoffrey Moore, Police
Charles Pendlebury, Police
Justin Worthley, Police
Kari Inglis, Recreation
Deborah Millsbaugh, Tax Collector

2012 Employee of the Year

Ken Henderson, Public Works Dept.

Employees of the Month

July 2012	Shirley McCrillis, Finance
August 2012	Brinn Chute, Recreation
September 2012	Gail Galloway, Welfare
October 2012	Nichole Rodler, Police
November 2012	Blaine Cox, Finance
December 2012	Steve Trepanier, Arena
January 2013	Jason Cole, Police
February 2013	Leo Scarponi, Public Works
March 2013	Peter Nourse, Public Works
April 2013	Steve Gahan, Police
May 2013	Karen Bonneau, Police
June 2013	Roland Connors, Finance

FY13 Retirees

David Dubois, Police
Sid Bean, Public Works
John Fuchs, Library
Pat Clement, Library

Chapter Two

Our City Council

2.1 Mayor's Report

T. J. was elected mayor in 2009 at the age of 31 and became the youngest mayor to serve the City of Rochester. Since then, the city has experienced tremendous growth with Safran USA and Albany Engineered Composites selecting Rochester as the site of their new, 350,000 square foot advanced manufacturing facility. The facility will manufacture composite aircraft engine components for a new line of jet engines coming to the market in the next several years. This development is expected to bring approximately 450 new jobs to the greater Rochester area.

First and foremost, I am driven by my profound love and passion for the City of Rochester. There is nothing more I endeavor than to see Rochester enjoy success, growth, and a renewed sense of community pride. This can only be achieved by strong leadership which drives a productive and affordable agenda.

It is important to realize that we are all taxpayers. As such, I am extremely cognizant that our city must work within an affordable budget for all citizens. More importantly however, our city must govern more efficiently and seek alternative and cost effective ways to deliver critical services to our residents.

As mayor, I work closely with the city manager and department leaders to ensure our city is equipped with the tools and resources needed to perform the jobs at the highest level of efficiency possible. It is through collaboration and constant dialogue that we can best identify areas to improve the way we do business.

I am excited by the opportunities that lie ahead and will make sure we work hard for our community. There has never been a better time to live, work or play in the City of Rochester.

Specific areas of focus include:

Water and Sewer Services *We must do an immediate and complete review of our water and sewer operations. Recent and projected rate increases are unacceptable. In addition to controlling operational expenses, we must look at alternative ways of treating and disposing our waste water. Federal regulations (relative to element monitoring and removal in treated waste water) are becoming more and more restrictive with our disposal into the Cochemo River. I will make the improvement of our water and sewer rates a council priority and will work with city leadership to ensure this is addressed in our immediate and long term strategic planning.*

Infrastructure Repair *The City of Rochester will have many infrastructure-related projects that will need to be addressed in the coming years. Maintaining our city's aging infrastructure can be costly and impact our citizens and businesses negatively if not properly planned and executed.*

Public Safety *We must continue to provide the finest public safety to our citizens. This will be achieved by maintaining a highly skilled firefighting and police force to protect our residents and their property. It is paramount that the mayor and city council work closely with the city manager and department leaders to ensure they have the tools and resources necessary to perform their duties safely, effectively, and efficiently.*

Education *The education we provide to our students is extremely important to me and my family. I am a proud graduate of Rochester schools and hold our faculty and staff in very high regard. There is certainly tremendous opportunity for improvement in how we deliver a quality and affordable education to our students.*

*City of Rochester
Mayor TJean*



2.2 Our City Council



Front row from left to right: Councilor Alan Reed-Erickson, Councilor Peter Lachapelle, Mayor Thomas J. Jean, Deputy Mayor A. Raymond Varney, Jr, *Councilor Raymond Lundborn

Back row from left to right: Councilor Stephen Hervey, Councilor David Walker, Councilor Brian LaBranche, Councilor Sandra Keans, Councilor Ralph Torr, Councilor Elaine Lauterborn, Councilor John Larochelle, Councilor Julien Savoie.

**Beloved City Councilor Raymond Lundborn passed away on August 6, 2012. On October 2, 2012 David Hynes (not pictured) was appointed to fill this vacancy.*

2.3 Mayor & City Council Committees

Mayor's Committees

Comprehensive Rezoning
Energy & Sustainability Committee
RiverWalk Committee
Route 125 Corridor Study Committee
Historic Document Preservation

Our mission is :

To provide services which contribute to a sense of community and the overall quality of life.

City Council Committees

Appointments Review Committee

John Larochelle, Chairman
Sandra Keans, Vice-Chair
Alan Reed-Erickson
Stephen Hervey
David Hynes

Building Needs Committee

Ralph Torr, Chairman
Elaine Lauterborn, Vice-Chair
Brian LaBranche
A. Raymond Varney, Jr.

Community Development Committee

Elaine Lauterborn, Chairman
Alan Reed-Erickson, Vice-Chair
Brian LaBranche
Stephen Hervey
David Hynes

Codes & Ordinances Committee

Peter Lachapelle, Chairman
Elaine Lauterborn, Vice Chair
Sandra Keans
A. Raymond Varney, Jr.
Julien Savoie

Finance Committee

Mayor Thomas J. Jean, Chairman
A. Raymond Varney, Jr., Vice Chair
Ralph Torr
Sandra Keans
John Larochelle
David Walker
Elaine Lauterborn

Public Safety Committee

David Walker, Chairman
Peter Lachapelle, Vice Chair
Stephen Hervey
Brian LaBranche
Julien Savoie

Public Works and Building Committee

Ralph Torr, Chairman
A. Raymond Varney, Jr., Vice Chair
John Larochelle
Brian LaBranche
David Walker



2.4 Appointed Boards & Commissions

Arena Commission

Staff Representative - Chris Bowlen, Recreation & Arena Director

Dale Bickford	Joan Cadorette-Strogen
Richard Clough	David Anctil
David Colson	Randy Willard
Robert W. Brown	

Board of Assessors

Staff Representative - Tom Mullin, Assessor

Robert Goldstein
Marybeth Walker
Victoria Lambert

Conservation Commission

Staff Representative - Seth Creighton, Staff Planner

Deborah Shigo	Mark Jennings
Jeffrey Winders	Michael Dionne
John (Jack) Hackett	2 - vacancies
Meredith (Merry) S. Linewebber	

Arts & Culture Commission

Staff Representative - Michelle Mears, Staff Planner

Pam Hubbard	Peg Johnson
Patricia O'Brien	Michael Provost
Martha Fowler	Matthew Wyatt
Peter Ejarque	1 - vacancy
Cristina Danielle Dorvillier	

Historic District Commission

Staff Representative - Michelle Mears, Staff Planner

Molly Meulenbroek
Martha Wingate
Peter Bruckner
Nancy Dibble
Marilyn Jones
Sandra Keans
1- vacancy

Library Trustees

Staff Representative - Brian Sylvester, Library Director

Joanne V. Pallas
Steven Maimes
Natalie Wensley
Anne May
Pamela J. Hubbard
Jennifer Stimac
Martha Ortmann

Planning Board

Staff Representative - Jim Campbell

Nel Sylvain	Robert Jaffin
Derek Peters	Matthew Kozinski
Gregory Jeanson	Mark Sullivan
Tim Fontneau	David Walker
Rick Healey	James Gray
Charles Grassie, Jr.	3 - vacancies (alternates)





Trustees of the Trust Fund

David Oullette
Robert Pallas
R. Bradley Trafton

Utility Advisory Board

Staff Representative - Blaine Cox, Deputy City
Manager/ Director of Finance

George Lewis Daniel Peterson
Arthur Hoffman Shawn Libby
Sharon Parshley 1 - vacancy

Zoning Board of Adjustment

Staff Representative - Jim Grant, Code Enforcement
Director

Ralph Torr Fidae C. Azouri
Rose Marie Rogers Leo Brodeur
Larry Spector Randy Lavallee
Robert Goldstein Robert Gates
2 - vacancies

Recreation Commission

Staff Representative - Chris Bowlen

Sheila Colson
Peter Lachapelle
Paul Lynch
Tamara Hewitt
Paul Roberts
Jeffrey Turgeon

Rochester Economic Development Commission

Staff Representative - Karen Pollard

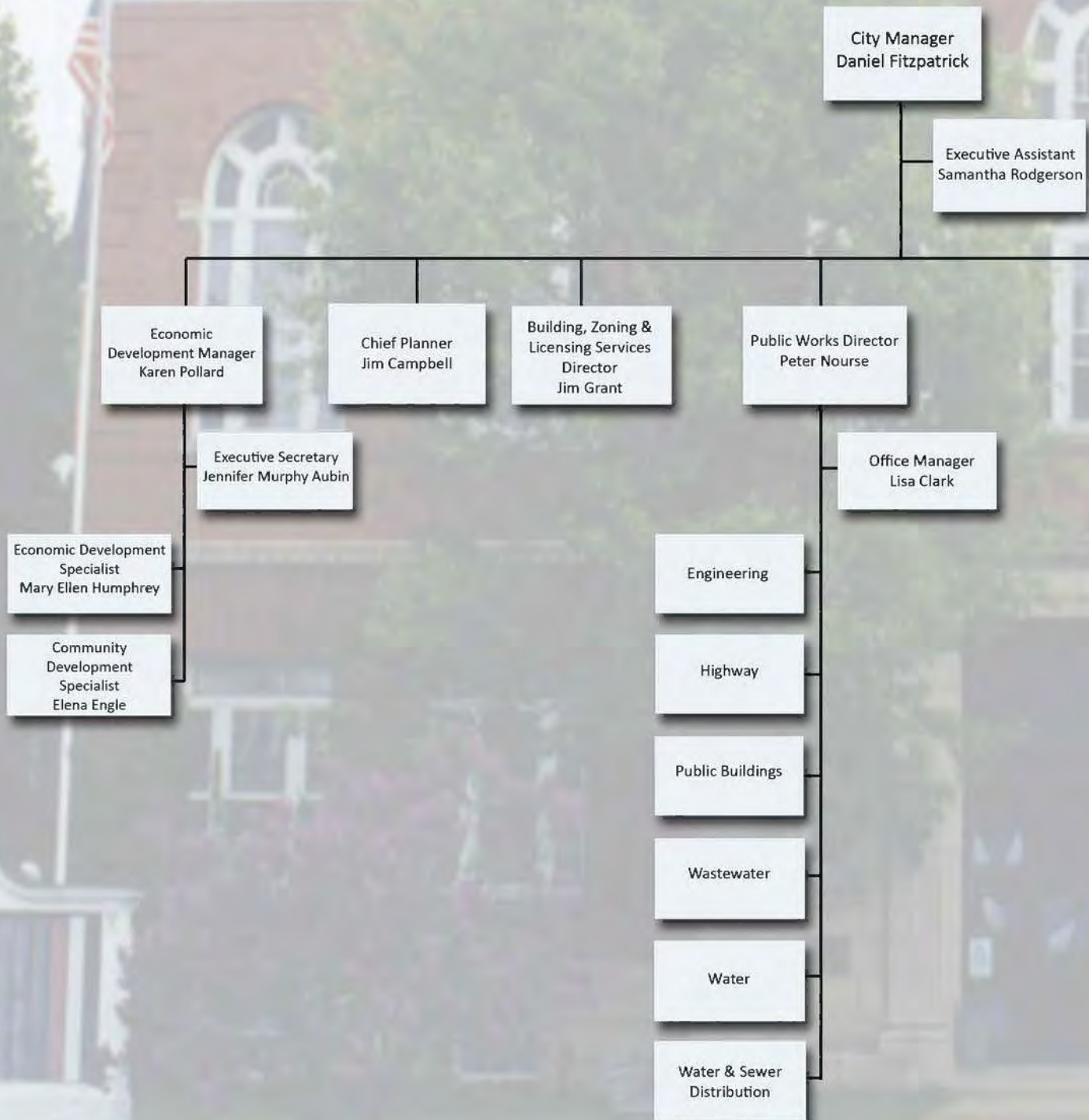
Richard Lundborn
Janet Davis
Susan DeRoy
Kevin Ryan
Ron Poulin
Timothy Cremen
Mayor T.J. Jean
John Larochelle
Heather Tacconi
Jonathan Shapleigh

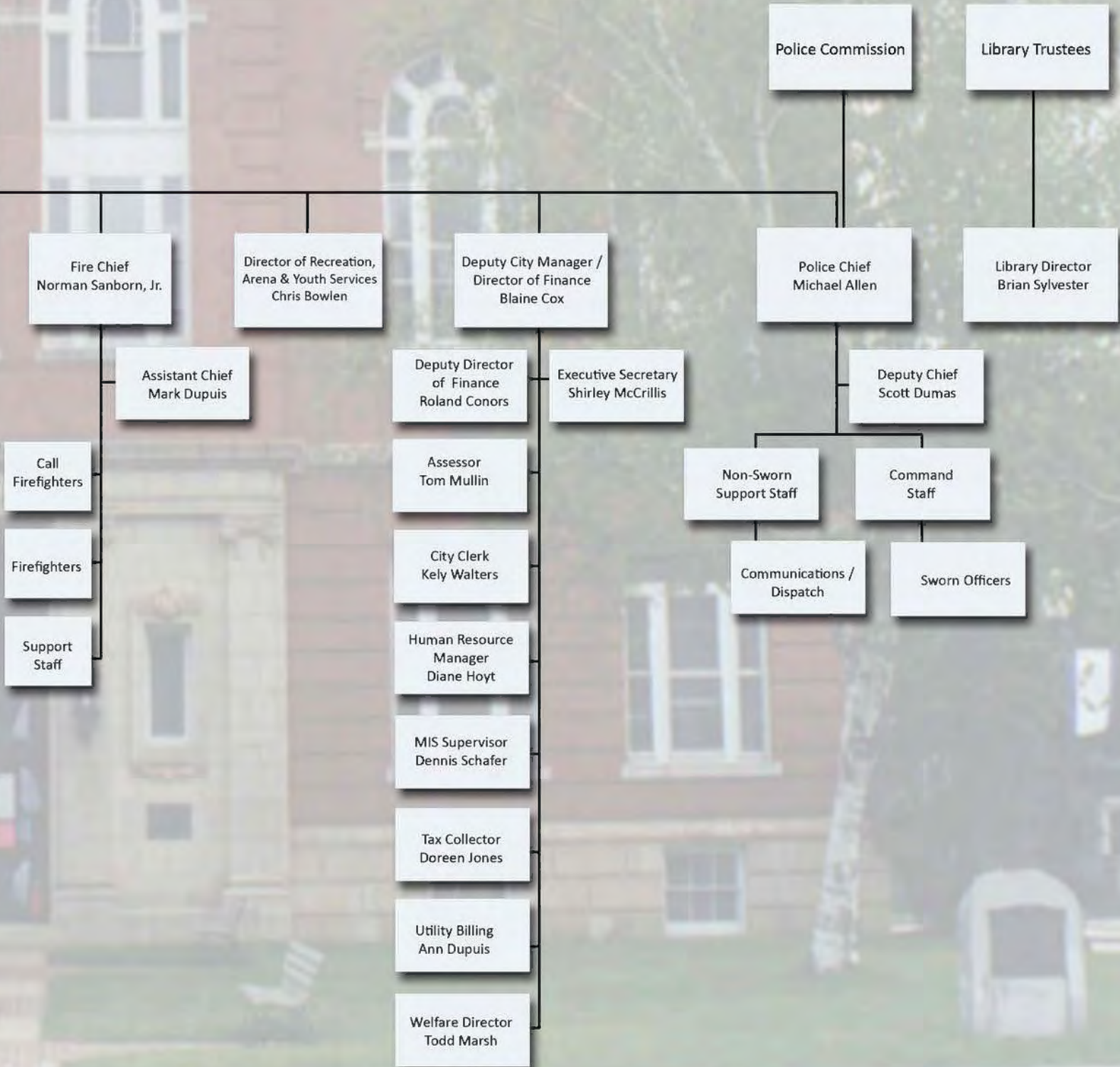


Chapter Three

Our Organization

3.1 Organizational chart *(current at time of publication)*





3.2 City Manager's Report

Daniel Fitzpatrick was hired as City Manager in May of 2011. New Hampshire is the fifth state where Fitzpatrick has worked as a city manager, with previous stops in Englewood; Peekskill, N.Y.; Oak Park, Mich.; Augusta, Maine; Ogdensburg, N.Y.; and Poughkeepsie, N.Y.; dating back to 1979.

An award winning City Manager, Fitzpatrick is the recipient of the National Public Service Award and five (5) International City/County Manager Association Awards. In addition, he is an instructor at Aikido of Portsmouth and Vice President of the Rotary Club of Rochester. A registered parliamentarian, he serves as City of Rochester Parliamentarian and Parliamentarian for Rotary District 7780.

Rochester is a vibrant community. Our success is due to a team effort between our Mayor, City Council and Boards and Committees and the hard-working City employees that continue to deliver quality services.

The City is a service-oriented organization. Police, Fire, Communications and Public Works service to protect the public. The Rochester Library and Recreation Department greatly enhance the quality of life. The School Department educates our young people and prepares them for the rapidly changing world.

While the annual report contains some of the highlights of Rochester's efforts to assist our citizens, there is much more to what is happening through customer service, enhancing the environment, or maintaining our infrastructure.

As the recession continues to affect the nation, Rochester has seen its share of ups and downs. Our employment rate has slowly decreased. The City has put enormous effort into economic development. This effort is proving effective. Rochester has the State's largest industrial announcement in October of 2010 with Albany International announcing the relocation of their corporate headquarters moving to our fine City. The City's infrastructure is substantially complete and the private investment is well on its way toward completion.

Rochester is a great place to live, work and play. The municipal government is working hard to help enhance our community with quality service delivered efficiently and effectively.

Several Key Financial Reports indicate that the City's Finances are strong:

- Bond Ratings
- Commercial Tax Base/ Assessments
- Annual Financial Audits
- Annual Budgeting Process

The just completed FY2013 Audit revealed the continued financial strength of the City. There are three key measurements contained in the Annual Financial Audit that indicate the City's overall financial health:

- Statement of Net Assets
- Statement of Activities
- Fund Balance

Fund Balance

By spending less than what is taken in as revenues, the City has a positive "fund balance." The fund balance is what is available to manage the City's tax rate as well as provides cash flow to pay it's bills.

The LGC recommends that a City maintain as a fund balance an amount equal to 8% to 17% of its total gross appropriations. Rochester's percentage now stands at 16.2%.

In 2008 a Tax Cap was approved by voters which holds the growth of the tax levy to:

- Increase in rate of inflation
- Plus net new construction
- City Council has never overridden tax cap

Our Property Tax Levy increases have been held below the tax cap limitation every year since it was adopted by the voters, without loss of City services.

*City of Rochester
City Manager
Daniel W. Fitzpatrick*



Chapter Four

Our Departments



- 4.1 Assessing**
- 4.2 City Clerk**
- 4.3 Community Development Division**
 - 4.3a Code Enforcement & Building Safety Dept.**
 - 4.3b Economic Development Department**
 - 4.3c Planning Department**
- 4.4 Finance Office**
- 4.5 Fire Department**
- 4.6 Legal Department**
- 4.7 Library**
- 4.8 MIS Department (Municipal Information Services)**
- 4.9 Police Department**
- 4.10 Public Works Department**
- 4.11 Recreation, Arena & Youth Services Department**
- 4.12 Superintendent of Schools**
- 4.13 Tax Collector's Office**
- 4.14 Welfare Department**



4.1 Assessing Department

The Mission of the Assessing Department is to: In accordance with state assessing standards, annually value all properties in the City of Rochester so that all assessments are reasonably proportional.



Net Valuation on which the tax rate for the Municipal, County & local Education Tax is computed **2,021,637,412**

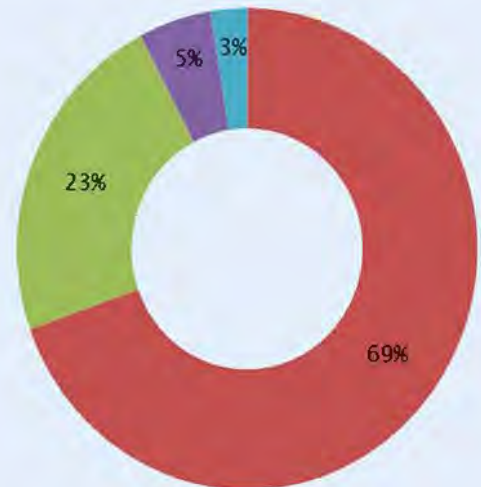
Less Public Utility Valuations **52,186,300**

Net Valuation without Utilities on which the tax rate for State Education Tax is computed **1,969,451,112**

Assessing Department staff (pictured below):
from left to right: Theresa Hervey, Verna Ketel,
Tom Mullin, Nancy Miller and Ruth Lawrence.



TOTAL OF TAXABLE PROPERTIES 2,048,617,212



- Current Use Land
- Residential Land and Buildings
- Commercial/Industrial Land & Buildings
- Manufactured Housing
- Public Utilities

ASSESSOR'S INVENTORY

Current Use Land	1,064,235
Residential Land	447,929,813
Commercial/Industrial Land	175,494,189
Residential Buildings	976,692,034
Commercial/Industrial Buildings	290,198,566
Manufactured Housing	105,024,400
Public Utilities Land & Buildings	52,186,300

EXEMPTIONS USED

Blind (29).....	1,171,700
Elderly (369).....	22,380,100
Disabled (100).....	3,428,000

TOTAL AMOUNT OF EXEMPTION 26,979,800

*Assessing Department Report respectfully submitted by:
Thomas A. Mullin, CNHA City Assessor*

4.2 City Clerk's Office

The City Clerk's office is known as the keeper of the records and serves as the local registrar in the issuance of vital records. The office is responsible for recording and issuing certified copies of birth, divorce, death, and marriage certificates. The City



Clerk's office is also responsible for issuing marriage licenses. The City Clerk submits reports to the State of New Hampshire and other authorities as required by law. The City Clerk is responsible for the repair, binding, maintenance, and proper storage of all permanent records in compliance with local and state laws. The Clerk's office staff often researches older vital records for customers conducting genealogical studies.

The City Clerk's office staff prepares the following material for the City Council: agendas, informational packets, and the permanent record of all meeting minutes for all City Council meetings. In addition, the City Clerk's staff prepares the same material for the Codes and Ordinances Committee, Historical Documents Preservation Committee, and the Records Retention Committee.

Dogs

The City Clerk's office issued 5,081 dog licenses during Fiscal Year 2013. There were 1,265 dog owners listed on the Dog Licensing Warrant of 2013, which is 309 fewer than the last fiscal year, and a total of 1,632 unlicensed dogs, which is 409 fewer than the last fiscal year.

The City Clerk updates the City Clerk's Department Webpage and the Deputy City Clerk updates the City Clerk's Department Facebook and Twitter accounts.

Kelly Walters was appointed as the City Clerk in December of 2012 and Marcia Roddy was appointed as the Deputy City Clerk in 2012. Special recognition goes to Nancy Carignan, Assistant City Clerk, Diane Moses, Assistant City Clerk, and all Election Officials who assisted with the State Primary and State Election during fiscal year 2013.

Vital Statistics and Related Revenues

The following statistics have been generated for the City of Rochester from reports from the State Bureau of Vital Records from July 1, 2012 to June 30, 2013: There were 406 babies born in the City of Rochester, 255 of which were from Rochester residents. There were 161 marriages reported for the City of Rochester and 262 deaths.

E. Nicholl Marshall, Division of Vital Records Administration, Concord, New Hampshire, provided interesting statistics for the City of Rochester. The heaviest baby weighed 10 pounds 12 ounces. The top two baby names for the City of Rochester for fiscal year 2013 are as follows:



Girls

Emma
Isabella and Arianna [tied]

Boys

Landon
Eli



4.1 City Clerk's Office (...continued)

Adam's Fund / Pray Fund

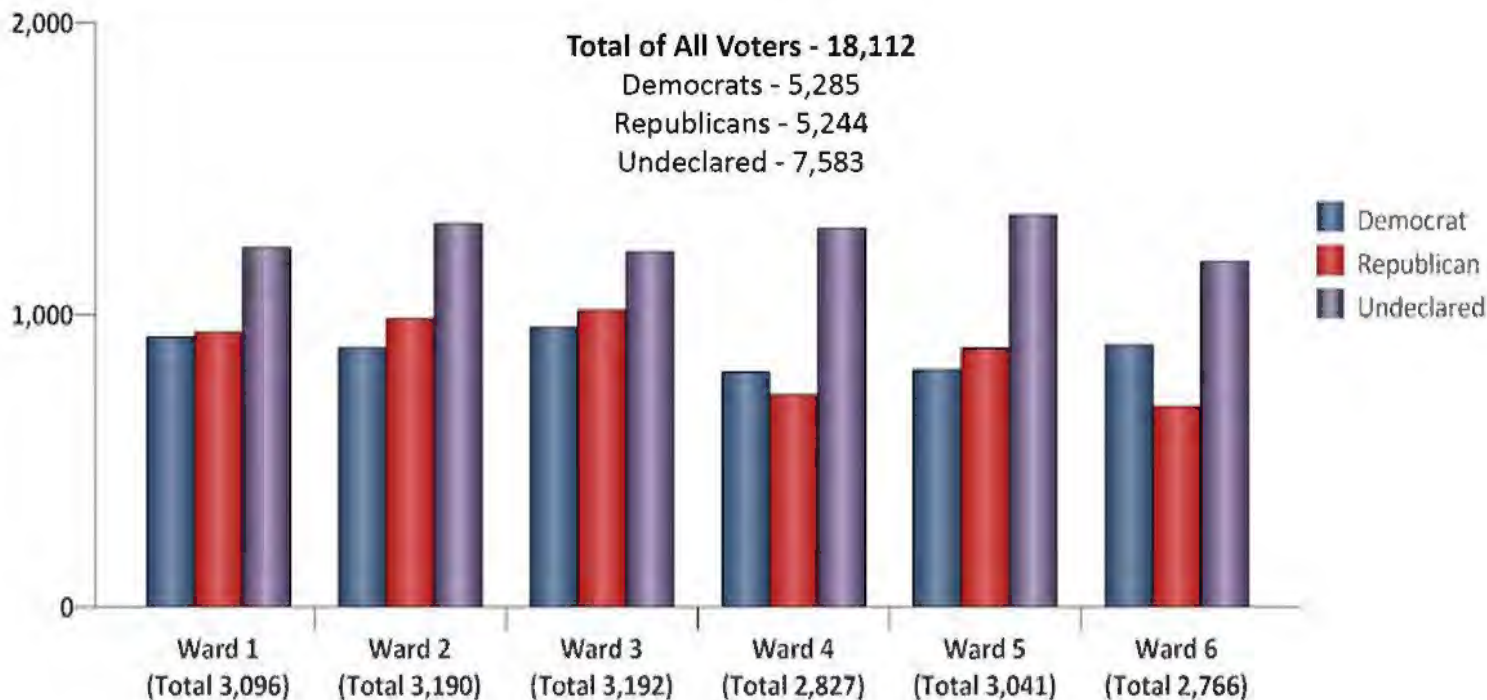
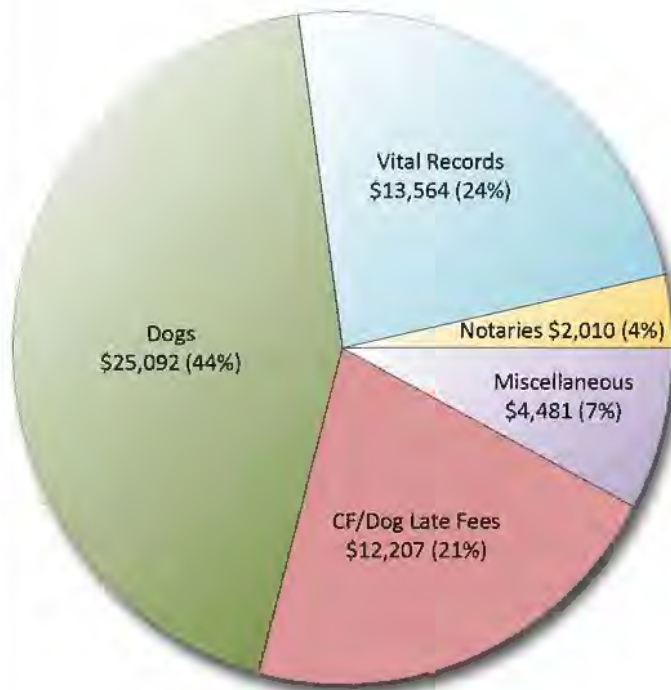
The Deputy City Clerk submitted four applications to the Adam's Fund/Pray Fund to Charter Trust Company. The total amount awarded between the four applicants was \$1,237.89.

Elections

The City Clerk supervised two elections during Fiscal Year 2013: The September 11, 2012, State Primary Election and the November 6, 2012, State General Election. City Clerk's office assisted with accepting new voter registrations, address changes, and party affiliation changes. The City Clerk's staff attended election training, coordinated each Supervisors' Session and Moderators' Session. The City Clerk's staff provided in-home voter registration for the elderly and disabled.

The City Clerk's staff communicated with other town and city clerks throughout New England in order to keep the Election Database up to date. All checklists and warrants were posted according to State Law. As of June 30, 2013, there were a total of 18,112 registered voters in Rochester, New Hampshire and the breakdown to party affiliation is as follows:

City Clerk Revenue
Total \$57,354



FY 2013 Resolutions

July 1, 2012 to June 30, 2013

Resolution 1: Resolution Authorizing Transfers from the So-Called General Fund, Deferred Revenue Account to the So-Called Sewer Works Miscellaneous Revenue Account and to the So-Called Economic Development Fund, Miscellaneous Revenue Account. **Adopted on July 17, 2012 [Book AAA Page 6]**

Resolution 2: Resolution Approving Grant Application by the City of Rochester Fire Department of up to \$10,855.00, for the Purpose of Purchasing Fire Gear – FEMA Assistance. **Adopted on July 17, 2012 [Book AAA Page 11]**

Resolution 3: Resolution Authorizing the Rochester Police Department Application for, and to Accept, Grant for Ballistic Vests, and Making a Supplemental Appropriation in Connection Therewith. **Adopted on July 17, 2012 [Book AAA Page 11]**

Resolution 4: Resolution Authorizing Supplemental Appropriation to the Fiscal Year 2012-2013 Capital Budget of the City of Rochester for the Purpose of Providing Funds, for and/or Related to, the So-Called Brock Street Reconstruction Project. **Adopted on July 17, 2012 [Book AAA Page 12]**

Resolution 5: Resolution Determining that Amendment(s) to the Rochester City Charter is/are Necessary and Ordering a Public Hearing in Connection with such Proposed Amendment(s) **Adopted on July 17, 2012 [Book AAA Page 15]**

Resolution 6: Resolution Authorizing City Manager to Address Potential Title Issue with Respect to Property Situate at 20 Summer Street in the City of Rochester. **Adopted on July 17, 2012 [Book AAA Page 16]**

Resolution 7: Resolution Authorizing Transfer of Funds in the Amount of \$12,027. **Adopted on [July 17, 2012 Book AAA Page 17]**

Resolution 8: Resolution Accepting the Polling Locations for the State Primary and State General Election. **Adopted on August 7, 2012 [Book AAA Page 56]**

Resolution 9: Resolution Ordering that the Proposed Amendment(s) to the Rochester City Charter Referred to in Paragraph I Above be Placed on the Next Regular State Biennial Election Ballot Required under the Provisions of RSA 49-B:5, IV (b). **Adopted Exhibit A, B, C, D, and E, on August 7, 2012 [Book AAA Page 57]**

Resolution 10: Resolution Authorizing Supplemental Appropriation to the 2012-2013 Capital Budget of the City of Rochester, Water Works, for the So-Called Rochester Hill Water Tower Repair Project and Authorizing Bonding in Connection Therewith. **Adopted on August 7, 2012 [Book AAA Page 58]**

Resolution 11: Resolution De-Authorizing Portion of Internet Crimes Against Children [ICAC] Task Force Grant Supplemental Appropriation in Connection Therewith. **Adopted on August 7, 2012 [Book AAA Page 59]**

Resolution 12: Resolution De-Authorizing Portion of Filter Backwash Rule Investigation Appropriation. Amended and **Adopted on August 7, 2012 [Book AAA Page 60]**

Resolution 13: Resolution De-Authorizing Portion of Business Office Folder Inserter Appropriation. **Adopted on August 7, 2012 [Book AAA Page 61]**

Resolution 14: Resolution De-Authorizing Portion of Water Bulk Storage Tank Replacement Appropriation. **Amended and Adopted on August 7, 2012 [Book AAA Page 62]**

Resolution 15: Resolution De-Authorizing Portion of Water Distribution System Upgrade Appropriation. **Adopted on August 7, 2012 [Book AAA Page 63]**

Resolution 16: Resolution De-Authorizing Portion of Water Treatment Plant Pavement Overlay Appropriation. **Adopted on August 7, 2012 [Book AAA Page 64]**

Resolution 17: Resolution Adopting Amendments/Revisions to the Granite State Business Park Tax Increment Financing District: Development Program and Financing Plan and Amending/Revising the Granite State Business Park Tax Increment Finance District. **Amended and Adopted on September 4, 2012 [Book AAA Page 84]**

Resolution 18: Resolution Authorizing Supplemental Appropriation to the 2012-2013 Capital Budget of the City of Rochester, Water Works, for the So-Called Rochester Hill Water Tower Repair Project and Authorizing Bonding in Connection Therewith [\$558,000] **Adopted on September 4, 2012 [Book AAA Page 91]**

Resolution 19: Resolution Authorizing the City Manager to Enter into a Lease Agreement with Arts Rochester, Inc. D/B/A Sole City Dance Relative to Space in the Rochester Community Center. **Adopted on September 4, 2012 [Book AAA Page 92]**

Resolution 20: Resolution Approving Contract and Cost Items Associated with Proposed Rochester School Board, City of Rochester, Multi-Year Collective Bargaining Agreement, with Federation of State, County, and Municipal Employees [AFSCME] Council 93 Local #863 Bargaining Unit [Head Custodians, Custodians, Ground-Keepers, Utility Persons, and Maintenance Persons. **Adopted on September 4, 2012 [Book AAA Page 94]**

FY 2013 Resolutions (continued...)

Resolution 21: Resolution De-Authorizing a Portion of the North Main Street Water Main Project and Making a Supplemental Appropriation. **Adopted on September 4, 2012 [Book AAA Page 94]**

Resolution 22: Resolution De-Authorizing a Portion of the So-Called Brock Street Clean Water State Revolving Fund Appropriation in the Amount of \$2,200,000. **Adopted on September 4, 2012 [Book AAA Page 95]**

Resolution 23: Resolution De-Authorizing a Portion of the So-Called Brock Street Drinking Water State Revolving Fund Appropriation in the Amount of \$30,000. **Adopted on September 4, 2012 [Book AAA Page 97]**

Resolution 24: Resolution De-Authorizing a Portion of the So-Called Brock Street Drinking Water State Revolving Fund Appropriation in the Amount of \$600,000. **Adopted on September 4, 2012 [Book AAA Page 98]**

Resolution 25: Resolution De-Authorizing a Portion of the So-Called Rochester Housing Authority Paving Project and Making a Supplemental Appropriation in Connection Therewith. **Adopted on September 4, 2012 [Book AAA Page 99]**

Resolution 26: Resolution Approving Accounts Receivable Write-off for the Opera House Utilities in the Amount of \$3,356.19. **Adopted on September 4, 2012 [Book AAA Page 100]**

Resolution 27: Resolution Authorizing a Supplemental Appropriation to the 2012-2013 Capital Budget of the City of Rochester for the So-Called EDA Salmon Falls Road to NH Route 125 Water and Sewer Main Extension Project and Authorizing Bonding and/or Borrowing in Connection Therewith. **Adopted on September 4, 2012 [Book AAA Page 103]**

Resolution 28: Resolution Accepting a Grant to the City of Rochester, Rochester Public Library, from the Wal-Mart Foundation and Making a Supplemental Appropriation in Connection Therewith. **Adopted on September 4, 2012 [Book AAA Page 105]**

Resolution 29: Resolution Directing That the Printing of Ballots for the Special City Election, Relative to the Five (5) Proposed Amendments to the Rochester City Charter, in the form Approved by the State Officials Specified in RSA 49-B:5-a II, and to be Held in Connection with the November 6, 2012, Regular State Biennial Election. **Adopted on September 18, 2012 [Book AAA Page 123]**

Resolution 30: Resolution Conditionally Accepting Conservation Easement with Respect to Property Owned by Dr. Alexander Smith and Mrs. Edna Smith Situate on Estes Road in Rochester, New Hampshire. **Adopted on October 2, 2012 [Book AAA Page 134]**

Resolution 31: Resolution Authorizing City Manager to Take Actions to Enforce Conditions of Subdivision Approval with Respect to Anderson Lane. **Adopted on October 2, 2012 [Book AAA Page 135]**

Resolution 32: Resolution Authorizing City Manager to Take Actions to Enforce Conditions of Subdivision Approval with Respect to Channing Lane. **Adopted on October 2, 2012 [Book AAA Page 136]**

Resolution 33: Resolution De-Authorizing a Portion of the Rochester Police Department Justice Assistance Grant [JAG] Appropriation. **Adopted on October 2, 2012 [Book AAA Page 137]**

Resolution 34: Resolution Authorizing the Police Department to Apply for a NH Highway Safety Grant [DWI Enforcement Patrols] in the Amount of \$5,100.24. **Adopted on October 2, 2012 [Book AAA Page 138]**

Resolution 35: Resolution Authorizing Police Department Application for the New Highway Safety Grant [Red Light Enforcement Patrols] in the Amount of \$5,100.24. **Adopted on October 2, 2012 [Book AAA Page 138]**

Resolution 36: Resolution Authorizing a Supplemental Appropriation in the Amount of \$1,832.50 for the Programming of Forty-Six (46) Portable Radios - US Department of Homeland Security Grant. **Adopted on October 2, 2012 [Book AAA Page 139]**

Resolution 37: Resolution Authorizing a Police Department Application for the New Hampshire Highway Safety Grant [Pedestrian Enforcement Patrols] in the Amount of \$4,986.91. **Adopted on October 2, 2012 [Book AAA Page 140]**

Resolution 38: Resolution De-Authorizing Portions of the Internet Crimes Against Children [ICAC] Task Force Grant and Making a Supplemental Appropriation in the Amount of \$54. **Adopted on October 2, 2012 [Book AAA Page 140]**

Resolution 39: Resolution Authorizing the Police Department Application for the Working Dog Foundation Grant to be used in Connection with the Acquisition of Replacement for the Rochester Police Department K-9 Working Dog [Final]. **Adopted on October 2, 2012 [Book AAA Page 142]**

Resolution 40: Resolution Accepting a Department of Justice, Justice Assistance Grant, to the Rochester Police Department and Making a Supplemental Appropriation in Connection Therewith in the Amount of \$20,574.90. **Adopted on October 2, 2012 [Book AAA Page 143]**

Resolution 41: Resolution Authorizing to City Manager to Submit an Application to the Commissioner of DRED to have the So-Called Granite Ridge Development District as a So-Called Economic Revitalization Zone Pursuant to the Provisions of RSA 162-N. **Adopted on October 2, 2012 [Book AAA Page 144]**

Resolution 42: Resolution Accepting a Grant to the City of Rochester, Rochester Public Library, From the New Hampshire Library Association/MacDonald Fund, and Making a Supplemental Appropriation in Connection Therewith. **Adopted on October 2, 2012 [Book AAA Page 145]**

Resolution 43: Resolution Authorizing Discontinuance of Portions of Old Milton Road. Amended and **Adopted on November 13, 2012 [Book AAA Page 160]**

Resolution 44: Resolution From the Planning Board Authorizing the Issuance of A Building Permit off Two Rod Road [Class VI Road]. **Adopted on November 13, 2012 [Book AAA Page 161]**

Resolution 44: Resolution From the Planning Board Authorizing the Issuance of A Building Permit off Two Rod Road [Class VI Road]. **Adopted on November 13, 2012 [Book AAA Page 161]**

Resolution 45: Resolution Approving a Supplemental Appropriation in the Amount of \$55,000 For The Purpose of Constructing a Restroom Facility on the Rochester Common and to Fund said Appropriations From Undesignated General Fund Balance. **NOT ADOPTED - November 13, 2012 [Book AAA Page 163]**

Resolution 46: Resolution Accepting a Grant From the Working Dog Foundation for the Purpose of Purchasing a New Police K-9. **Adopted on November 13, 2012 [Book AAA Page 164]**

Resolution 47: Resolution Accepting a Grant from Internet Crimes Against Children [ICAC] in the Amount of \$2,672.30 for the Purpose of Associated Overtime. **Adopted on November 13, 2012 [Book AAA Page 165]**

Resolution 48: Resolution Accepting a Grant from Internet Crimes Against Children [ICAC] in the Amount of \$3,575 for the Purpose of Associated Overtime. **Adopted on November 13, 2012 [Book AAA Page 166]**

Resolution 49: Resolution Accepting a Donation from Bank of New Hampshire in the Amount of \$1,500 for the Purpose of Covering Costs Associated with the Rochester Economic Development Commission Investment Group Guest Speaker Event. **Adopted on November 13, 2012 [Book AAA Page 167]**

Resolution 50: Resolution Authorizing Supplemental Appropriation Brock Street Project Highway Portion \$700,000. **Adopted on November 13, 2012 [Book AAA Page 170]**

Resolution 51: Resolution Accepting a DWI Enforcement Patrols Grant in the Amount of \$5,850. **Adopted on November 13, 2012 [Book AAA Page 171]**

Resolution 52: Resolution Accepting a Red Light Grant in the Amount of \$5,850. **Adopted on November 13, 2012 [Book AAA Page 172]**

Resolution 53: Resolution De-Authorizing \$700,000 of the Brock Street Project. **Adopted on November 13, 2012 [Book AAA Page 173]**

Resolution 54: Resolution Accepting a Supplemental Appropriation to the Rochester Economic Development Department Staff Development Account in the Amount of \$425.00. **Adopted on November 13, 2012 [Book AAA Page 174]**

Resolution 55: Resolution Authorizing a Supplemental Appropriation in Connection with the Easement Acquisition for Axe Handle Brook Bridge and for Related Project Activities. **Adopted on November 13, 2012 [Book AAA Page 176]**

Resolution 56: Resolution Accepting a Purchase and Sales Agreement Relative to First Street, Map 120, Lot 177-1. **Adopted on November 20, 2012 [Book AAA Page 184]**

Resolution 57: Resolution Authorizing the City Manager to Negotiate and Enter into a Purchase and Sales Agreement to Purchase and Sales Agreement to Purchase Certain Land Located on First Street. **Adopted on November 20, 2012 [Book AAA Page 184]**

FY 2013 Resolutions (continued...)

Resolution 58: Resolution De-Authorizing Portions of Project #10536 Internet Crimes Against Children [ICAC] in the Amount of \$111.89. **Adopted on November 20, 2012 [Book AAA Page 185]**

Resolution 59: Resolution De-Authorizing Funds in the Amount of \$654.52 from the DWI Hunter Grant # 309-09A-083. **Adopted on November 20, 2012 [Book AAA Page 186]**

Resolution 60: Resolution De-Authorizing Portions of Project 11528 – USDA Feasibility Study in the Amount of \$100. **Adopted on November 20, 2012 [Book AAA Page 187]**

Resolution 61: Resolution De-Authorizing Funds in the Amount of \$124.86 From the US Marshall's Overtime Detail Grant. **Adopted on November 20, 2012 [Book AAA Page 188]**

Resolution 62: Resolution De-Authorizing Funds in the Amount of \$975 from the Duval Park Fountain Fund Project. **Adopted on November 20, 2012 [Book AAA Page 190]**

Resolution 63: Resolution Accepting a Donation from Liberty Mutual in the Amount of \$1,000 for the Purpose of the Recreation and Arena Tennis Court Rehab Project. **Adopted on November 20, 2012 [Book AAA Page 191]**

Resolution 64: Resolution Accepting a State of New Hampshire Department of Justice, Drug Forfeiture Distribution to the Rochester Police Department and Making a Supplemental Appropriation in Connection Therewith in the Amount of \$689.63. **Adopted on November 20, 2012 [Book AAA Page 192]**

Resolution 65: Resolution Conditionally Accepting a Conservation Easement with Respect to the Property Owned by Jonathan W. Clement and Holly A. Clement Situate on So-Called Bickford Road in Rochester, New Hampshire. **Adopted on December 4, 2012 [Book AAA Page 206]**

Resolution 66: Resolution Accepting So-Called Channings Lane as a City Street. **Adopted on December 4, 2012 [Book AAA Page 209]**

Resolution 67: Resolution Accepting a Grant to the Rochester Police Department for Enforcement Patrols and Making a Supplemental Appropriation in Connection Therewith in the Amount of \$5,850 **Adopted on December 4, 2012 [Book AAA Page 209]**

Resolution 68: Resolution Accepting a Grant to the Rochester Police Department [Pedestrian Patrols] and Making a Supplemental Appropriation in Connection Therewith in the Amount of \$5,720. **Adopted on December 4, 2012 [Book AAA Page 210]**

Resolution 69: Resolution Authorizing the City Manager to Institute Process to Discontinue Portions of the Currently Existing Airport Drive. **Adopted on December 4, 2012 [Book AAA Page 212]**

Resolution 70: Resolution Accepting Certain Drainage, Slope, and Construction Easements in the Vicinity of the Intersection of NH Route 11 and the Two Rod Road: Tractor Supply Project **Adopted on December 18, 2012 [Book AAA Page 220]**

Resolution 71: Resolution Authorizing Discontinue Portions of So-Called Airport Drive, and Dedicating and Accepting Portions of Newly Reconfigured Airport Drive Right-of-Way and of the So-Called Innovation Drive Right-of-way as a City Street. **Adopted on December 18, 2012 [Book AAA Page 221]**

Resolution 72: Resolution to Increase the Current COPS Grant in the Amount of \$14,000. **Adopted on January 8, 2013 [Book AAA Page 241]**

Resolution 73: Resolution Accepting a PSNH Donation for the Conservation Fund in the Amount of Approximately \$115,000.00. **Adopted on January 8, 2013 [Book AAA Page 242]**

Resolution 74: Resolution Authorizing a Supplemental Appropriation in the Amount of \$2,695.00 for the Purpose of Additional Equipment for Apparatus [New Pumper] Replacement Purposes. **Adopted on January 8, 2013 [Book AAA Page 244]**

Resolution 75: Resolution Accepting a Grant from the Local Government Center for Health and Safety Wellness Related Programs to the Rochester Fire Department and Making a Supplemental Appropriation in the Amount of \$500. **Adopted on January 8, 2013 [Book AAA Page 245]**

Resolution 76: Resolution Accepting So-Called Channings Lane as a City Street and Making a Supplemental Appropriation in Connection Therewith. **Adopted on January 8, 2013 [Book AAA Page 247]**

Resolution 77: Resolution De-Authorizing Portion of the New Hampshire Attorney General's Rochester Police Department Drug Task Force [DTC] in the Amount of \$2,588.64. **CONSENT CALENDAR ADOPTED on January 8, 2013 [Book AAA Page 248]**

Resolution 78: Resolution De-Authorization Funds Left in the Hose Replacement CIP Project and Repurpose Those Funds in the Amount of \$7,124.00. **CONSENT CALENDAR ADOPTED on January 8, 2013 [Book AAA Page 248]**

Resolution 79: Resolution Accepting US Justice Assistance [JAG] Homeland Security Grant in the Amount of \$22,900.80. **Adopted on February 5, 2013 [Book AAA Page 259]**

Resolution 80: Resolution Authorizing Grant Application by the City of Rochester Police Department the New Hampshire Department of Safety Competitive Homeland Security Grant in the Amount of up to \$75,000. **Adopted on February 5, 2013 [Book AAA Page 260]**

Resolution 81: Resolution Authorizing an Application to Commissioner of DRED to have the So-Called Cochecho Revitalization Zone Designated as a So-Called Economic Revitalization Zone Pursuant to the Provisions of RSA 162-N, 1 **Adopted on February 5, 2013 [Book AAA Page 261]**

Resolution 82: Resolution Regarding City Manager's Review and Evaluation. **Adopted on February 5, 2013 [Book AAA Page 262]**

Resolution 83: Resolution Authorizing the Issuance of Refunding Bonds dated as of February 19, 2013. **Adopted on February 19, 2013 [Book AAA Page 265] VOTE RATIFIED on March 19, 2013 [Book AAA Page 326]**

Resolution 84: Resolution Accepting a Rebate Check in the Amount of \$57,000 from PSNH, Approving Change of Funding from Cash to Grant [PSNH Rebate Check], and Approving a Transfer [\$57,000] back to the Sewer Fund **Adopted on February 19, 2013 [Book AAA Page 266]**

Resolution 85: Resolution Accepting a Federal Emergency Management Agency Grant and Making a Supplemental Appropriation and a Related Budget Transfer in Connection Therewith. **Adopted on February 19, 2013 [Book AAA Page 270]**

Resolution 86: Resolution De-Authorization in the Amount of \$1,395.90 from the Strafford County Sheriff's Department Grant "Underage Drinking" **CONSENT CALENDAR ADOPTED on February 19, 2013 [Book AAA Page 272]**

Resolution 87: Resolution De-Authorization Funds in the Amount of \$854.10 from the Strafford County Sheriff's Department Grant for "Party Dispersal" **CONSENT CALENDAR ADOPTED on February 19, 2013 [Book AAA Page 272]**

Resolution 88: Resolution Authorizing the Acceptance of a Donation to the Rochester Public Library From Mary Kibbe in Memory of Jeannette Renaud Richard and Making a Supplemental Appropriation in Connection Therewith and in Accordance with the provisions of RSA 202-A: 4-c, and Authorizing the Rochester Public Library to Accept Certain Unanticipated Moneys. **Adopted on March 5, 2013 [Book AAA Page 285]**

Resolution 89: Resolution Authorizing the Issuance of Refunding Bonds dated as of March 5, 2013. **Adopted on March 5, 2013 [Book AAA Page 290] VOTE RATIFIED on March 19, 2013 [Book AAA Page 326]**

Resolution 90: Resolution Accepting and Adopting the Rochester, New Hampshire, "All-Hazard Mitigation Plan Update 2013." **Adopted on March 5, 2013 [Book AAA Page 292]**

Resolution 91: Resolution Authorizing Grant Application by the City of Rochester Fire Department for a Competitive New Hampshire Homeland Security Grant in the Amount of up to \$31,749.07. **Adopted on March 5, 2013 [Book AAA Page 292]**

Resolution 92: Resolution Accepting Funds from the Sale of Granite State Business Park Lot 1 and Assigning such Funds to the So-Called Economic Development Fund. **Adopted on March 5, 2013 [Book AAA Page 293]**

Resolution 93: Resolution Authorizing the Rochester Police Department a Supplemental Appropriation Relative to Outside Details and Making a Supplemental Appropriation in Connection Therewith in the Amount of \$80,000. **Adopted on March 5, 2013 [Book AAA Page 311]**

Resolution 94: Resolution De-Authorizing Fiscal Year Capital Improvement Funds for Water Treatment Plant Flouridation Process Modifications. **Adopted on March 5, 2013 [Book AAA Page 312]**

Resolution 95: Resolution Transferring Funds to the Department of Public Works Fiscal Year 2012-2013 Capital Improvements Budget from the Unencumbered Fiscal Year 2012-2013 Contingency Account for the purpose of paying for the costs of road/and or infrastructure construction and related work road with respect to Channing's Land. **Amended and Adopted on March 19, 2013 [Book AAA Page 322]**

FY 2013 Resolutions (continued...)



Resolution 96: Resolution Adopting a 2013-2014 Rochester CDBG "Action Plan" for the City of Rochester, New Hampshire and Approving and Appropriating the 2013-2014 Community Development Budget for the City of Rochester. First Reading took place on April 2, 2013; Public Hearing took place on April 2, 2013. **Adopted on April 16, 2013 [Book AAA Page 393]** ORIGINAL RESOLUTION HAS BEEN REPLACED WITH THE FINAL ACTION PLAN FOR THE CITY OF ROCHESTER and was **APPROVED on June 4, 2013. [Book AAA Page 455]**

Resolution 97: Resolution Accepting a New Hampshire Department of Environmental Services Grant in Connection with the 2014 Household Hazardous Waste Day and Authorizing the City Manager to Enter into a Contract with the New Hampshire Department of Environmental Services with Respect to the 2014 Household Hazardous Waste Day. **Adopted on April 2, 2013 [Book AAA Page 372]**

Resolution 98: Resolution De-Authorizing Portions of the Fiscal Year 2007-2008 CIP Budget Appropriation for the So-Called Chesley Hill Road Bridge Project, in the Amount of \$1,552.18, and Cash Transfer in the Amount of \$193.90. **Adopted on April 2, 2013 [Book AAA Page 373]**

Resolution 99: Resolution Authorizing the Reallocation of Funds in the Amount of \$2,614.22 within CDBG Grant Funds for the Purpose of the Catherine Street Sidewalk Project. **Adopted on April 2, 2013 [Book AAA Page 375]**

Resolution 100: Resolution Authorizing the Reallocation of Funds in the Amount of \$18,000 within the CDBG Grant funds for the Purpose of Historical Society's Window Installation Project. **ADOPTED - First Reading and Second Reading took place on April 2, 2013 [Book AAA Page 376]** RESOLUTION AMENDED AND ADOPTED ON JUNE 4, 2013. **[Book AAA Page 458]**

Resolution 101: Resolution Authorizing the Reallocation of Funds in the Amount of \$70,000 within the CDBG Grant Funds for the Purpose of the Common Restroom Project. **Adopted on April 2, 2013 [Book AAA Page 378]**

Resolution 102: Resolution Authorizing the Transfer Funds from the Headworks and Associated Projects in the Amount of \$74,150. **CONSENT CALENDAR ADOPTED on April 2, 2013 [Book AAA Page 380]**

Resolution 103: Resolution Authorizing the Change of Funding Source in the amount of \$79,984.20 from the Clean Water Revolving Funds [CWSRF]. **CONSENT CALENDAR ADOPTED on April 2, 2013 [Book AAA Page 381]**

Resolution 104: Resolution Authorizing Transfer of Funds in the Amount of \$5,834.20 From Sewer Cash Account [08534] to the Sewer Project Account [08533]. **CONSENT CALENDAR ADOPTED on April 2, 2013 [Book AAA Page 381]**

Resolution 105: Resolution Authorizing Transfer of Funds in the Amount of \$9,165.80 from the Sewer Cash Account [08534] to the Sewer Fund. **CONSENT CALENDAR ADOPTED on April 2, 2013 [Book AAA Page 381]**

Resolution 106: Resolution Authorizing the City Manager to Sign Documents with the Strafford Rivers Conservancy Regarding Land Conservation to Meet Wetland Mitigation Requirements Associated with the Granite State Business Park and Spaulding Turnpike Widening Projects. **CONSENT CALENDAR ADOPTED on April 2, 2013 [Book AAA Page 381]**

Resolution 107: Resolution De-Authorizing Funds in the Amount of \$49,186.94 from the Neighborhood Stabilization Program [NSP]. **CONSENT CALENDAR ADOPTED on April 2, 2013 [Book AAA Page 381]**

Resolution 108: Resolution De-Authorizing Funds in the Amount of \$74,150 from the Influent Pump Station Upgrades - Headworks. **CONSENT CALENDAR ADOPTED on April 2, 2013 [Book AAA Page 381]**

Resolution 109: Resolution De-Authorizing Funds in the Amount of \$15.80 from the Influent Mechanical Bar Screen Project - Headworks. **CONSENT CALENDAR ADOPTED on April 2, 2013 [Book AAA Page 381]**

Resolution 110: Resolution De-Authorizing Funds in the Amount of \$15,000 from the Influent Pump Station Hoist Project - Headworks. **CONSENT CALENDAR ADOPTED on April 2, 2013 [Book AAA Page 381]**

Resolution 111: Resolution De-Authorizing Funds in the Amount of \$103,496.51 from the Headworks and Associated Projects. **CONSENT CALENDAR ADOPTED on April 2, 2013 [Book AAA Page 381]**

Resolution 112: Resolution Authorizing Supplemental Appropriation from the City of Rochester, Economic Development Fund, for the Purpose of the Art Esprit 2013 Art Project. **Adopted on April 16, 2013 [Book AAA Page 391]**

Resolution 113: Resolution Authorizing Supplemental Appropriation to Address, Complete, Correct, and/or Take Other Appropriate Actions Relative to the So-Called Anderson Lane Subdivision Conditions of Approval. **Adopted on May 7, 2013 [Book AAA Page 412]**

Resolution 114: Resolution Authorizing City Manager to Execute a Lease Purchase Agreement for the Purpose of Refunding and Repurchasing Photocopier Equipment **Adopted on May 7, 2013 [Book AAA Page 413]**



Resolution 115: Resolution Authorizing Supplemental Appropriations to the 2012-2013 Operating Budget of the Rochester Police Department for the Purchase of Three (3) Police Cruisers. **NOT ADOPTED First Reading took place on May 7, 2013, Second Reading and possible adoption FAILED on June 4, 2013 [Book AAA Page 453]**

Resolution 116: Resolution Approving the 2013-2014 Operating Budget for the City of Rochester. **First Reading took place on May 7, 2013, Public Hearing took place on June 18, 2013, Second Reading and Final Amendment and Adoption took place on June 25, 2013 [Book AAA Page 490]**

Resolution 117: Resolution Authorizing and Approving the 2013-2014 Capital Budget for the City of Rochester and Authorizing Borrowing in Connection Therewith. **First Reading took place on May 7, 2013, Public Hearing took place on June 18, 2013, Second Reading and Final Amendment and Adoption took place on June 25, 2013 [Book AAA Page 489]**

Resolution 118: Resolution Accepting a United States Department of Justice Reimbursement of Funds and Authorizing a Supplemental Appropriation to the 2012-2013

Operating Budget of the Rochester Police Department to Reimburse OCDEFTF Related Overtime Expenditures. **CONSENT CALENDAR ADOPTED on May 7, 2013 [Book AAA Page 419]**

Resolution 119: Resolution Accepting Department of Justice, Drug Enforcement, Drug Forfeiture Distribution to the Rochester Police Department and Making a Supplemental Appropriation in Connection Therewith in the Amount of \$4,570. **CONSENT CALENDAR ADOPTED on May 7, 2013 [Book AAA Page 419]**



Resolution 120: Resolution De-Authorizing an Internet Crimes Against Children Overtime Grant in the Amount of \$2,672. **CONSENT CALENDAR ADOPTED on May 7, 2013 [Book AAA Page 419]**

Resolution 121: Resolution Accepting United States Marshall's Service, Drug Forfeiture Distribution to the Rochester Police Department and Making a Supplemental Appropriation in Connection Therewith in the Amount of \$1,707.44. **CONSENT CALENDAR ADOPTED on May 7, 2013 [Book AAA Page 419]**

Resolution 122: Resolution Authorizing a Supplemental Appropriation to the 2012-2013 Capital Budget of the City of Rochester, Water Works, for the So-Called Rochester Hill Water Tower Repair Project and Authorizing Bonding in Connection Therewith. **Adopted: First Reading took place on May 7, 2013. Public Hearing took place on May 14, 2013, Second Reading and Adoption took place on May 14, 2013 [Book AAA Page 427]**

Resolution 123: Resolution Accepting and Appropriating Excess Host Community Fees. **Adopted on June 4, 2013 [Book AAA Page 470]**

Resolution 124: Resolution for the Supplemental Appropriations to the Conservation Fund for Fiscal Year 2012-2013 Pursuant to the Provisions of Section 11.21 (c) of the General Ordinances of the City of Rochester. **Adopted on June 25, 2013 [Book AAA Page 481]**

FY 2013 Amendments to the Rochester City Ordinances July 1, 2012 to June 30, 2013

AMENDMENT 1: Amendment to Chapter 17.34 of the City Ordinances Relative to the Water Rates. **ADOPTED** – Page 182 **First Reading** took place on November 13, 2012; **Public Hearing** took place on November 20, 2012, **Second Reading** and **Adoption** on November 20, 2012.

AMENDMENT 2: Amendment to Chapter 16.25 of the City Ordinances Relative to the Sewer Rates **ADOPTED** – Page 183 **First Reading** took place on November 13, 2012; **Public Hearing** took place on November 20, 2012, **Second Reading** and **Adoption** on November 20, 2012.

AMENDMENT 3: Amendment to Chapter 42.8 (f) (9) of the City Ordinances Relative to Political Advertising **ADOPTED** as **FURTHER AMENDED** – Page 240 **First Reading** took place on December 4, 2012. **Public Hearing** took place on December 18, 2012, **Amendment** and **Adoption** took place on January 8, 2013.



AMENDMENT 6: Amendment to Chapter 17 of the City Ordinances Relative to the Utility Advisory Board Term of Office. **ADOPTED** Page 454 –June 4, 2013 [Book AAA Page 454]

AMENDMENT 7: Amendment to Chapter 31 of the City Ordinances Relative to Panhandling. **First Reading** took place on June 4, 2013.

AMENDMENT 8: Amendment to Chapter 23 of the City Ordinance Relative to Permissible Fireworks. **ADOPTED** as **FURTHER AMENDED** on June 4, 2013 [Book AAA Page 469]



AMENDMENT 4: Amendment to Chapter 23.13 of the City Ordinances Relative to the Regulation of Permissible Fireworks. **ADOPTED** Page 353 **First Reading** took place on March 5, 2013, **Public Hearing** was held on March 19, 2013, and **Adopted** on April 2, 2013. [Book AAA Page 353]

AMENDMENT 5: Amendment to Chapter 18 of the City Ordinances Relative to the Creation of Regulation of Cross-Connections to Prevent Backflow between Potable and Non-Potable Water Systems. **ADOPTED** Page 355 - **First Reading** took place on March 5, 2013, **Public Hearing** took place on March 7, 2013 [Codes and Ordinances Committee], **Second Reading** and **ADOPTION** on April 2, 2013 [Book AAA Page 355]



FY 2013 City Charter Amendments

July 1, 2012 to June 30, 2013

The following Charter Amendments were presented [Municipal Ballot] to the registered voters of the City of Rochester at the November 6, 2012, State General Election. Four of the five proposed Charter Amendments were passed as shown below:

AMENDMENT I: POLICE COMMISSION FAILED

This Amendment would repeal the provisions of the Rochester City Charter dealing with the Police Commission, thereby abolishing the Rochester Police Commission.

AMENDMENT II: BOARD OF ASSESSORS PASSED

This Amendment would increase the number of Deputy Assessors from two (2) to three (3), and would also require that all assessors appointed pursuant to the Charter, prior to their appointment, shall have demonstrated knowledge of property appraisal or assessment and of the laws governing the assessment and collection of property taxes. The amendment would also provide that the Board of Assessors would be comprised of the City Assessor and the three (3) Deputy Assessors, who would elect one of their own to serve as Chairman. The City Assessor would provide advice and assistance to the Board as needed, but would have no vote in the Board's deliberations.

AMENDMENT III: SCHEDULING OF MEETINGS OF SCHOOL BOARD PASSED

This amendment would eliminate the requirement that the Rochester School Board hold a January meeting immediately following each municipal election "...on the second Thursday of such January", thereby giving the School Board greater flexibility scheduling such meeting.

AMENDMENT IV: MERIT PLAN RULES AND REGULATIONS PASSED

This amendment would insert language in the Rochester City Charter making amendment(s) to the "Merit Plan" proposed by the City Manager become effective only upon a majority vote of the City Council taken within sixty (60) days of amendment submittal rather than (30) days after their submission by the City Manager unless vetoed by the City Council.

AMENDMENT V: VOTING TO FILL VACANCIES IN OFFICE OF ELECTED CITY OFFICIALS PASSED

This amendment would delete the requirement in the current Rochester City Charter that votes to fill vacancies in the offices of City Council, School Board, and Police Commission be "...by secret ballot" and require that vacancy be filled "...by majority vote."



Photo courtesy of RHS

4.3 Community Development Division

4.3a Economic Development Department

4.3b Code Enforcement & Building Safety Department

4.3c Planning & Zoning Department

The Purpose of creating the Division of Community Development, and joining Economic Development, Planning, Zoning, Code Enforcement and Building Safety is - To approach community development services as a full spectrum of activity, providing comprehensive support and professional assistance, and attracting sustainable investments in business, housing and community projects.

DIVISION VALUES

- Mission and Results Directed
- Team and Network Driven – Communicate!
- Accountable for Performance
- Add Value – Be a Problem Solver
- Educate and Inform – Subject Matter Experts
- Focus on What's Best for Citizens and Clients

COMMUNITY DEVELOPMENT ACTIVITY

The Community Development Division will become even more effective when we have the ability to provide the full spectrum of services in one location, both to meet staff performance objectives as well as offer one-stop service to citizens, investors, developers and other clients. Joining forces has already paid dividends by improving communication, collaboration and cross-training in several critical areas – such as code compliance and Downtown development standards. Partner organizations such as Rochester Main Street, Strafford County Board of Realtors and NHCIBOR have commented upon the experience and about the professional team we've put together to meet the city's growing needs. The Departments still have individual responsibilities, but our focus is on the same horizon.

PERFORMANCE OBJECTIVES

Actions in FY 13

- Monthly Division Staff Meetings, Bi-Monthly Management Team Meetings
- Communications – Monthly Management Reports, other reports, memos, e-mails
- Staff replacement, hiring and shared training
 - 4 Staff Promotions
 - 3 New Hires
- Problem Solving – Joint team review and addressing of complaints, problems and challenges.
- Increase Staff ROI – Change Technical Review Structure, evaluate other meetings
- Collaborative input and feedback on Chapter 42 Revisions
- Standardizing HR forms and performance evaluations
- Share Industry Best Practices
- Implementation of shared software and technology – not yet complete
- **Major obstacle – divided location of offices and staff works against effective communication, collaboration and one-stop customer service.**



4.3 Community Development Division

FY13 was a year of staff investment and adjustments. During the year just completed the city benefitted from the promotion of six of thirteen professional staff and four new employees selected to join the division. Complaints have dropped across the board and customer satisfaction has noticeably increased. Morale has improved and even the office areas are cleaner and more organized.

Although improvements in Planning were an important initial goal, the first outwardly noticeable improvements were in Code Enforcement, now to be called Building, Zoning and Licensing Services. Creation of a full-time Code Enforcement Officer position, promotion of Jim Grant to Director and promotion of Don Graves to Assistant Director has made the Department more successful in their primary functions as well as customer service. Future areas of improvement include software replacement, digitization of paper files, issuance of building permits 5 days a week, successful transition of Zoning Board responsibilities.

The second half of FY13 enabled the restructuring of Planning, with replacement of professional staff in one position and two retirements. This enabled shifting individual and department responsibilities to improve the efficiency of Planning functions, and to focus activity directly on core activities until performance levels increase and accuracy is satisfactory. This activity will be active and ongoing in FY14. The two new Planning hires will start in September. Future areas of improvement include staff training and implementation of performance measures. Comprehensive rezoning is also an ongoing activity that has significant impact on staff priorities and perception of customer service.

Economic Development had a very successful year for attracting private investment, increasing the tax base by more than \$65 Million, establishing public/private partnerships, attracting more than \$2 Million in grant funds and the increasing prominence of Rochester in the Seacoast and in New Hampshire as one of the most successful communities in the state.

KEY ECONOMIC DEVELOPMENT ACTIVITY

- Completion of public improvement construction in the Granite State Business Park
- Revision of the GSBP TIF District & establishment of the Advisory Board
- Announcement of the first major Granite Ridge Shopping Center by Grossman Development
- Redevelopment of the former Thompson Center Arms site
- Start-UP Rochester Business Plan Competition and Business Accelerator
- Monthly ThinkRochester Newsletter and Public Access TV Show – Metrocast Channel 12
- Economic Development Specialist is Chair of Technical Review Group
- Three JOB Loans to local start-ups or expansions, improved reporting
- Sale of additional lot in Granite State Business Park – Newport Computers
- Results and promotion of the Economic Impact of the Arts Survey
- Opening of Buffalo Wild Wings, PetSmart, Joanne Fabrics, others
- ATAC Great Bay Community College Rochester location, construction & opening
- Apply for and receive a \$1.9 Million EDA grant to expand water and sewer to Stonewall Kitchen and Market Basket, to create more than 300 new jobs.
- Two spin offs, creating 150+ jobs from the former Thompson Center Arms closure
- Two new medical facilities at the Frisbie satellite campus on Rochester Hill Road
- Workforce housing with proposals at Highfield Commons, Clark Brook and Chesley Hill.
- Collaboration with Rochester Main Street and Greater Rochester Chamber
- Awards: Business Facilities Excellence in Economic Development Organizations



4.3a Code Enforcement Department

The Code Enforcement Department has been extremely active. As the population of the City of Rochester has grown to approximately over 30,000 residents, so does the responsibility of the department to assist residents and visitors in the City of Rochester. This office remains dedicated to this responsibility and will continue its proactive approach, ensuring the health and safety of the citizens of Rochester.



BUILDING INSPECTION

The major duties of the department include the administration of National Codes, the review and issuance of building permits, and the inspection of construction sites to ensure conformance of these codes; additionally enforcing compliance of the Zoning Ordinance and Planning Board approvals. A total of one thousand nine hundred twenty nine (1,929) permits were issued with an estimated building cost of \$66,737,535.00. With the combination of building, health, and miscellaneous inspections and activities, there were three thousand four hundred forty five (3,445) inspections completed. Additionally there were one thousand nine hundred eleven (1,911) plans reviewed.

The major health related duties of the department continue to be the licensing and inspections of one hundred ninety eight (198) of the City's food service establishments. We have worked closely with the owners and operators to ensure compliance with the New Hampshire rules for the sanitary production and distribution of food. During the year each food establishment was inspected a minimum of twice, generating approximately three hundred ninety six (396)

health related inspections. As a whole, Rochester's food establishments are in full compliance.

The Board of Health is comprised of the following members:

Dr. Thomas Moon, Regular Member
John Larochelle, Regular Member (term expired)
Dr. Terry Bennett, City Physician/ Member (term expired)
Regular Member, Vacant
Mr. James Grant, Health Officer and Director of Code Enforcement

The department also performed inspections of day care and foster home facilities. In addition to our regular staffing, the department's new compliance officer has investigated four hundred sixty five (465) housing code complaints. These include exterior and interior buildings, including motor vehicle, signs, zoning, rubbish, work performed without permits and agricultural nuisances.

Other general activities by the department include:

Inspections and licensing of twenty four (24) mobile home parks, sixteen (16) amusement licenses, eighteen (18) taxi licenses (company, drivers, and vehicles), a combination of seven (7) motor vehicle junk yards, junk dealer licenses combined thirty one (31) second hand dealers, four (4) pawnbrokers and four (4) hawkers & peddlers. The department also investigates written housing complaints and zoning infractions throughout the city.

The TOTAL REVENUE COLLECTED	
is categorized as follows:	
Food Establishment Licenses	23,944.50
Miscellaneous Permits & Licenses	4,290.00
Junk, 2nd Hand & Pawn Licenses	1,782.00
Building Permits	430,113.50
Miscellaneous Fees	20.50
TOTAL	\$460,150.50
Less Refunds, Waived Fees (Veteran & Municipal Status)	<9,271.00>
TOTAL	\$ 450,879.50
The TOTAL AMOUNT EXPENDED	
by the department was \$ 419,992.54.	

4.3b Economic Development Department

With the \$130 Million dollar Spaulding Turnpike expansion finally completed, Rochester has seen an resurgence of new commercial development. Traffic now flows smoothly and people have become accustomed to the new entrance and exit patterns. Most immediately impacted by the turnpike is the Route 11 corridor, and especially the Granite Ridge Development District. The old Thompson Center Arms site has been purchased and cleaned up by a developer who has plans for future commercial expansion of this prime location. Several notable redevelopments have occurred next to the Exit 14 intersection, including the new Cumberland Farms, Zinga! and Dominos next to the Globe Plaza. Permits were pulled for a new Tractor Supply Company store next to Walmart, and the Rochester Marketplace has begun preliminary steps for a 300,000 square foot shopping center in that location. To provide further investment incentives, the city applied for and was granted a new ERZ (Economic Revitalization Zone) designation for the Granite Ridge district. This will allow companies in this zone to take advantage of BET and BPT tax credits when investing in job-creating projects.

Of course the biggest construction news for this year was the new Safran advanced aerospace technology plant. In December, the new bridge in the Granite State Business Park was unveiled, with a distinguished group of guests including Gov. Hassan.

Other industrial investments brought The Rubber Group to Rochester, taking ownership and expanding the Odyssey Press facility bringing over fifty jobs to the area.

The city awarded the largest to date JOB loan to a spin-off manufacturing company, LHR sporting Arms. Four principals from Thompson Center Arms put their collective skills together to set up a new company with the goal to re-employ many of the 200 craftspeople who lost their jobs when Smith and Wesson moved their company to Springfield, Mass in 2010. LHR set up shop on Wallace Street and went to work developing their first patented black powder firearm, The Redemption, which received national recognition by being awarded Field and Stream Magazine's Best of the Best Award as "Muzzleloader of the Year" in their first year of operation. They are well on their way to achieving their goals.

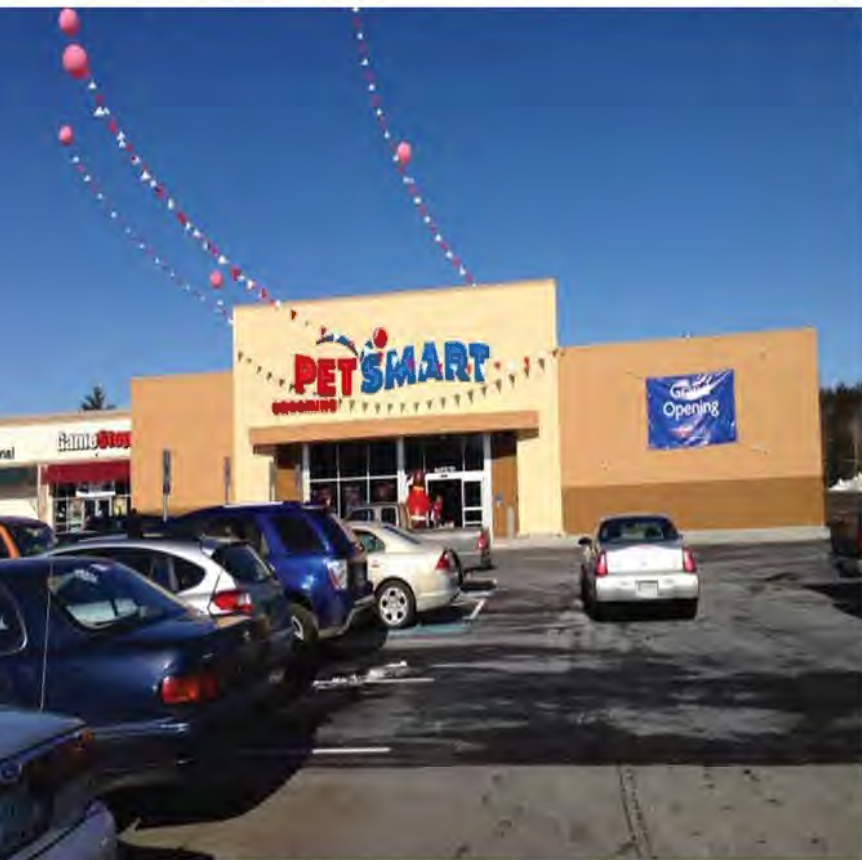




An ad hoc City Branding committee reviewed five proposals and selected the Glen Group to conduct a city branding effort which is a key urban development tool that will help Rochester get noticed and connected with our target audience. A strong brand, like a compass, helps stakeholders stay on course, be consistent in message, and effective in marketing.

Our office provided the Chamber of Commerce with an updated two-page ad to include in their annual magazine. (see photo) We partnered with the State Department of cultural Resources and other local communities to unveil the Americans for the Arts Survey, sharing the news that our city's nonprofits actually stimulate over seven million dollars of annual economic activity!

Investment in infrastructure is one of the most effective ways that local government can spur economic development. With that in mind, the city applied for and was awarded an EDA grant for nearly \$2 Million dollars for the expansion of water and sewer on Salmon Falls Road and part of Rt 125, enabling two existing businesses to pursue their expansion projects and encouraging other new projects in this underutilized corridor. This was a private, city and federal government partnership that is projected to lead to the creation of several hundred new jobs. It will also allow current residents the opportunity to tie in to city water and sewer.



As part of the city organization restructuring, Karen Pollard became Deputy City Manager, Director of Community Development, bringing the three departments of Economic Development, Planning, and Code Enforcement under one umbrella. The concept of customer service and the notion that city staff serve as process facilitators and not simply regulation enforcers has been implemented with the result that the permitting process is simplified and streamlined. This is an ongoing process, but already positive results have been seen.

The monthly Business Round Table meetings brought business people to City Hall to discuss issues of concern and help build collaborative efforts, network, share ideas and interact with city personnel. This event fosters positive attitudes about dealing with the city. Meetings are held at City Hall on the 3rd Tuesdays of each month from 7:30 AM to 9 AM.

4.3b Economic Development Department (continued...)

Comprehensive Rezoning continued to be worked on throughout the year. Members of the Technical Review Group reviewed drafts and offered suggestions and corrections.

Economic development comes from business retention, expansion, attraction, creation and transition. Our office focuses on each of these areas. Staff meets frequently with local manufacturing firms to evaluate their status and needs. Many companies expressed positive movement this year with plans for expansion, purchasing of new equipment, and open positions waiting to be filled with qualified and skilled workers. We put these companies together with financial resources, and with the various state job training programs.

The first START UP business competition was held in June with thirty-seven contestants and seven finalists. This event was a partnership with the ABI Hub from Manchester and is a catalyst for identifying and nurturing new companies and potential businesses. Rochester can claim the position of Seacoast Hub of Manufacturing and Innovation, evidenced by the new aerospace company, Safran, locating here, and our energetic and robust activities designed to encourage economic investment in our city.



Working together with other economic development offices in the seacoast region, as well as the State Department of Economic Resources, we were represented at the Paris Air show with a rack card in June. Recognizing the need to work regionally, to pool limited resources, and to promote the area as a whole, throughout the year our office participated in joint advertising and strategy meetings to attract advanced manufacturers to the area.

Fiscal Year 2012-2013 was busy. Over \$60 Million dollars of new building permits were issued. New projects entered the pipeline positioning Rochester as an economic bright spot in New Hampshire, promising much more economic development in the upcoming year. The results are an increased commercial and industrial tax base stabilizing our property tax rates, more jobs for area residents, and investment in those things that add to our quality of life.



4.3c Planning Department

OUR MISSION

The mission of the Planning and Development Department is to promote orderly growth in a manner sensitive to community values and to enhance environmental, economic, and social sustainability.

Orderly growth. Through the application of carefully crafted regulations and diligent stewardship, the Department works to facilitate smart growth, including development that creates value and is compact, efficient in its use of infrastructure, pleasing, and sensitive to its surroundings.

Community values. The Department seeks to serve the wide range of short and long-term stakeholder interests in Rochester and to understand community values through the use of surveys and other information-gathering techniques. Specific proposals are evaluated within the context of those values and the Master Plan.

Environmental sustainability. The Department carefully weighs costs and benefits in order to provide reasonable protection for our natural resources, including air, land (fields, forests, open space, and various habitats), and water (wetlands, aquifers, rivers, ponds, and flood plains), while encouraging responsible development.

Economic sustainability. The Department especially embraces businesses which make a commitment to the community's vitality by providing well-paying jobs, adding to the value of the built environment, offering choices for consumers, and participating in Rochester's civic life.

Social sustainability. The Department works to preserve Rochester's distinctive identity and to advance quality of life by encouraging investment in social capital and facilitating the health, safety, education, and cultural expression of our citizens.

OUR APPROACH

The Planning Board, Historic District Commission, Zoning Board of Adjustment, Conservation Commission, and staff reviewed a great number of projects. The Planning Board and Historic District Commission approved most applications with conditions. We work hard with applicants to find an approach or design that serves the objectives of the applicant while also supporting the public interest and meeting legitimate concerns of abutters. Happily, we find most applicants are willing and able to modify projects as appropriate.

The major responsibilities of the Planning Division include:

- Policy development
- Drafting of ordinances and regulations
- Overseeing the zoning ordinance and processing applications for variances, special exceptions, and amendments
- Reviewing and processing applications for subdivisions and site plan review
- Strategic planning
- Master Planning
- Transportation planning
- Infrastructure planning
- Developing ordinances for the protection of natural and cultural resources
- Coordinating the E911 addressing system
- Coordination of, and service to, land use boards:
Planning Board, Zoning Board of Adjustment, Conservation Commission, and Historic District Commission
- Acquiring proper surety to insure that projects are built in accordance with City standards and the approved plan.

HIGHLIGHTS

Here are a few highlights from the year.

Sakuntala, LLC/Newport Computers

48 Airport Drive 45,438 sf. manufacturing facility to be constructed in two (2) phases. Phase 1 will include 30,438 sf. As well as appurtenant parking and loading areas. Phase 2 will entail a 15,000 sf. addition.

Development projects: Some of the more significant projects, approved by the Planning Board, included the following:

NH Bureau of Turnpikes, c/o HNTB Corp. / Paul Danforth / Louise J. Brown – 121 Chestnut Hill Road Subdivision for a 2-lot subdivision. The NHDOT-Bureau of Turnpikes plans to purchase the proposed new lot for construction of a future maintenance garage.

State of New Hampshire / Ronald Grandmaison – Washington Street Site Plan to construct a Park and Ride facility with approximately 200 spaces and a concrete area for passengers to access the transit buses.

The Villages at Clark Brook Planned Unit Development (PUD) for the Villages at Clark Brook, Old Dover Road Major subdivision and Site plan. PUD amendment plans include 9 duplex lots, 3 live/work lots, 144 apartments in four buildings, and 47 single family lots.

McGroen Partners, LLC, 120 Washington Street Site Plan to build a 20,475 sq ft, 3 story commercial building. The first floor to be retail space and the second and third floors for commercial office space.

The Rubber Group / Rob Pruyn, 22 Nadeau Drive Site plan application for a 6,000 sq ft addition to an existing 20,000 sq ft manufacturing building.

Presidential Estates, Fillmore Boulevard Residential site plan application for phase II of the Highfield Commons development to permit the first 16 residential townhouse units.

Sensible Self Storage, LLC, 201 Highland Street Site plan application for a two phased project consisting of six(6) storage buildings in the first phase and five(5) storage buildings in the second phase.

Waste Management of NH, Inc, 30 Rochester Neck Road Excavation application for borrow areas to be developed to support on-site construction and operations activities.

Charter Foods North, LLC, 280 North Main Street Subdivision and site plan to construct a 1,670 sq ft (28 seat) Taco Bell Restaurant with a drive thru service window.

17 Glenwood Avenue, LLC, 17 Glenwood Avenue Subdivision and site plan construct 24 additional elderly housing units on the property once it is subdivided into two lots.



Sakuntala LLC - 48 Airport Drive



McGroen Partners, LLC - 120 Washington Street



Rochester Toyota - 48 Farmington Road

4.3c Planning Department (continued...)



Tractor Supply, 12 Two Rod Road

Chapter 42 Amendments

The Chief Planner and the Planning Board spent a great deal of time working on the Chapter 42 draft amendments this year. There were times when the Planning Board was meeting three to four times a month. At the beginning of every Planning Board meeting, both regular meetings and workshops, the Board took comments from the public regarding the proposed draft. The Board was working to prepare a draft document that could be recommended and forwarded to the City Council in the Fall of 2013. The following issues were discussed at great length by the Planning Board:

- New draft Zoning Map
- Definitions
- Base Zoning Districts
- Special Zoning Districts
- Table of Uses
- Table of Dimensional Requirements
- Density in the various Zoning Districts
- Multi-Family Housing
- Other Miscellaneous amendments, additions, and deletions

Planning and Zoning Board Activity

The Department and Boards acted upon the following projects.

Planning Board applications (12-13)

	Total	Approved	Denied	Total Lots	Withdrawn
Subdivision	6	6	0	76	0
Lot Line Revisions	13	13	0	0	0
Site Plans	14	13	0	0	1
TOTAL	33	32	0	0	1

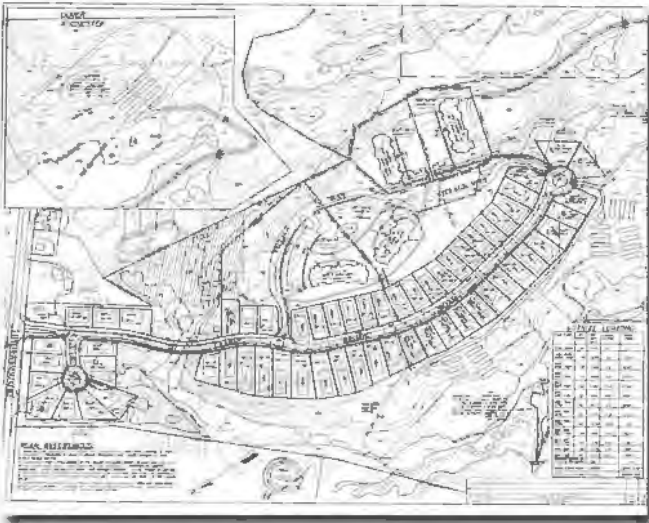
	Total	Allowed w/o further review	Sent to Planning Board	Withdrawn
Minor Site Plan	6	5	0	1
Special Downtown	22	21	0	1
Day Care	1	0	1	0
Home Occupation	8	8	0	0
TOTAL	17	34	1	2

Zoning Board of Adjustment applications (12-13)

	Total	Approved	Denied	Withdrawn
Variances	47	39	4	4
Special Exceptions	3	2	0	1
Equitable Waiver	0	0	0	0
Administrative Appeals (Building Code of Appeal Board)	0	0	0	0
Request for Rehearing	1	0	1	0
TOTAL	51	41	5	5



Sensible Self Storage, 201 Highland St



Village of Clark Brook, Old Dover Road

Master Plans

To date, the City has seven adopted master plans:

- 1) Land Use, adopted 2001
- 2) Transportation, adopted 2001
- 3) Downtown, adopted 2003
- 4) Economic Development, adopted 2006
- 5) Natural Resources, adopted 2009
- 6) Cultural Resources, adopted 2010
- 7) Recreation, adopted 2011

Possible chapters that might be pursued in the future include:

- Energy and sustainability
- Public facilities
- Natural Hazards
- Utilities and public services
- Regional concerns
- Community design
- Housing and community development
- Strategic planning

The first three chapters - Land Use, Transportation, and Downtown - are the chapters that will be updated in the not too distant future. There are funds in the CIP to help facilitate the completion of these chapters. Once the Chapter 42 amendments are settled, then we can begin work on the Land Use and Downtown chapters. Now that a majority of the Spaulding Turnpike/Route 16 improvements are complete and we have updated traffic count data, we should be able to begin updating the Transportation chapter.

Surety Process

The Planning Staff, along with the City Engineer, began reviewing the spreadsheets for surety that the City is currently holding for approved projects. The review included releasing surety that the City has been holding as well as updating the cost figures used to calculate the surety. The figures are now reviewed and updated twice a year.

Rochester's, the Arts and Culture Commission elected Officers in March 2013, Matthew Wyatt was nominated for Chair, Peg Johnson was nominated for Vice Chair, and Pam Hubbard was nominated as Secretary.

Arts and Culture Commission

The Arts and Culture Commission also completed the website, City of Rochester Commission for Arts and Culture. The website includes: about us, visit Rochester, art walk, arts and culture database, Achievement in the Arts Award, and facebook page. Arts and Culture Inventory – The Commission started a database inventorying all of the wonderful things Rochester has. It would be very helpful for citizens to find out information and for the Commission to use as well.

The Arts and Culture Commission formed the first annual awards ceremony/gala to recognize "Achievement in the Arts". The event will be scheduled for August 2013. Projects for next year include: "French Festival", Arts in the Park, the event would most likely take place at the Commons with possible use of the River Walk, and an advertisement on Metrocast Channel 26.

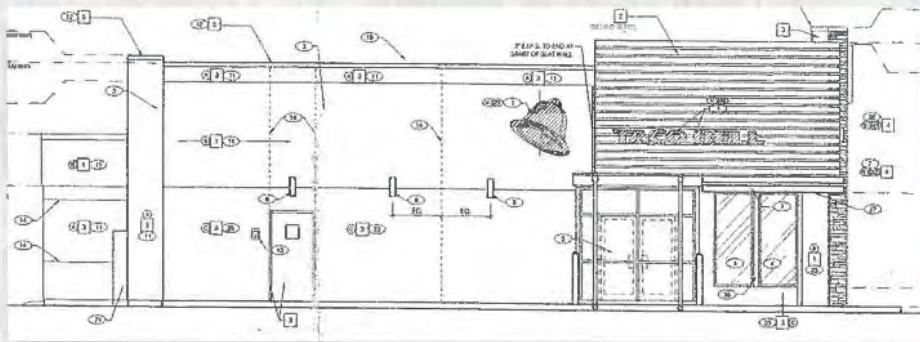


4.3c Planning Department (continued...)

Historic District Commission

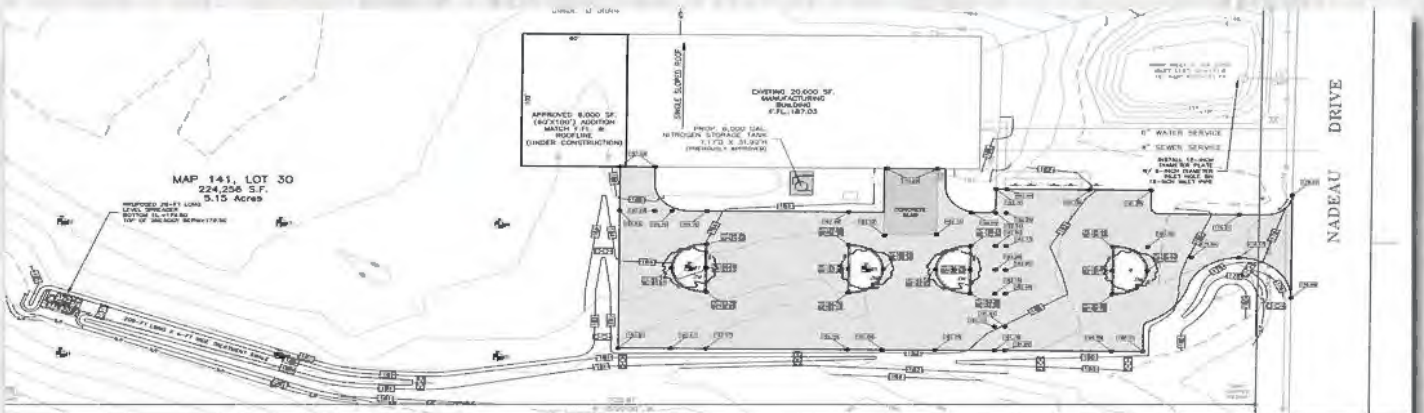
The Historic District Commission reviewed the following projects.

Applicant	Address	Proposed Activity
Better Homes & Gardens/Masiello	90 North Main Street	Sign
Collec-tiques	48 North Main Street	Paint outside building pale yellow, add lettering to windows
Service Credit Union	90 South Main Street	8' green vinyl chain link fence with access gate to an emergency generator
Tri-City Co-op	36 Wakefield Street	Installing a handicap accessible ramp
Liberty Tax	14 North Main Street	Wall sign
Profile Bank	57 Wakefield Street	Expanding drive-up canopy by 1 additional lane, moving HVAC and ATM
Grammy and Grampy's Gift Baskets	18 North Main Street	Sign
Joe Conroy	16-22 North Main Street	Enclose a 9-foot wall door
Hobo's Tattoo Shop	87 North Main Street	Sign
Smoke & Spirits Downtown Cigar Bar LLC	38 North Main Street	Sign
Scenic Theater	12 North Main	Sign and paint
Skele-Tone Records and Clothing	50L North Main Street	Sign
Twice is Nice	19A Hanson Street	Window sign



Proposed Taco Bell, 280 North Main Street





The Rubber Group, 22 Nadeau Drive

4.3c Planning Department (continued...)

Conservation Commission

The Rochester Conservation Commission has been very active from July 2012 to June 2013. The range of projects and efforts that this group of volunteers has worked on throughout the year has varied greatly, and has included:

- Reviewed the status of the "Summary of Recommendations" (action items) outlined Natural Resource Chapter of the City's Master Plan and noted which had been completed, which were being worked on, and how to work on those ones.
- The Community Development Department and Department of Public Works actively collaborated with the Commission to apply for a sewer and water line expansion grant application as well as a 'green infrastructure' grant application and also on the Aquifer Protection Ordinance.
- Commission members attended workshops that were focused on storm water management, invasive species, energy conservation, land conservation, and planning.
- Commissioners performed site walks to monitor Conservation Easements (including the Smith-Berube and LeClair easements), investigate wetland violations, and review Planning and Zoning Board proposals.
- Several dozen NH DES Alteration of Terrain, Intent to Cut, NH DES Wetland, NH DOT, etc...correspondences were reviewed. Several required follow up action by the Commission.
- The Commission, in cooperation with Stafford Rivers Conservancy, successfully closed on two conservation easements, resulting in 175.5 additional acres of conserved land in the City of Rochester.
- Over the last year approximately eight properties were/are still being considered for conservation easements. The extensive review processes, including meeting with the landowner(s), completing Land Acquisition Criteria Evaluations (LACE), considering funding options, etc...were started for each property too.
- A Request for Qualifications was created and posted by the Commission. The Commission then reviewed and chose a qualified applicant. The consultant will conduct an audit and create an online inventory of conservation lands.
- The Commission also worked on two large wetland mitigation projects.

Respectfully Submitted,
Deborah Shigo
Chair of the Rochester Conservation Commission





4.4 Finance Department

The fiscal year ending June 30, 2013 once again indicates the City's financial position continues to be strong. This has resulted from a combination of conservative revenue estimates, thoughtful and prudent budgeting practices and ongoing close monitoring of expenditures in the General Fund and Enterprise Funds.



FINANCIAL HIGHLIGHTS

Government-wide Highlights

- The City's total assets of 230.9 and deferred outflows of resources of \$0.5 million, exceeded total liabilities of \$88.1 and deferred inflows of resources of \$19.5 million, by \$123.8 million. Known as the City's Total Net Position, the \$123.8 million is composed of \$112.3 million net investment in capital assets, \$0.8 million restricted and \$10.7 million in unrestricted funds. The unrestricted balance represents the portion available to be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's Total Net Position of \$123.8 million represents an increase in fiscal year 2013 of \$1.7 million or 1.4% over fiscal year 2012's total of \$122.1 million.
- The City's Total Assets and Deferred Outflows of Resources of \$231.4 million is a decrease of \$2 million or minus 0.9% and Total Liabilities and Deferred Inflows of Resources of \$107.6 million is a decrease by \$3.7 million or 3.3%.

Fund Balance Highlights

The Fund Balance for all governmental funds decreased by \$4.5 million to \$10 million for the fiscal year ending June 30, 2013. This amount is the Fund Balance of total Governmental Funds at the end of the year. The General Fund Balance increased by \$115 thousand to \$14 million; the fund balance for the Capital Projects Fund decreased by \$2.4 million and the Nonmajor Governmental Funds decreased by \$2.7 million.

THE CITY AS A WHOLE

As stated above, the City's combined total net position is \$123.8 million. Separating the net position of Governmental and Business-type Activities, this represents \$70.6 million for Governmental Activities and \$53.2 million for Business-type Activities.

The largest portion of the City's net position is comprised of its net investment in capital assets such as land, buildings, equipment and infrastructure less any outstanding debt.

The City's 2013 unrestricted net position of governmental activities of \$5.3 million represents a decrease from 2012 at \$9.0 million of \$3.7 million. This decrease represents a decrease in the amount of funds available to meet the City's general fund obligations due largely to the cash expended on capital projects. The issuance of bonded debt in early 2014 will replace cash previously expended on capital projects. The City's ability to complete most major capital projects with cash on hand prior to the actual sale of the bonds has been a testament of its strong fiscal health. The fiscal strength of the City is also due to its conservative budgetary practices in past years. It is incumbent on the City to maintain these practices in order to maintain financial strength.

The net position of the City's business-type activities represent investments in water and sewer plants, the related infrastructure, and the arena building/equipment. Unrestricted net position of the business-type activities ("enterprise" funds), however, cannot be used to fund or support other governmental activities. The City, generally, can only use this net position to finance the continuing operations of the Water, Sewer and Arena operations.

The City's overall net position increased by \$1.7 million, as presented in Table 1 (to the right). The largest expenses are from Education, Public Safety, Public Works and General Government. The difference in funding between expenses and revenues is made up through property taxes.



Table 1
Changes in Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Program Revenues:						
Charges for services	4.9	2.1	8.6	8.8	13.5	10.9
Operating grants	29.0	30.6	-	-	29.0	30.6
Capital grants and contributions	1.1	1.2	1.9	0.2	3.0	1.4
General Revenues:						
Property taxes	51.6	50.5	-	-	51.6	50.5
Licenses and permits	4.3	4.3	-	-	4.3	4.3
Other general revenues	3.1	5.5	0.1	0.1	3.2	5.6
Total Revenues	94.0	94.2	10.6	9.1	104.6	103.3
Expenses:						
General government	4.2	4.1	-	-	4.2	4.1
Public safety	12.2	12.1	-	-	12.2	12.1
Public works	6.2	5.9	-	-	6.2	5.9
Health and welfare	0.4	0.4	-	-	0.4	0.4
Culture and recreation	1.8	1.8	-	-	1.8	1.8
Community development	2.8	0.7	-	-	2.8	0.7
Community services	0.7	0.7	-	-	0.7	0.7
Education	57.7	56.1	-	-	57.7	56.1
Food services	2.0	1.9	-	-	2.0	1.9
Debt service	1.6	1.6	-	-	1.6	1.6
Intergovernmental	5.6	5.5	-	-	5.6	5.5
Water	-	-	3.5	3.2	3.5	3.2
Sewer	-	-	3.8	3.9	3.8	3.9
Arena	-	-	0.4	0.4	0.4	0.4
Total Expenses	95.2	90.8	7.7	7.5	102.9	98.3
Excess (deficiency) before transfers	(1.2)	3.4	2.9	1.6	1.7	5.0
Transfers	(0.2)	-	0.2	-	-	-
Increase (decrease) in net position	(1.4)	3.4	3.1	1.6	1.7	5.0

4.4 Finance Department (continued...)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	38.3	40.5	7.2	8.7	45.5	49.2
Capital assets, net	105.0	104.6	80.4	79.3	185.4	183.9
Total assets	143.3	145.1	87.6	88.0	230.9	233.1
Total deferred outflows of resources	0.4	0.3	0.1	-	0.5	0.3
Long-term liabilities	45.5	48.4	33.0	36.4	78.5	84.8
Other liabilities	8.5	8.1	1.1	1.1	9.6	9.2
Total liabilities	54.0	56.5	34.1	37.5	88.1	94.0
Total deferred inflows of resources	19.1	16.9	0.4	0.4	19.5	17.3
Net investment in capital assets	64.5	60.0	47.8	46.0	112.3	106.0
Restricted	0.8	3.0	-	-	0.8	3.0
Unrestricted	5.3	9.0	5.4	4.1	10.7	13.1
Total net position	70.6	72.0	53.2	50.1	123.8	122.1

Governmental Activities

The City recognizes that maintaining a strong financial position is crucial to the City's long-term success. The burden that is placed on citizens and businesses as well as the needs for services must both be taken into consideration with all financial decisions. The major fiscal challenges facing the City continue to be level or decreased State funding for education, health insurance increases, State retirement increases, energy costs, property values and tax rates. Fortunately, other City/School revenues have exceeded expectations and conservative spending has produced balances in many accounts at the end of the year.

The City's assessed property value for taxation for fiscal year 2013 (tax year 2012)

increased \$15.6 million or 0.8% as of April 1, 2012. The tax rate increased to \$25.68, which is 3.3% over the previous year.

The major areas where revenues exceeded projections are taxes of \$395 thousand and licenses & permits of \$342 thousand. The conservative philosophy of sustainable and steady growth that Rochester has embraced over the years remains as one of the keys to the City's continued financial strength and stability.

Business-type Activities

The Change in Net Position for the City's business-type activities increased by \$3.1 million.

- The City's sewer system posted a positive change in net position of \$1.2 million. The Sewer Fund's audit report of Statement of Cash Flows Proprietary Funds, reports a decrease of \$515 thousand in the cash balance from the beginning of the year, due to the bond funding cycle. Rate reviews and increases in the sewer rate will be necessary to maintain positive operations.
- The City's water system posted a positive change in net position of \$1.99 million. The Water Fund's audit report of Statement of Cash Flows Proprietary Funds, reports a decrease of \$554 thousand in cash balance from the beginning of the year, due once again to the City's bond funding cycle. In conjunction with the Sewer Fund, rate reviews and increases in the water rate will be necessary to maintain positive operations.
- The City's ice arena has a reported minimal net position decrease of \$18,532.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of depreciation, for its Governmental and Business-type Activities as of June 30, 2013 is \$185.4 million (see Table 3 below). This investment in capital assets includes land, buildings, equipment, computer software, construction in progress and infrastructure. Infrastructure assets are items that are normally immovable, of value only to the City, and include roads and bridges.

Table 3
Capital Assets at Year-end
(net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	8.0	7.6	3.5	3.5	11.5	11.1
Easements	1.4	1.1	-	-	1.4	1.1
Land improvements	2.3	2.3	-	-	2.3	2.3
Buildings and improvements	41.4	41.9	29.6	28.7	71.0	70.6
Vehicles and equipment	6.0	5.7	3.3	3.2	9.3	8.9
Infrastructure	39.0	41.5	31.3	31.5	70.3	73.0
Construction in progress	6.9	4.5	12.7	12.4	19.6	16.9
Totals	105.0	104.6	80.4	79.3	185.4	183.9

Debt

The City may issue general obligation bonds, receive State Revolving Loan Fund notes in lieu of bonds, and notes in anticipation of such bonds, taxes and other anticipated revenues. As of June 30, 2013, the total debt outstanding for all funds is \$73.5 million (See Table 4 below).

The General Obligation bond rating process conducted in February - March of 2012 returned a bond rating from Moody's of A1 and a rating of AA- was received from Standard and Poors. While financial steadfastness is only one of the criteria that bond rating agencies use in assessing overall risk, continued positive performance in this area will help the City to achieve continued increases in bond ratings which in turn mean lower rates and savings to taxpayers.

Table 4
Outstanding Debt at Year-end
(in Millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds (backed by the City) and State revolving notes	40.9	44.9	32.6	36.0	73.5	80.9
Totals	40.9	44.9	32.6	36.0	73.5	80.9

NEXT YEAR'S BUDGETS AND RATES

It is important to the City Council and the community it serves to provide appropriate levels of service to taxpayers, diversify the tax base, and create new investment in the City. The City's elected and appointed officials considered many factors when setting the fiscal year 2014 budget and the resulting impact on tax rates and the service fees that will be charged for business-type activities. The City continues its long standing tradition of fiscal restraint – forecasting realistic anticipated revenues, keeping expenditures in check and directing capital expenditures in an effort to minimize bonded debt while at the same time addressing the service and infrastructure needs of the City. It is also important to note that in November 2008 voters of the City approved a tax cap charter amendment to limit the amount property taxes can increase by a national inflation factor. The City Council has not overridden the tax cap in the five budget cycles since passage of this charter amendment. The City's continued financial strength indicates that a proper balance has been achieved and maintained between all of the above factors.

4.5 Fire Department



MOTTO

Serving the Lilac City with Pride.

MISSION STATEMENT

The primary mission of the Rochester Fire Department is to provide a range of programs designed to protect and maintain the quality of life within the City of Rochester through Fire Prevention, Fire Suppression and Rescue activities.

ORGANIZATION

The City of Rochester Fire Department is a 62-member "combination" organization providing fire, rescue, and public assistance to the Rochester, East Rochester and Gonic sections of this community.

The department serves a community with an estimated population of 32,000 residents in a 49.2 square mile area from two fire stations which are covered 24/7.

The Chief of the Fire Department reports to the Rochester City Manager under the City Manager form of government.

It is my pleasure to present the Rochester Fire Department annual report for 2012-2013. I would like to thank all of our dedicated firefighters, all of our accomplishments are made possible by the efforts of these Firefighters and Fire Officers.

Our department continues to accept the challenges presented by the demands for service. Rochester Firefighters responded to over 2300 incidents in this fiscal year. The numbers represent when one of our citizen's or visitors experience an unexpected or unfortunate event that led them to call for our assistance. Our firefighters continue to provide not only the professional response needed to take care of the emergency, but also show compassion to support the person and families involved in these emergencies.

This fiscal year the Fire Department responded to 2,316 calls for service. This is a slight decrease over fiscal year 2012 which had 2,355 calls. The majority of our calls continue to be medically related with 1,047 calls this last fiscal year which is an increase over FY 2012 with 987 calls.

Although most of our calls include medical and motor vehicle accidents we still continue to respond to structure fires which were up this year over the year prior. In fiscal year 2012 we responded to 106 fires 17 of which were building fires with five of those requiring a first alarm assignment or more to be struck. In FY 2013 we responded to 112 fires, 21 of which were building fires with 14 that were working fires requiring a first alarm assignment or more. In FY 2013 we responded to more working fires than any other year since 1997 in which we had 18 working fires that year. Since last fiscal year this Department had an incredible increase in working fires of 180%. Although potentially an anomaly these increases are proven to be possible and place our citizens and our firefighters at high risk with our limited manpower.

The increasing demand requires us to continue examining manpower increases and a third station. The City continues to grow and with that, inevitably, more requests for emergency services. Our personnel are required to respond immediately to emergencies without delay. As our incidents increase, so do our calls for simultaneous services at different locations at the same time. These occurrences continue to increase and split our resources making us less effective and slower to respond.

	FY12	FY13	Percentage
Total Runs	2355	2316	-1.7%
Fires	106	112	+5.7%
Working Fires	5	14	+180%
Medical Calls	569	667	+16.7%
Motor Vehicle Accidents	413	370	-10.4%
Total Runs	2355	2316	-1.7%

The future brings many growth opportunities for the Fire Department. As the City of Rochester expands, the department must expand to meet the continually changing needs. The future brings the expansion of service delivery with the goals of adding Fire Station 3.

The department will look to develop our firefighters with progressive mentoring programs and community involvement. At the same time, we continue to develop our operating standards, experience and equipment. As we grow within the community, I see unlimited potential in many areas.

With the support of the Mayor, City Council, our City Manager and his staff, as well as all other City Departments and supporting governmental agencies, we continue to be an exemplary organization that prides itself on being proactive, efficient and exceptionally effective in our delivery of services.



EMERGENCY MEDICAL

Rochester Firefighters are trained and certified in Emergency Medical, most as emergency medical technicians (EMT's) and respond as medical first responders to emergency medical incidents that occur within the City.

With two fully staffed fire stations strategically located, often times firefighters are closer than an ambulance to a medical call, allowing firefighters to reach the scene of such a medical emergency more rapidly to initiate medical care. Frisbie Hospital provides paramedic level ambulance service to the City of Rochester and we continue to assist as needed.

TRAINING

This fiscal year the department continued to secure Homeland Security Grant money for numerous Technical Rescue and Incident Command classes. This grant covered all costs associated with our members attending the class and providing shift coverage while they were out. For FY 2013 there were 3,666.50 hours of training attended by department members. This total includes both in house training and courses taken outside the department.

FIRE PREVENTION

The Fire Prevention Office is responsible for helping promote fire safety within the City of Rochester. This is done through educating people and contractors of the dangers that fire presents. By enforcing current fire safety laws, the Fire Department is able to ensure that citizens have a safe place to live, shop, and worship.

Our inspection and plans review programs have gone digital. We are now able to accept and review plans electronically, as well as streamlining the process. This helps the customer be able to quickly start new projects, or make revisions to in-progress jobs, even if they are based out of state. It further reduces downtime when a change comes up, and provides better archiving for future reference. As far as inspections, new forms and templates have been implemented to reflect the updated codes and software. Of note is that all of these changes are done with software that the city already owns, creating a large cost savings.

4.5 Fire Department (continued...)

Arson investigation has been improved with new state-of-the-art computer software from the Department of Homeland Security and ATF. This also came at no cost, and all reports entered into the software are cross-checked in a national database. This allows a very fluid process for bringing offenders to justice, and helping crack hard to solve cases, with the resources of the Federal Government. Finally, it provides a standard platform that numerous jurisdictions are using, providing uniform reports that are accepted nationally.

With the growth in the business and commercial sectors of the City's economy, the Fire Prevention Bureau continues to experience increased responsibilities to insure life safety for employees and customers associated with these enterprises. Fire Prevention also conducted life safety fire drills in cooperation with NH DHHS at various assisted living facilities in Rochester during the past year. Two years ago the Fire Prevention office also initiated annual inspections of the residential motels and the fire suppression systems at all self-service gas stations. Fire Prevention also worked

intensively with the vendors who come to the Rochester Fair to bring them up to code with their cooking facilities, and this office continues to assist with the upgrades of the cooking facilities at all concession stands at Roger Allen and the Babe Ruth recreational fields. The Rochester Fire Department lauds the efforts of all the volunteers associated with these youth programs for their outstanding work to improve the safety at these concession stands. The RFD also wishes to recognize the continued dedication to life safety by all the schools in Rochester. During the annual inspection of all schools last November, they were found to be in excellent shape when it comes to life safety for the staff and students. Rochester parents can have every confidence in the safety of their children when they are at our schools. In addition, the Fire Prevention Bureau continues to conduct many training and public education events to a variety of groups in Rochester, including elderly citizens, school children, civic groups and businesses.



HEALTH AND SAFETY

Health and Safety Council of Strafford County
Public Health and Emergency Preparedness Annual Report Summary
For Rochester City Report
Reporting Period: July 1, 2012- June 30, 2013
Submitted by: Tory Jennison RN, MS Executive Director

The Health and Safety Council of Strafford County (HSCSC/the Council) celebrated its 9th year in 2012, including 9 years of partnership with the City of Rochester. Fire Chief Norm Sanborn continued in his role as Secretary on the HSCSC Board of Directors and as the Director of Strafford County's regional Multi-Agency-Coordination-Entity (MACE), which functions as a regional emergency operation center on an as-needed basis when events or incidents affect large portions of Strafford County and require coordination of multiple emergency response jurisdictions. As Rochester's Emergency Management Director (EMD), Chief Sanborn also served as the City's primary representative for regional public health and emergency preparedness planning. Both Chief Sanborn and Assistant Chief Mark Dupuis actively represented the City of Rochester on the Strafford County Public Health Network Regional Coordinating Council (RCC). Assistant Chief Dupuis represented both the Rochester Fire Department and the RCC on the Rochester School District's Emergency Response Crisis Management Team.

The summer of 2012 was a very busy time for Strafford County Public Health Network partners who were called on to stand up a clinic at the Rochester Middle School to provide Hepatitis C screening to 82 exposed Exeter Hospital patients residing in the Greater Rochester region. This rapid-response public health event was made possible by guidance from Rochester Fire Department personnel who provided critical expertise and support to ensure that state Public Health laboratory testing equipment and portable air conditioning units did not overload the Middle School power grid, thus preventing a secondary safety hazard. Assistant Chief Mark Dupuis served as the Incident Commander for this well-executed event while simultaneously preparing an Incident Action Plan for President Obama's visit 48 hours later.

At the direction of public health network partners, the Health & Safety Council began substantive discussion with the Strafford County Commissioners in the late fall of 2012 regarding collaborative partnerships for the regionalization of emergency shelters. This discussion evolved throughout the winter of 2012, culminating in a strong Memorandum of Understanding between the Council and the County demonstrating a commitment to pursue effective efficiencies in emergency and public health preparedness work that would most benefit residents and municipalities across the entire region.

With a strong commitment from the Strafford County Commissioners to partner with the Public Health Network on a number of exciting initiatives, the Health & Safety Council submitted a competitive proposal for continued Public Health Network (PHN) funding. While the Council was not awarded the PHN contract, the County continued to participate in public health and emergency management planning. The Council did receive additional funding to support the ongoing recruitment and training of volunteers to support regional response activities and was able to hire a new staff member as a result. Malone Cloitre joined the HSCSC as the Volunteer Program Coordinator in Spring 2013, allowing Council staff to expand programming and services.

In 2012-2013, HSCSC secured over \$180,000 in funding to support public health emergency planning, training, and volunteer programs for the region. The Council continued in its role of fiscal agent for two local programs, administering more than \$320,000 in funds for Bridging the Gaps, a community coalition building program funded by the Drug Free Communities program, and Farmington And Middleton Expanding Education (FAMEE), a 21st Century Community Learning Center Project that provides asset building after-school and summer programming to students in grades K-12 in Farmington Schools. The FAMEE program applied for and received an additional 5 years of funding to continue their excellent work in the Farmington High and Henry Wilson Middle Schools and to expand programming to Valley View Elementary.

4.5 Fire Department (continued...)

In addition to the fundamental and ongoing work to support emergency and public health preparedness education and response efforts in Strafford County, Council staff lead or participated in a number of programs that impacted Rochester citizens, providers, and agencies in FY 2013 including:

- Immunized over 70 school children against influenza in the region's inaugural year of school based clinics at two Rochester schools.
- Worked to convene and educate local agencies that conduct business in citizen's homes to promote awareness of health and safety risks and available support via the Healthy Homes program. Invited to join NH Healthy Homes Steering Committee.
- Performed inventory at 5 Public Health Network storage sites including the Rochester-owned POD Trailer deployed to support small shelters and vaccination events.
- Represented the Public Health Network and Medical Reserve Corps on the Board of Rochester Youth Reach.
- Served as a clinical placement/practicum site for Univ. of New Hampshire and Mass. College of Pharmacy and Health Science senior nursing students. Students participated in experiential education rotations with a Rochester homecare agency, an outpatient wound-care program at Frisbie Hospital, and public health preparedness planning with Rochester emergency responders.
- Initiated a School Wellness policy assessment of all school wellness and school emergency preparedness policies.
- Promoted public health preparedness and recruitment of clinical and non-clinical volunteers for Citizen Corps (CERT/MRC) teams in conjunction with the Greater Portsmouth and Greater Exeter Region Public Health Networks.
- Participated on the state of NH Medical Surge Workgroup to improve planning capacity for Alternate Care Sites like Rochester Middle School.
- Provided advanced emergency preparedness training to local first responders including Autism 911, Psychological First Aid, Hinge Points in Cultural Communications and Mass Casualty Triage.

The Council continued to provide subcontractor Community Program and Volunteer Coordination services to both the Greater Exeter and Greater Portsmouth Public Health Regions. These contracts allowed the Council to fund expansion of the role of the Community Program and Volunteer Coordinator and coordinate trainings and educational opportunities for volunteers and responders across three regions, improving attendance and increasing cost effectiveness that allows expanded offerings.

The Strafford County Citizen Corps (SCCC) program continued to grow and restructure to encourage community involvement and improve volunteer preparedness and response capacity. The team has 56 trained and dedicated members to support Strafford County and the City of Rochester during an emergency. SCCC members were activated to assist with traffic control at the Rochester Holiday Parade, School Based Immunization Clinics and a number of additional planned and emergency activations throughout the region.

The success of the SCCC and sustainability of the Council are due in large part to the commitment and generous in-kind support provided by the City of Rochester Fire and Police Departments. Support includes facilitation of meeting space and guest instructors for team trainings, expert consultation on local and regional preparedness and response plans, participation in community and regional conversation around preparedness priorities and an ongoing commitment to service excellence that infuses the Council's work.

Respectfully submitted,

Norman Sanborn, Jr.
Chief of Department



FIRE DEPARTMENT RESPONSE ACTIVITY

EMERGENCY RESPONSE CALLS FY '13

Fire, other	8	Unauthorized burning	48
Building Fire	25	Cover assignment	52
Cooking fire, confined to container	9	Good intent calls	127
Chimney fire	7	No incident found on arrival at dispatch address	9
Fuel burner/boiler malfunction	6	Authorized controlled burning	8
Trash or rubbish fire	1	Smoke scare, odor of smoke	44
Fire in mobile home	2	EMS call, party transported by non-fire agency	49
Passenger vehicle fire	15	Hazmat Investigation w/no hazmat	2
Brush fire	32	False alarm or false call	2
Outside rubbish fire	1	Malicious, mischievous false call	3
Outside rubbish, trash or waste fire	1	Municipal alarm system, malicious false alarm	2
Special outside fire	6	System malfunction	3
Medical assist, assist EMS crew	625	Sprinkler activation-no fire-malfunction	2
EMS call, excluding vehicle accident with injury	36	Smoke detector activation due to malfunction	23
Vehicle accident with injuries	131	Alarm system sounded due to malfunction	115
Motor vehicle/pedestrian accident	10	CO detector activation due to malfunction	17
Motor vehicle accident with no injuries	120	Smoke detector activation, no fire-unintentional	14
Lock-in	3	Alarm system sounded, no fire, unintentional	113
Extrication of victim from vehicle	7	Carbon monoxide detector activation, no CO	16
Removal of victim(s) from stalled elevator	5	Bomb Scare	2
Hazardous condition	9	Citizen Complaint	11
Gasoline or other flammable liquid spill	17	Smoke or odor removal	1
Gas leak (natural gas or LPG)	27	Explosion (no fire)	1
Chemical spill, leak, hazard, oil spill	7	Explosive, Bomb removal	1
Carbon monoxide incident	20	Heat f/short circuit	3
Electrical wiring/equipment problem	12	Overheated motor	2
Power line down	57	Building weakened	2
Arching, shorted electrical equipment	29	Person in distress	1
Vehicle accident, general cleanup	103	Extrication of victim f/building	1
Service call	90	Extrication of victim f/machinery	1
Lockout	104	High angle rescue	1
Water problem	3	Electrocution or potential electrocution	1
Water evacuation	1	Dispatched & cancelled en route	62
Water or steam leak	11	Local alarm system, malicious false alarm	2
Animal rescue	3	Wind storm, tornado/hurricane assessment	2
Public service assistance	1		
Assist police or other governmental agency	20		
Assist invalid	9		
		TOTAL	2314

4.5 Fire Department (continued...)

FIRE DEPARTMENT RESPONSE ACTIVITY

NON-EMERGENCY ACTIVITY FY '13

Building inspection	286
Certificate of Occupancy	27
Campfire Inspections	7
Commercial Hood Inspection	108
Day Care Inspections	6
Fire Alarm System Tests	67
Fire Drills	1
Fire Extinguisher Classes	5
Fire Investigations	18
Fire Prevention Education	6
Foster Home Inspections	45
Juvenile Firesetter Intervention	14
Knox Box Inspections	44
Meetings	194
Permits of Assembly	57
Plan Reviews	113
Pre-construction Meetings	30
Site Reviews	80
Sprinkler Flow Tests	39
Training Sessions	207
Walk-through Inspections	148
Wood Stove Inspections	7
2nd hand dealer inspections	30
TOTAL	1539



4.6 Legal Report

The following is a report of the activities of the office of the City Attorney for the fiscal year beginning July 1, 2012 and ending on June 30, 2013:

During the fiscal year 2012-2013, the following cases involving the City of Rochester were concluded:

1. Donald and Ruth Gilbert v. City of Rochester/ Strafford County Case No. 219-2011-CV- 00426;
2. One Heritage St. Development, LLC v. City of Rochester / District 7, Circuit Court Case No. 432-2013-SC-114;
3. Kimberly Campbell v. Rochester Welfare Office, et als / Strafford County Case No. 219-2012-CV-0460

In addition to the above case, as of June 30, 2013, the following actions involving the City of Rochester were pending in various New Hampshire and Federal Courts:

1. City of Rochester v. Rennelda Trust, George Blaisdell and Clay Phalen / Strafford County Case # 219-2008-E-00117;
2. City of Rochester v. Albert Blaisdell and George Blaisdell / Strafford County Case # 219-2010-CV-00338;
3. Franklin Goodale Torr and Ann M. Torr v. Cecilia Torr and the City of Rochester / Strafford County Case #219-2010-CV-00421;
4. FairPoint v City of Rochester/ Strafford County Case No. 219-2013-CV-00343 (consolidated in Merrimack County Superior Court);
5. Northern Utilities, Inc. v. City of Rochester / Strafford County Case No. 219-2012-CV-00428.

It should be noted that the above listing of cases does not include various bankruptcy proceedings pending in various U.S. District Courts across the United States in which the City of Rochester has filed proofs of claims and/or other pleadings with regard to the City's various interests in such bankruptcy estates, workers compensation proceedings, and various litigation in which the City is, or was, represented by counsel provided through the City's various liability carriers, or counsel retained on an individual case basis.



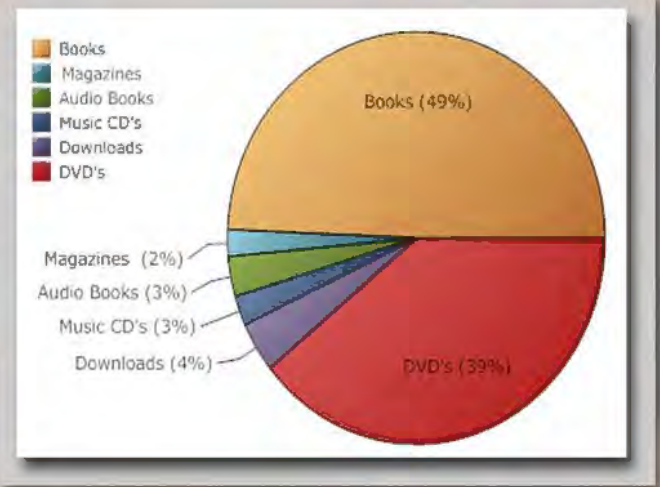
The office of the City Attorney also provided representation to the City in numerous matters before the New Hampshire courts with respect to cases in which the City was a party, as well as before various administrative agencies when necessary. In addition, the City Attorney attended Council meetings, as well as meetings of Council committees and other City boards and commissions upon request. Legal opinions and advice were provided to the City Manager, Mayor and City Council, Department Heads, and City Department Divisions. Legal instruments, including deeds, leases, contracts, ordinances, and amendments to ordinances, resolutions and other similar type documents were drafted and reviewed, as required, during the year and representation of the City was provided with regard to the acquisition and disposition of real estate, as well as the negotiation of various disputes and the drafting and review of agreements concerning the City for numerous purposes.

Respectfully submitted,

Danford J. Wensley, City Solicitor

4.7 Library

2013 was another busy and exciting year for the Rochester Library. The citizens of Rochester continue to make great use of our facility and the resources we offer. In FY 2013 the library circulated 262,401 items, 27% of which were from the Children's Library. The DVD collection continues to be a strong attraction at the library: almost a third of all items that were checked out are movies. We saw more than 144,000 people visit the library over the course of the year - almost 500 a day. Visitors don't just come in person, either - the Library's website racked up just over 82,000 visits this year.



While on the website, Library patrons downloaded more than ten thousand eBooks and audio books through the New Hampshire Downloadable Books Consortium. Computer availability continues to bring thousands of visitors: this year 3,578 people used the public computers for a total of 12,222 hours. More than five hundred people used our popular Mango database to learn foreign language skills.

This year's summer reading program, Dream Big . . . Read! was a great success, with 461 registered children turning in reading logs for more than six thousand five hundred books. The Children's Library was transformed into a night-time setting, complete with batcave. We had excellent turnouts at the events for the program, which included visits from the Little Red Wagon theater troop, Owls of New Hampshire (presented by the Squam Lakes Science Center), and magician Norman Ng. This year the adults got in on the fun too, with a Summer Olympics themed summer reading challenge that offered weekly raffle prizes to readers who turned in scorecards. In the teen room, the theme was "Own the Night", and area teens turned in 123 reading logs, 62 trivia sheets, 29 bingo cards and 28 book reviews, earning prizes from local sponsors for their efforts.



In addition to their regular story times and craft programs, this year the children's library held several "garden day" programs to work in the children's room vegetable garden. Kids learned all about gardening and plants throughout the summer, and all the vegetables grown were donated to the local food pantry. All told, the children's room had 94 story hour programs with just under 1,500 participants, and held an additional 34 special programs with 1,363 participants.

The Library was able to hold many other programs, including our annual booksale, holiday wreathmaking, continuous art displays from local artists and the Rochester Museum of Fine Arts, Free Comic Book Day, the 31st Annual Photography show, and a weekly movie series. Once again the library partnered with the AARP to provide tax aide services for Rochester residents – this year they helped to file 550 federal income tax returns.



One of our biggest new events was the first annual Rochester Author's Fair, presented by the Rochester Times and Rochester Main Street. The program was held at the Library and featured three panels of local authors. Over 150 people attended the day-long event, and Mayor Jean delivered a proclamation to organizer John Nolan naming April 27th 'Author's Day' for the city of Rochester. The Library is pleased to have been able to participate in this event and looks forward to the next Author's Fair this spring.

All of the Library's programs and countless services to the city wouldn't be possible without a dedicated and talented staff. The Rochester Public Library is fortunate to have a team of 9 full time and 17 part time professionals working for our library patrons and for the City of Rochester.

Respectfully submitted,

Brian Sylvester
Director, Rochester Public Library



4.8 MIS (Municipal Information Systems)

COMPUTERS AND NETWORKING

MIS continued support of City operations in FY13. MIS support includes the Local Area Networks (LAN), Wide Area Networks (WAN) and the Institutional Network (I-NET) with all types of user administration, data maintenance and backup, virus and malware prevention, network and personal computer (PC) hardware repairs, upgrades and maintenance, software installation, training and research and development of computer aided procedures.

FY13 included a major upgrade to the City email system involving hardware, software and associated configurations. Also started in FY13 was a project for leasing printers and copier/printers. This provides supplies and support for printing devices in use by the City.

In FY13 the Library's Integrated Library System server was replaced and the system upgraded. This system is central to all Library functions: circulation, acquisitions, cataloging, financials and all online public access.

MIS has the primary responsibility for voice communications and City telephone systems. This includes all related hardware, software, voicemail, auto attendants, cabling for phone lines, equipment configuration as well as being the primary contact for various communications vendors.

MIS does most of the management for the Business System including hardware support, user administration, software upgrades and module updates from the vendor. In FY13 the search for a part time Database Administrator (DBA) did not result in filling the position. The DBA position would have been the primary administrative support for the Business System if it could have been filled.

The upgrading of the Welfare database program began in FY13 with a database programmer contracted on a hourly basis. This upgrade will allow the Welfare employees to use new computers once the legacy system is replaced.

The City of Rochester, NH has its website at <http://www.rochesternh.net> and MIS is also involved with separate sites for the Police Department (<http://www.rochesterpd.org>), Fire Department (<http://www.rochfd.org>) and Rochester Public Library (<http://www.rpl.lib.nh.us>).



ROCHESTER GOVERNMENT CHANNEL

The Rochester Government Channel (RGC) is Channel 26 on Metrocast Cablevision. In FY13 the RGC continued to follow its mission statement by cablecasting live City Council, Planning Board, Police Commission, Zoning Board of Adjustment and School Board Meetings as well as other special meetings and events as needed.

In FY13 there were equipment upgrades including an additional camera installed in the City Council Chambers. There was an upgrade to the Nexus recording and playback system which also included online Video on Demand (VOD) of recorded City meetings. These meetings can now be found on the Internet at <http://rochesternh.pegcentral.com/> for viewing.

The RGC continues to produce informational programming on City departments as well as short Public Service Announcements on various subjects. Many of these are run multiple times on Channel 26 and some of these are also available on the Internet at <http://vimeo.com/cityofrochesternhgovtv/>. FY13 informational programming included Bike Safety, Stop for that Bus, Lock Your Vehicle Doors, Burn Permits, Granite State Business Park Update, City of Rochester Employee of the Year, NH State Capital Tour and the Library Summer Reading Program.



MAPPING AND GEOGRAPHIC INFORMATION SYSTEMS

MIS generates tax maps and other maps for the City web site in a commonly used format. The electronic tax and topographic maps of the City are used for both public and private projects. In FY13 MIS continued to update and publish the City Zoning Maps, Ward Maps and produce other maps for specific projects such as Comprehensive Rezoning, Drug Free Zones and TIF districting.

The majority of electronic mapping data is also used for GIS viewing and analysis. One of the primary GIS coverages / layers is for roads. This is depicted as the centerlines and is kept current by MIS with new streets, renamed streets and renumbered streets both public and private. The roads coverage is incorporated into Emergency Services specific programs. Parcels and structures coverages are updated on a yearly basis to match with current Assessing information. City GIS coverages are used by various departments for many purposes and is one of the primary features within Pictometry.

E-911 COMMITTEE

MIS participates on the E-911 Committee with coordination of most mapping and data needs. In FY13 the E-911 Committee continued the process of reviewing problem areas, changing or adjusting street numbers administratively as allowed by City Ordinance and recommending street name related changes to the City Council. The E-911 Committee is also responsible for reviewing all new projects relative to street naming and numbering.

The E-911 Committee coordinates street names and numbers for many private roads. When access to multiple homes or parcels is over privately owned property, the owners can agree to follow the City adopted system and no Public Hearing is required. In FY13 new or changed roadways with approved street names included Pondview Lane, Healthcare Drive, Lumber Way and Innovation Drive.

Respectfully Submitted,

Dennis Schafer
Systems Supervisor

4.9 Rochester Police Department

"THE PRIME MISSION OF THE ROCHESTER POLICE DEPARTMENT is the protection of life and property. This is accomplished through fair and equal enforcement, always keeping in mind the rights and dignity of the public. The basis of all Police Action is the law and credibility of the Agency. The measure of our service will be judged by the Public in the way we deliver our service. We will hold all personnel to a high level of ethical practices. This mission can be achieved through crime prevention, public relations and community policing."



Overview

Rochester consists of an approximate area of 46 square miles, with an estimated population of 30,000. Although very separate in their job functions, all of the members of the Police Department work together to produce a high level of service to the citizens. Our staff consists of sworn officers and a civilian support staff. The Department maintains a Police Explorer Post. This nationally recognized division of the Boy Scouts of America "explores" law enforcement careers with young adults.

Our Communications Center operates with enhanced 911 and is staffed 24 hours per day, by specially trained personnel. This combined center dispatches calls for service for police, fire and Frisbie Hospital ambulance.

A three-member-board of Police Commissioner's elected by the citizens, serves the City. Chairman James F. McManus, Jr., Vice Chairman Alan B. Bemis and Commissioner David E. Winship, Jr.



Personnel

The following personnel resigned or retired during this reporting period: Communication Specialist Amy Milam, Communication Specialist Ryan Therrien and Communication Specialist Bruce Daigle, Officer Matthew Young, Officer Michael Miehle, Officer Matthew duChemin, Officer Rachel Roberts, and Officer Anthony Triano, Secretary Marilyn Levesque and Secretary Linnette Richardson.

The following personnel were hired to fill open vacancies during this reporting period: Secretary Karen Bonneau, Secretary Kimberlee Routhier, Communication Specialist Sarah Bailey, Communication Specialist Kayla Rohlof and Communication Specialist Bruce Daigle; Officer Matthew

duChemin, Officer Adam Ducharme, Officer Geoff Moore, Officer Kyle Danie and Officer John Bourque.

Major Service Responsibilities

Our major service responsibilities are:

- Protect life and property through an effective partnership with the public and to address the needs and concerns of citizen customers.
- Operation of a uniformed patrol force responsible for routine investigations and the general maintenance of law and order.
- Operation of an Investigations Bureau divided into specialty sections investigating crimes and disorder against persons and property, vice or street crimes, domestic violence, prosecution, motor vehicle offenses, problem oriented policing and maintenance of evidence.
- Prevention and control of juvenile delinquency through a juvenile officer, prosecutor, court diversion coordinator, School Resource Officers, affiliation with Bridging the Gaps Coalition and coordination of community agencies interested in crime prevention.
- Operation of a centralized communications center within the PD that is staffed 24 hours per day specializing in dispatching calls for service for Police, Fire and EMS.

Our philosophy of community policing is accomplished by community engagement through many different programs the department has implemented. Examples include the Rochester United Neighborhoods, National Night Out, DARE, POP Officer, SRO's, and website and social media pages. All of these programs are designed to build partnerships that strengthen relationships and build trust within the community.

Our Compstat process and DDACTS (data driven analysis to crime and traffic safety) involves the scientific analysis of crime data by officers and the crime analyst to direct our resources to crime and disorder hot spots within the six wards of our City.

Service Recognition:

Master Christian Anderson – was recognized with a civilian service award for bravery for getting help when his mother fell ill while on vacation in Washington DC. Christian is 9 years old and bravely left his mother's side at a busy tourist location to find security personnel and led them back to help her.

Jeffrey Reilly was recognized with a civilian service award for lifesaving when without thought for his own safety took quick action to prevent a citizen from causing further harm to himself, ultimately saving his life. This was a tragic and difficult situation. Most people in this situation would not have done what Mr. Reilly did.

Retirement K9 Fina. A proclamation was read highlighting some of Fina's accomplishments as a law enforcement partner for the past nine years, which included more than 75 arrests and several awards. Officer MacKenzie said her hard work makes me look like a rock star. I'm just the guy that holds the leash.



K9 Fina retirement

Retirement - Specialist Bruce Daigle. Specialist Bruce Daigle tendered his retirement papers after 14 years as a communications specialist. In years prior to that he also served as a Rochester Firefighter. Bruce has done a great job dealing with a wide variety of calls. Specialist Daigle said it's been a real fun ride and a pleasure to serve.

Retirement - Captain Anthony Triano. Captain Triano completed 24 years of service to the City of Rochester. He served as a patrol officer, and was a field training officer and a DARE instructor and served as a HUD patrol officer. He received successive promotions to his current rank and has been an integral part of the senior management team. Capt. Triano said it has been an honor and privilege to serve the City of Rochester all these years. He thanked current and prior administrations for advancing him in his career.



Anthony Triano retirement

Willis "Red" Hayes Community Ambassador Award was created to honor the service of Red Hayes to the City. It is given to that officer most closely representing the personage and essence of the late Willis "Red" Hayes, who was a patrol officer for 32 years. The patrol officer is the heart of law enforcement. Red was the friendly cop on the square and a legend in the City. **Officer Tracy Hayes** was presented the award.

Chief Theodore Blair Memorial Award. This annual award was created in memory of former Police Chief Ted Blair to recognize that officer who best exhibits the qualities Chief Blair had, including compassion, commitment, consistent display of respect for others, and sense of humor. Chief Blair passed away in 1995. He dedicated his career to the Department and left his mark on the community. This is one of the most prestigious awards we give. **K9 Off. Keith MacKenzie** was selected as the 11th annual recipient. The Blair family was on hand to assist with this presentation.



Chief Theodore Blair Memorial Award recipient K9 Officer Keith MacKenzie

Twenty Years of Service – Dennis Duchesneau and Florence Alley

American Legion 40 & 8 Award – Officer Michael Brinkman

Employees of the Year 2012: The awards recognize police staff that show consistent work that goes above and beyond throughout the year, and honors what they do to make the city safe. Candidates are nominated by their peers with the command staff choosing the final recipients. Communications- Keri Devine; Support – Chelsey ZeRuth; Police Officer – Steven Gahan.

Lifesaving Award: Officer Flathers, Sergeant Babine and Officer Swanberry was awarded twice.

Police Memorial Proclamation: Mayor Jean issued a proclamation for National Police Memorial Week in May.

Acknowledgments by Citizens or the Department: The following officers and members were thanked by the Department or by citizens for their assistance in the community. ACO Paradis, Capt. Toussaint, Capt. Triano, Chief Allen, Crime Analyst ZeRuth, Dep. Chief Dumas, Det. Bourque, Det. J. Murphy, Det. Loignon, Det. Mangum, Det. Rousseau, Det. Tapscott, Diversion Coordinator Rodler, Lt. Boudreau, Lt. Gould, Off. Balint, Off. Brinkman, Off. Fina, Off. Funk, Off. Gantert, Off. Garneau, Off. Hayes, Off. Jackson, Off. Kimbrough, Off. Krans, Off. Kusnierz, Off. Lambert, Off. Livingstone, Off. MacKenzie, Off. Ouellette, Off. Porfido, Off. Ricker, Off. Smith, Off. Swanberry, Off. Turner, Off. Worthley, Off. Young, Sec. Bonneau, Sec. Warburton, Sgt. Babine, Sgt. Bossi, Sgt. Burke, Sgt. Cost, Sgt. Deluca, Supervisor Cole.

4.9 Rochester Police Department (continued...)

PERFORMANCE OBJECTIVES and FISCAL YEAR ACCOMPLISHMENTS

Through our goals committee consisting of Department members, community leaders and civilians, we set our goals and objectives for the year.

- GOAL #1:** Continue development of positive relationships with the community through increased police presence and public education.
- GOAL #2:** Partner with organizations and other city departments to develop a positive image of Rochester.
- GOAL #3:** Research and Implement ways to decrease the Police Department's impact on taxpayers

The following highlights some of our progress on these goals.

- The Rochester United Neighborhoods Ward based program is designed so that community or ward meetings are community driven with assistance from police and other city departments. Valuable information is shared with residents regarding their community including crime prevention data and ways to prevent being a crime victim. These meetings promote the use of online reporting and accessing the city website for various information and services.
- Residents worked with the City on addressing an updated fireworks ordinance. Helpful information is continuously posted to our social media sites, including our website, facebook, pinterest, twitter and our new Police App available in the Play Store, as well as through the Department newsletter.
- Foot patrols, bicycle patrols and the use of the unmarked cruiser in the downtown were used for education and enforcement of bicycle laws, pedestrian laws, skateboarding and crosswalk violations. These are areas that the business community and pedestrians have indicated are important to them.
- Work has been done in the DDACTS (data driven analysis to crime and traffic safety) area for prevention and enforcement. We have incorporated the bike patrol into the DDACTS area. There has been an overall decline in calls for service in the downtown.
- We instituted a program with the St. Charles Children's Home to have breakfast once per week with the children. This has been received very well by the children.
- We held another successful joint Citizens Police Academy with the City of Somersworth.
- The POP Officer worked on research relative to panhandling and ultimately a new ordinance was adopted by the Council. Panhandlers were counseled on obtaining available services and educated on the new ordinance. There has been a decrease in these types of complaints.
- Patrol officers maintained presence at all local schools after the tragic shooting in Newtown, Connecticut to provide parents, students and teachers with assurance we are concerned for their safety.
- We worked with the Center for Dyslexic Children following the Newtown, Connecticut tragedy on safety concerns and gave immediate ideas for change via CPTED (crime prevention through environmental design) and are doing ongoing work reviewing their emergency plan.
- The POP Officer represents the Department at community events around the city including home safety and community days, Teen Night, October Festival, the Senior Health and Wellness Expo, and she took the initiative to coordinate and organize the city's first Wings and Wheels community event. She serves on community boards such as Rochester Main Street, Rochester Crime line and the Salvation Army. Goodwill is built through these positive police interactions and increases positive perception of the Department and the City. The POP is now on the board for the Homeless Center of Strafford County, and will join the Rotary Board in the summer of 2013.
- The POP Officer continues to work closely with the Code and Building Safety Department on violations of the ordinances related to quality of life. She has been working with Metrocast to create 30 minute information segments to be aired monthly on community related topics.
- Sgt. Emerson organized a team of Police Department members to participate in community clean up day.
- The Department continues to be involved with Bridging the Gaps and Teen Night.

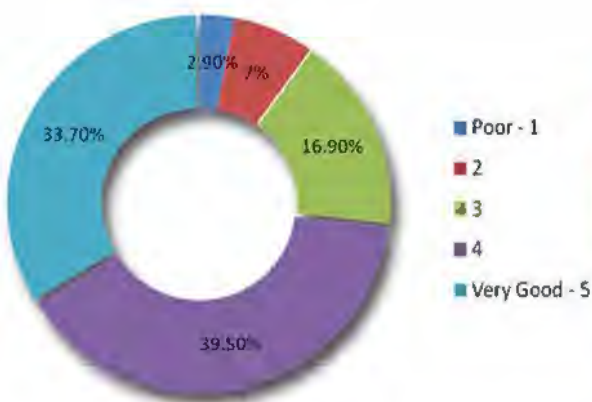
- The Department worked with a company on a website for retailers to identify shoplifters and organized retail crime.
- Once again our School Resource Officers and Off. Balint worked with Bridging the Gaps and participated in a mock DWI crash at the high school. This was in cooperation with the Fire, EMS, funeral home, local judges and the county attorney. Beginning with a crash through a trial and sentencing it is important for the students to get a visual for what really happens in a crash involving alcohol. We hope it will cause students to make good choices.



mock DWI crash at high school

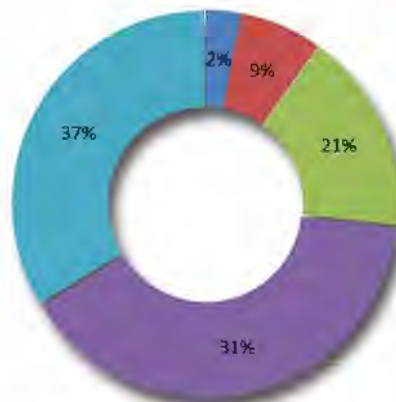
- The Dept. through Lt. Gould and Det. Gahan embarked on an innovative truancy delinquency program under the compulsory attendance law. This program looks at students with chronic absences. The school already works with these students through the truancy officer, parent meetings and principals. Offenders are summonsed to court, where they can pay a fine, or pay to take part in a diversion program with the parents, student and the police. The goal is to get the students in the classroom where they belong and to get an education to compete in today's world. This is an innovative, collaborative effort with the school to address an issue that has been a problem for both agencies.
- The Department conducted a survey to measure our service in meeting the needs of the community. It is important for the Department to know what the community expects from us. Therefore we looked for honest feed back on the service we provide and what the public thinks. We take our motto seriously. We can think all day long that we are doing a good job, but others may disagree. The survey was anonymous and available on our website. We also used an intern to make cold calls. This will help us develop a baseline on our level of service and how we can improve. The survey gave us the following results.

PERFORMANCE



73.2% rated the overall performance above average

IMAGE



67.8% rated the overall image above average

The survey showed people wished us to put more emphasis on:

Drug Enforcement	26.6%
Neighborhood Patrols	31.2%
Crime Prevention/Education	7.5%
Traffic Enforcement	8.1%
Downtown Foot Patrols	15%
Criminal Investigations	6.9%
Other	4.6%

When asked how we could improve this rating 67 people responded with an overwhelming variation of improved response times, more officers, more neighborhood patrols, better response to lower priority calls. We concluded asking what the public would like to see us put more emphasis which mirrored the above results, with addressing drugs and neighborhood patrols being the most common response. This reinforces the DDACTS Programs focus and shows how our efforts with traffic enforcement and patrols of the neighborhoods overlap. It is a great way to show the job we are doing now and where we need to improve moving forward.

4.9 Rochester Police Department (continued...)



Commentary

Our fiscal year accomplishments are a direct credit to the Police Commission and staff. We also recognize the City Council for the funding and support of various projects and programs. Paramount to our success is the support of the citizen's of the City.

Officers and staff have responded well to the demands of the profession. I publicly thank the men and women of the Rochester Police Department both sworn and civilian for the hard work and dedication over the past year. I am fortunate to lead an agency that remains on the cutting edge of progressive law enforcement.

It is our vision that the Rochester Police Department will continue to be a cornerstone of progress and a model police department in service to our citizens, constantly improving the quality of services that we render. We are committed to offering the best service to the residents and visitors to the City, which can be accomplished through our community policing programs, advanced technology and input from our citizens.



Respectfully Submitted,

Chief Michael J. Allen

4.10 Public Works Department

PUBLIC WORKS DEPT. ROCHESTER, N. H.

The Public Works Department is committed to providing quality of life to approximately 31,000 City residents. The goal of maintaining and improving the safety, health, and welfare of residents is accomplished by providing clean water, removing and treating sewage, maintaining roads, sidewalks, public buildings, pools, parks and cemeteries. This department's employees are dedicated to meeting the day to day challenges and finding solutions to complex problems arising as the City grows.

The Department of Public Works supports the Main Street Organization in the downtown area with many projects, committees and festivals, and also assists the Chamber of Commerce with the planning of the Holiday Parade.

The 2012-2013 winter season started out slow but reached significant levels of snow fall. We had 38 treatable events and a total snow fall of 99.5 inches for the season.

Personnel Summary:

Peter C. Nourse, PE, became the Director of the Department of Public Works. With support from the City Manager and the City Council, Mr. Nourse has taken strides to significantly improve the level of service and the commitment to moving projects forward in the department. Alternative departmental organizational structures are being considered. The staff continues to contribute above and beyond expected levels. Mr. Nourse has taken great care to fill vacated positions with the right people as they occur.

The staffing in this multi divisional department is ever changing as staff retires and promotions happen internally. Mr. Sidney Bean, a mechanic from our Highway & Fleet maintenance division, retired in November 2012 after 25 years of service. The 2nd Construction Engineer position was reinstated and Gretchen Young, PE, was hired to fill that position. Other new hires are Joshua Laurent as Meter Technician, George Steele as Meter Reader, Christopher McKinney as Mechanic, and Fred Hussey as maintenance laborer. Timothy Green and Zeke Lapierre were promoted to Water Treatment Plant Operators.



The City of Rochester Employee of the Year was the DPW Municipal Service Supervisor Ken Henderson.

Ken has worked for the City for twenty-nine years. He started out as a laborer and has worked his way up through many positions to become one of the most instrumental leaders of our department.



4.10 Public Works Department (continued...)

The Public Works General Fund Capital Improvement Projects initiated or completed during the Fiscal Year include:

- Linden, Furbush, Fern, King, Farrington, Common and Grant Streets were paved as part of the FY13 Paving appropriation. DPW staff worked with Brox Industries to re-design and pave the parking areas around the Common.
- Concrete Sidewalks were replaced by Northeast Earth Mechanics on North Main Street from Strafford Square to Park Street.
- The following streets had in-house pavement improvements: Pickering Road, Lowell Street, Blackwater Road, Brochu Court, Harrison Street and Morton Avenue.
- The Pine Street Reconstruction project was completed this fiscal year. All water, sewer, drainage, roadway and sidewalks systems were replaced by Northeast Earth Mechanics. Funds from the American Recovery and Reinvestment Act were used to complete portions.
- Salmon Falls Road from Highland Street to Portland Street was reconstructed. SUR Construction Company replaced all water, sewer, drainage, roadway and sidewalk systems.
- Brock Street Reconstruction began in this fiscal year with the majority of the water and sewer structures being replaced. SUR Construction will continue working to complete this project into the next fiscal year.
- The Department of Public Works replaced vehicles in all divisions which can be split across several budgets based on shared use. The vehicles replaced were as follows;

Highway Division – Two new 6-Wheeled Dump Trucks (#10 & #20), two new 1 Ton dump trucks (#323 & #24), three new snow blowers were purchased for sidewalk tractors, the much needed aerial lift bucket truck was replaced(#22) and a wood chipper was purchased.

Utilities Division – One new 2-wheel drive 1 Ton utility box truck (#48), One new heavy duty dump body truck (#35) and a utility van (#51) were purchased.

Water Treatment Plant – New Pickup truck (#33)

Building & Grounds – New Pickup Truck (#102)

DPW staff reviewed and oversaw privately financed construction of several streets during the year. During this fiscal year, Channing's Lane Subdivision surety account was held and the City took appropriate actions to complete the street with the amount of surety held. The street was accepted as a City Street and all but the final coat of pavement was done at the end of the fiscal year.

Additionally, the department reviewed and issued 29 driveway permits, 88 excavation permits and 28 storm water permits.

The City received a draft MS4 Storm Water Permit issued by the EPA in February 2013. In reference to this permit the City joined a coalition of twenty communities to provide public comment on the permit. Legal council was obtained to represent the coalition to determine costs necessary for permit compliance, to provide comments, to review supporting science, and to expand the group. The comments are scheduled for submission in August 2013.

The Department managed the regional household hazardous waste collection effort. This annual collection event hosts 10 communities and is funded in part by a grant from NHDES.



The actual household hazardous waste collection took place on May 4, 2013, at a site provided by Waste Management of New Hampshire and was staffed by a collaboration of Rochester DPW Office personnel and WM field representatives. Approximately 280 vehicles dropped off waste at the event.

The Christmas tree for our downtown holiday display was donated by Mr. & Mrs. Santiago of 1 Mandella Drive. Urban Tree Service and SUR Construction donated their time and equipment to assist DPW staff to erect the tree downtown. The art students from the Rochester Elementary Schools, St. Elizabeth Seton Academy and Jack & Jill Kindergarten made the laminate decorations that were strung by Monarch School of New England students.



BUILDINGS & GROUNDS DIVISION

The Buildings and Grounds Division has the responsibility for maintenance on thirteen city buildings, several parks, and four pools. This staff works hard to keep them all in the best condition possible. The adopt-a-spot program enjoyed another successful year with 38 spots adopted and maintained by individuals, businesses and civic organizations. The Community Center continues to house the NH Department of Health and Human Service, the Rochester School Department Administrative Services, the Alternative School and the Hope School as well as many other private and non-profit agencies.



HIGHWAY/FLEET DIVISION

The Highway/Fleet Division is dedicated to ensuring the City's streets are maintained in the best possible condition, within funding constraints. Responsibilities include maintaining all paved and gravel roads, sidewalks, pavement markings, traffic signals, street trees, and drainage facilities, as well as insuring that the public works fleet of vehicles and equipment are in good running order.

Highway crews also shimmed several streets. In support of the pavement rehabilitation program, crews redefined ditch lines and graveled shoulders on several streets. Numerous pavement cuts were repaired. Crews installed culverts at various locations.



4.10 Public Works Department (continued...)

WATER DIVISION

The staff at the Water Treatment Facility continues to comply with the State and Federal Drinking Water standards. This is accomplished through teamwork and a dedicated staff. We provide a quality product and service and seek complete customer satisfaction. The Water Treatment Facility staff listens, acknowledges, responds, takes action, reports and follows up with all aspects of operations. The Water Treatment Facility produces high quality drinking water. The Water Treatment Facility at 64 Strafford Road treated and filtered approximately 737 million gallons of water and the new well at 157 Farmington Road produced approximately 23 million gallons.

Capital Projects:

- Rochester Hill Road Water Tank Restoration: City staff worked with Hoyle & Tanner engineers to facilitate the repairs to Rochester Hill Tank. The project is scheduled to finish late summer of 2013.
- The Water line extension on Little Falls Bridge Road was completed this year. The remaining drainage work and pavement improvements will finish next fiscal year.
- Meter Replacements – Meter and Backflow Services (MBS) began the process of changing out the last 1300 older style Neptune meters. This project is also scheduled to be completed over the winter of 2013.

Distribution:

The water distribution staff completed the spring and fall flushing program and continues to maintain the water lines, gates and meters, while handling each emergent situation regarding leaks and repairs due to system age, weather and construction work in the area.

WASTEWATER DIVISION

The Department of Public Works Wastewater Treatment Facility is dedicated to the treatment of wastewater that flows into the facility from Rochester, East Rochester and Gonic and to deliver a clean, clear and safe effluent into the Cocheco River.

The present day advanced Wastewater Treatment Facility is designed to treat an average flow of 5.0 million gallons per day (mgd) with a peak design flow of 16 million gallons per day (mgd). The City operates under the strict effluent

limitations and monitoring requirements contained in the July 23, 1997 National Pollution Discharge Elimination System (NPDES) Permit issued by the U.S. Environmental Protection Agency.

Capital Projects:

- We continue to work with and support the efforts of the Cocheco River Coalition by performing E-Coli testing and reporting data.
- Design for the upgrades at the New Rt. 125 Pump Station as well as the Weeping Willow, Sawyer Ave, Kirsten and Autumn Street stations are completed with construction to follow in the FY14 budget year.
- Completed HVAC Controller Upgrade and Replacement.
- Pump Stations at Sterling Drive and Innovation Drive were completed by developers and accepted by the City.
- Wastewater lagoon repairs were completed as required by NH Dam Bureau.
- In-line final effluent dissolved oxygen analyzer/ probe and in-line transmittance analyzer/probe were replaced.
- Headworks Upgrade project was completed on time and on budget. Brown and Caldwell Engineers were the design engineers.
- In stream nutrient testing as required by NHDES & EPA was begun.
- The in-house EPA DMR QC blind samples for laboratory analysis testing were completed. The facility passed all testing parameters.

The EPA and NHDES have notified the City that they have identified Rochester's NPDES permit as a priority for permit re-issuance as soon as the State completes its Waste Load Allocation Study for the Great Bay Estuary Watershed and develops Water Quality Standards for total nitrogen and total phosphorous. The City is working with control authorities and other municipalities, as part of the Southeast Watershed Alliance, on issues involving wastewater, storm water and land use management in the Great Bay Estuary Watershed area. The City has a peer review document with NHDES.

The sewer division continues to work in coordination with other divisions and consultants on many projects throughout the City to include wastewater treatment, collection systems, storm water and the industrial pretreatment program. The employees in this division have done an outstanding job this year on increasing their knowledge and certification levels in both treatment and collection systems. The facility hosted a Fat, Oil and Grease training course that was sponsored by NHDES.

The Wastewater Treatment Facility continues to operate at or below projected O&M costs for power, chemicals, equipment maintenance and plant staffing levels. The staff continues to put forth an outstanding effort and dedication to achieve permit compliance through operational control, preventative/corrective maintenance, teamwork and training. The Wastewater Treatment Facility treated 1,064,721,000 gallons of wastewater. The average daily effluent flow was 2,917,044 gallons. The facility continues to produce a high quality effluent and is running extremely well as we have removed 367,245 pounds of CBOD (97.4%) and 786,894 pounds of TSS (96.8%). We have also received and treated 1,689,250 gallons of septage.



4.11 Recreation Arena & Youth Services Department



The Vision Statement for Rochester Recreation and Arena is as follows: *The Department of Recreation and Arena is committed to providing recreational and community programming aimed at enriching the quality of life in Rochester. We strive to maintain meaningful connections with the community by providing programs, services and facilities that foster a healthy community.*



The YMCA vacated the front part of the Arena facility early in the fall. Planning started immediately for extensive building renovations. In the summer of 2013, the four room structure against the back wall consisting of warm room, pro shop, conference room and office was demolished. The bleachers were removed and the entire back wall was replaced. Custom bleachers will be ordered for installation in spring 2014. Temporary bleachers have been installed for the 2013-14 season.

Volleyball League and Rec Youth Volleyball League. A total of 151 youth participated.

The tennis court renovations began in October when the old footings and posts were removed and replaced and the cracks were filled. The courts were closed for the winter. New windscreens, posts and nets were installed prior to the high school spring tennis season. The project was finished in June when a special membrane was applied to the court surface and touch up painting was done.

Two new programs geared to seniors were provided at no charge: Senior Indoor Tennis and Painting Harmony. Other new programs/events included Parent Child Dance, Easter Egg Hunt, High School Coed and 30+ Adult Basketball League and Express Yourself Art Class. The new programs in 2012-13 served 918 participants.

The sport of disc golf was introduced to the department last fall by a committed group of players. The establishment of an 18 hole disc golf course at Squamanagonic Recreation Area was supported by the Recreation Commission and the City Council. Work on the course was begun by volunteers from Granite Disc Golf in June.

The Hershey Track and Field team numbers increased by 62% over the previous year. Two members qualified for the national meet in Hershey Park, PA where they earned 4th and 6th places in the long jump in their age groups.

New programs included three volleyball programs: Fall Youth Volleyball followed up by early summer High School Beach





Teen Night, a collaborative program with Rochester Recreation, Rochester Police Department and Juvenile Court Diversion Program and Bridging the Gaps, continued for the third year. Attendance skyrocketed with a total of 2266 youth in attendance, a 57% hike over the previous year. With the increased attendance numbers, more space at the Community Center was allocated for the event, including

Conference Room 1 and the Community Room. The Rochester business community continues to support this program by providing food or funds to feed the crowd. Juvenile crime statistics have shown a decrease.



4.12 Superintendent of Schools

To the School Board and Citizens of Rochester:

The Rochester School Department works everyday to reach our mission of ensuring quality educational experiences for all students. This aspiration for high quality learning led us to undertake a monumental shift in how we teach, assess and grade our students K – 12. Over the past two years and currently, our school community is experiencing both the benefits and challenges that come with embarking on such a significant change in how we educate our students. This change although difficult at times has caused us to be reflective of all of our educational practices and forced us to define our philosophy for assessing and grading students. The Rochester School District Assessment and Grading Philosophy Statement adopted by the Rochester School Board in March 2013 defines this for each level and provides a unifying framework for our district. It is our hope that these quality experiences develop engaged and passionate learners K – 12. Curriculum, Instruction and Assessment, Accountability and functional and safe Facilities are requisite ingredients in pursuit of engaging our learners and elevating the educational outcomes. Over the past year, the entire school community has been engaged in efforts in all of these areas. Below are highlights of our accomplishments.

Facilities

Ensuring that students have safe and appropriate learning environments continues to be a high priority. In 2013, a Joint Building Committee was established for the purpose of reinvigorating the outdated open concept East Rochester School. As a result of these efforts a 13.1 million dollar renovation is in development with plans for the new facility to be open in September 2015. Throughout the 2012 – 2013 school year, each school was outfitted with controlled access systems. In addition, during the summer 2013, improvements were made to Nancy Loud School, Maple Street Magnet School, Gonic School and Rochester Middle School. The district is currently preparing for significant safety upgrades to Spaulding High School.

Curriculum, Instruction and Assessment

While the cause and effect at the physical level described above are perhaps easier to visualize and quantify, the preponderance of effort and impact lies at the instructional level. The Rochester School Department has adopted a competency-based learning model for students in grades K – 12. This means that student learning is driven by clear learning targets (competencies) that students are expected to master by the end of each grade-level/course. In addition, students receive feedback on their habits of engaged learners. These habits are the essential personal and interpersonal skills that are not only necessary for a successful educational experience, but are essential for lifelong skills.

The high school level implemented this model in 2011-2012. During the 2012 – 2013 school year, planning for this transition in learning took place at the K – 8 levels and the full implementation began with the opening of the 2013 – 2014 school year. This effort has taken considerable collaboration and efforts from all members of our educational team.

Teachers have been working tirelessly to develop common summative assessments, which are used to measure a student's level of achievement for each competency. These assessments provide for consistency in learning experiences from classroom to classroom and school to school.

We recognize the importance of sharing this change with parents and the greater community. To that end, we hosted a number of parent forums throughout last year and continue to engage families in discussions about their children's learning and progress.

The district has entered the third year of implementation of our Student Engagement & Learning Plan. This Plan focuses on having consistent instructional and classroom management strategies in place K – 12. These identified strategies have been proven to impact student learning and behavior. In addition, the strategies support a common language for all educators, which helps to increase our ability to collaborate and share effective instructional practices.

Research supports and we know that early education has a considerable impact on student learning. In 2012 – 2013, the district through partnerships with Head Start, Rochester Childcare Center and Storybook Hollow opened up more opportunities for the three and four year olds in the City to participate in an established learning environment and begin building their essential foundation for learning. These partnerships continue today with the hopes of expanding more opportunities for our early learners and their parents.

Today's students are considered to be "digital natives", i.e., they were born into digital technology and it is part of their lives and needs to be part of their learning experiences. Much effort was expended last year to get a projector and interactive whiteboard

installed in each classroom. In an effort to have technology at the fingertips of our learners, the district has established 12 classrooms that utilize a one-to-one iPad student to device ratio. The teachers and students involved in this initiative are helping to lead the way on how technology can be used effectively to impact student learning.

Accountability

The district continues to set high standards for learning and regularly evaluates where we are in meeting these standards. Annually, each school in the district reports to the Instruction Committee the progress being made towards meeting the district’s 90% Reading & Mathematics Goals, which is measured through the Northwest Evaluation Association – Measures of Academic Progress in Reading and Mathematics. School level reports are available on the district’s website. In addition, the Superintendent reports out bi-annually to the Rochester School Board district level results in reaching these

goals. The May 2013 elementary level results were at or above grade-level by 76 percent in reading and 78 percent in mathematics .

Through careful analysis of our data, we know that “summer slide” is a concern. Our historical data shows that our district has a trend toward increasing where we end the school year, however, at the start of each school year, our students fall back to a similar starting point, we define this as “summer slide”. In an effort to reduce this annual regression, we implemented My Learning ROCKS! for students in grades K – 8 this past summer. My Learning ROCKS! provides all students with an online teacher and activities. The lessons are designed to keep the students’ minds and skills current throughout the summer months, so that they can start the new school year primed and ready for learning. This initiative is in its infancy, however, it shows promise and we hope to increase the use next summer, so that we have more significant results to report next autumn.

Rochester Special Education Revenues and Expenditures
As required by RSA 32:11-a

Table 1: Special Education Revenue

	2010-2011	2011-2012	2012-2013
Tuition from other districts	\$ 504,230.36	\$ 360,966.49	\$ 184,934.11
Tuition for foster children	0.00	0.00	0.00
Catastrophic Aid (State)	396,396.92	352,946.14	294,925.44
Medicaid Reimbursement (Federal)	563,075.47	499,969.55	609,280.46
Special Education Grants (Federal)	1,634,090.96	1,095,349.92	1,205,109.44

Table 2: Special Education Expenditures

	2010-2011	2011-2012	2012-2013
Salaries and Benefits	\$ 11,873,199.35	\$ 11,380,682.17	\$ 11,682,810.63
Tuition and Contracted Services	1,670,002.77	1,006,967.38	1,312,269.40
Supplies and Equipment	62,700.12	63,071.37	68,558.03
Other expenses	107,444.85	73,928.93	101,983.82
Special Area Administrative Services	662,139.19	1,062,151.18	1,800,975.76
Transportation	788,775.14	738,336.90	853,090.72

Table 3: Revenue to Expenditure Analysis

	2010-2011	2011-2012	2012-2013
Total Revenues	\$ 3,097,793.71	\$ 2,309,232.10	\$ 2,294,249.45
Total Expenditures	15,164,261.42	14,325,137.93	15,819,688.36
Net Local Cost	12,066,467.71	12,015,905.83	13,525,438.91

Table 4: Sources of Revenue as Percent of Total

	2010-2011	2011-2012	2012-2013
Federal Sources	14.49%	11.14%	11.47%
State Sources	2.61%	2.46%	1.86%
Other Sources	3.32%	2.51%	1.17%
Local Property Tax	79.57%	83.88%	85.50%



4.12 Superintendent of Schools (continued...)



SCHOOL BOARD MEMBERSHIP AND STAFFING ROCHESTER SCHOOL DEPARTMENT

July 1, 2012 to
December 31, 2012

January 1, 2013 to
June 30, 2013

Seat	Member	Seat	Member
Ward 1	Laurie Beaulieu Audrey Stevens	Ward 1	Laurie Beaulieu* Jake Collins** Audrey Stevens
Ward 2	Daniel Harkinson Caroline McCarley	Ward 2	Daniel Harkinson Caroline McCarley
Ward 3	Julie Brown Matthew Pappas	Ward 3	Julie Brown Matthew Pappas
Ward 4	Anthony Pastelis Susan O'Connor	Ward 4	Anthony Pastelis Susan O'Connor
Ward 5	Karen Stokes Paul Lynch	Ward 5	Karen Stokes Paul Lynch
Ward 6	James Gray Robert Watson	Ward 6	James Gray Robert Watson
At-Large	Anne Grassie	At-Large	Anne Grassie

*resigned 2/14/13

** sworn in 4/2/13





STANDING COMMITTEES

July 1, 2012 to
December 31, 2012

Caroline McCarley, Chair
Anthony Pastelis, Vice-Chair
James Gray
Matthew Pappas
Audrey Stevens

Daniel Harkinson, Chair
Julie Brown, Vice-Chair
Rotating Third Member

Robert Watson, Chair
Anne Grassie, Vice-Chair
Julie Brown
James Gray
Daniel Harkinson
Paul Lynch
Caroline McCarley
Anthony Pastelis
Audrey Stevens

Anne Grassie, Chair
Daniel Harkinson, Vice-Chair
Laurie Beaulieu
Susan O'Connor
Anthony Pastelis

Audrey Stevens, Chair
Paul Lynch, Vice-Chair
Anne Grassie
Susan O'Connor
Karen Stokes

Anthony Pastelis, Chair
James Gray, Vice-Chair
Daniel Harkinson
Susan O'Connor
Matthew Pappas

Julie Brown, Chair
James Gray, Vice-Chair
Laurie Beaulieu
Anne Grassie
Karen Stokes

January 1, 2013 to
June 30, 2013

Caroline McCarley, Chair
Anthony Pastelis, Vice-Chair
James Gray
Matthew Pappas
Audrey Stevens

Daniel Harkinson, Chair
Julie Brown, Vice-Chair
Rotating Third Member

Robert Watson, Chair
Anne Grassie, Vice-Chair
Julie Brown
James Gray
Daniel Harkinson
Paul Lynch
Caroline McCarley
Anthony Pastelis
Audrey Stevens

Anne Grassie, Chair
Daniel Harkinson, Vice-Chair
Laurie Beaulieu/Jake Collins
Susan O'Connor
Anthony Pastelis

Audrey Stevens, Chair
Paul Lynch, Vice-Chair
Anne Grassie
Susan O'Connor
Karen Stokes

Anthony Pastelis, Chair
James Gray, Vice-Chair
Daniel Harkinson
Susan O'Connor
Matthew Pappas

Julie Brown, Chair
James Gray, Vice-Chair
Laurie Beaulieu/Jake Collins
Anne Grassie
Karen Stokes

BUILDING

DISCIPLINE

FINANCE

INSTRUCTION

PERSONNEL

POLICY

SPECIAL SERVICES

4.12 Superintendent of Schools (continued...)



CENTRAL OFFICE ADMINISTRATORS

Michael L. Hopkins, Superintendent of Schools
Mary Moriarty, Assistant Superintendent of Schools
Linda Casey, Business Administrator
Christiane Allison, Director of Pupil Services
Heidi Zollman, Curriculum, Instruction, and Assessment Coord.
Erica Stofanak, Curriculum, Instruction, and Assessment Coord.
Stephen LeClair, Title I Director
David Yasenchock, Chief Technology Coordinator
Richard Bickford, Facilities Manager

PRINCIPALS

Robert Seaward, Spaulding High School
Valerie McKenney, Rochester Middle School
Kathy Dubois, Bud Carlson Academy (Director)
Katherine Crosby, Chamberlain Street School
Coby Troidl, East Rochester School
Gwen Rhodes, Gonic School
Robin Brown, Maple Street School
Michelle McAlister, McClelland School
Maureen Oakman, Nancy Loud School (Teaching Principal)
Nancy Booth, School Street School (Teaching Principal)
Christopher Foley, William Allen School

ASSISTANT PRINCIPALS

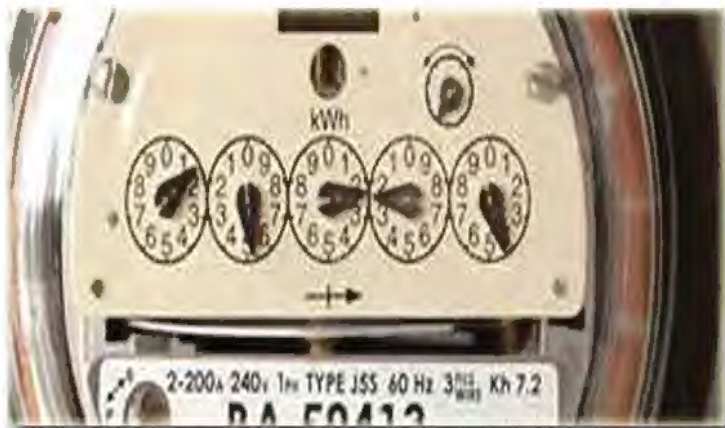
David Robbins, RW Creteau Technology Director
David Bennett, Spaulding High School
Paul Newall, Spaulding High School
Ryan Kaplan, Spaulding High School
Melissa Azzaro, Spaulding High School
Lorne Lucas, Rochester Middle School
Mark Dangora, Rochester Middle School
Jennifer Hersom, Chamberlain Street School
Susan "Candy" Bailey, East Rochester School
Erin Mahoney, McClelland School
Kelly Borisch, William Allen School

SCHOOL NURSES

Nancy Graham, RN (Head Nurse)
Danielle Baker, RN
Christine Ballentine, RN
Robin Hutchins, RN
Elaine Paula, RN
Jennifer Saucier, RN
Shaune Shields, RN
Tracey Tibbetts, RN
Bethann Welch, RN



4.13 Tax Collector's Office



Revenues collected by the Tax Collector's Office:

Total Warrant	50,952,912.00
Timber & Gravel Tax	13,484.05
Int Delinquent Taxes	643,729.71
Chg Tax for CU Removal	74,550.00
Motor Vehicle Permits	3,769,340.95
Misc-RR Natl Bk Tax	0.00
Water	3,470,969.18
Sewer	4,514,804.63

We also process auto registration renewals online and in 2012-2013 we processed approximately 2,576 online renewals.

We collected on approximately 29,338 water and sewer bills.

The responsibilities of the Tax Collector's office consist of the collections of property taxes, water & sewer utility bills, current use taxes, timber, gravel & yield taxes, and other department collections. The Tax Collector's office executes property tax liens on delinquent taxes, files tax lien redemptions and notifies all property owners & mortgagees for all properties that will be going to tax lien & tax deed. In 2012 we liened approximately 864 properties totaling \$1,856,867.08.

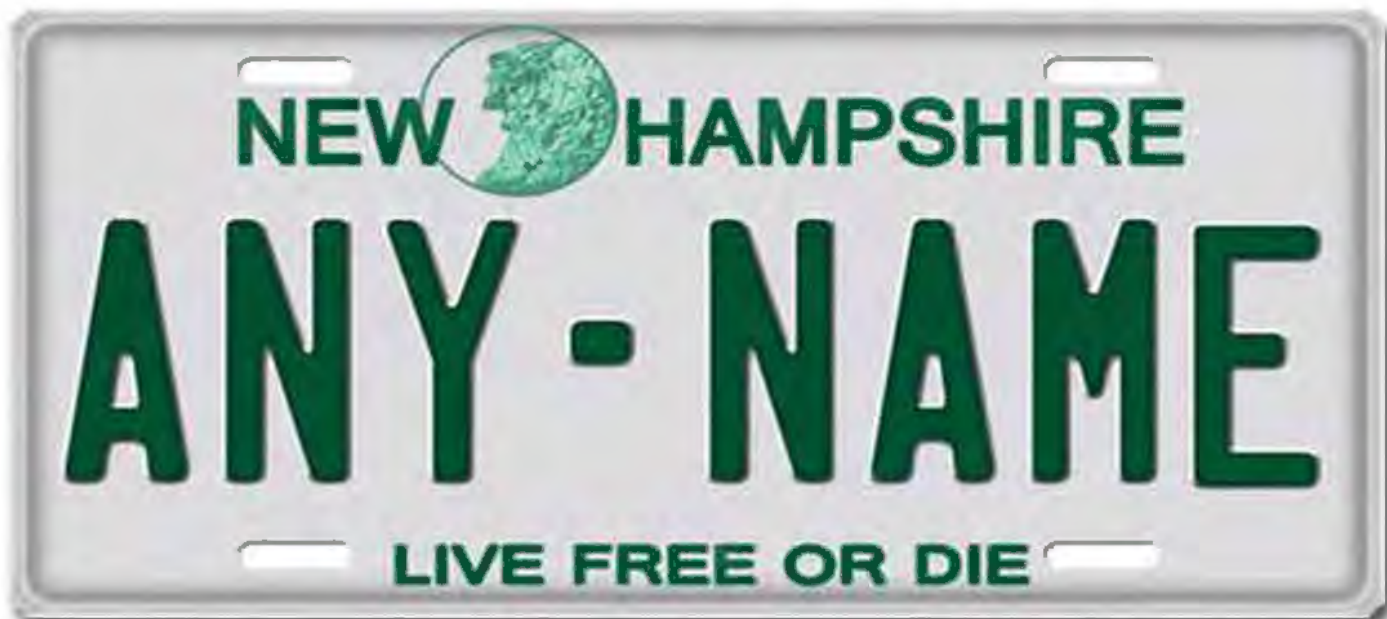
The Tax Collector's office also processes auto registrations. In 2012-2013 we processed approximately 34,626 registrations totaling \$3,769,340.95. We collected \$96,152.00.00 in Municipal Agent fees.

The Tax Collector's Office consisted of three full time employees and three part time employees. Our main goal in the office is to provide courteous and efficient service to all.

The Tax Collector's office staff consisted of Doreen Jones-Tax Collector, Karen Paquette-Deputy Tax Collector, Virginia Gray-Clerk Typist II, Pat Cox-Clerk Typist, Pauline Roseberry -Clerk Typist, and Debbie Millspaugh, Clerk Typist. I would like to thank all my staff for all their hard work & dedication through out the year.

Respectfully Submitted,

Doreen Jones, CTC
Tax Collector



4.14 Welfare Office

In compliance with RSA 165, the welfare department for the City of Rochester administers local emergency assistance for poor individuals unable to support themselves and require assistance in a financial crisis. It is our mission to meet our legal obligations in the most professional, thoughtful and cost effective manner possible.

The City of Rochester budgeted \$199,000 for direct assistance for fiscal year 2012-2013. A total of \$119,825.39 was expended. City Welfare formally assisted 224 families and 157 single households.

Rochester City Welfare staff continues to take pride in our pro-active case management approach that has resulted in increased self-sufficiency for clients, at a lower cost to city taxpayers.

The City of Rochester continues to be a desirable place to live, work and raise a family for many socioeconomic statuses (SES,) including the lower income status, who are more likely to seek financial assistance programs. Lower average market rental rates compared to more southern seacoast area communities, access to public transportation and closer proximity to employment compared to communities north of Rochester continue to retain current Rochester residents and are desirable to others willing to relocate, including people challenged by their financial situation.

As has been true for the last several years, the waiting lists for subsidized housing remained at 3-5 years. Disability decisions at the state and federal level continued to average about 1 year. Budgetary cuts to programs through New Hampshire Department of Health and Human Services have resulted in an elimination of some forms of family cash and emergency assistance. The responsibility and cost has shifted to municipal welfare.

City Welfare works closely with local homeless shelters, including the Homeless Center for Strafford County located in Gonic, to find appropriate emergency housing for residents in need. Homeless shelters not only shelter residents from the elements, but often provide needed support and case management to ensure a more long term solution to their current crisis. This is a great benefit to those in need of shelter and a cost savings to city taxpayers.

City Welfare continued collaborations with many government, non-profit agencies and local businesses, including, but not limited to, the New Hampshire Department of Health and Human Services, Strafford County Community Action and Rochester Share Fund.

City Welfare continued an annual Toy Bank collaboration with the Rochester Fire Department, assisting many children during the holiday season. City Welfare also continued a Back-to-School collaboration with Grace Community Church, which outfitted children with new backpacks and needed school supplies.

As in years prior, City Welfare received \$10,000.00 from the McKinney Grant (HUD money). These monies are discretionary, and are used generally for emergency utility assistance, and from time to time for those individuals who may be categorically ineligible for General Assistance. City Welfare also expended \$1,994.49 from the McDuffee-Chase trust fund for heating oil.

A special thanks to the many Rochester residents who have assisted their neighbors in need during challenging economic times. Their belief in neighbor helping neighbor is testament to the spirit and goodwill of Rochester residents.



4.14 Welfare Office (continued...)

Issuance of General Assistance Vouchers for Families:

Burial	3125.00
Dental	00.00
Electricity	8735.12
Fuel Heating	2041.55
Mortgage	475.00
Prescriptions	1049.82
Rent	58337.12
Temporary Shelter (motel)	200.00
Transportation	28.50
TOTAL	\$73992.11

Issuance of General Assistance for Individuals

Burial	5000.00
Dental	46.50
Electricity	2880.63
Fuel Heating	1019.65
Mortgage	475.00
Prescriptions	1826.13
Rent	34172.87
Temporary Shelter (motel)	300.00
Transportation	112.50
TOTAL	\$45833.28
Average cost per case/Family	\$330.32
Single	\$291.93

Total vouchers issued: \$119,825.39

I would like to thank the following staff for their dedicated service to this office: Gail Galloway, department Secretary III (31 years of service,) Social Worker, Nancy Malinowski, Welfare Intake Workers, Nancy Sirois and Regina Lytle. Their dedication through this challenging year and commitment to our mission has been greatly appreciated.

Respectfully submitted,

Todd M. Marsh
Welfare Director



5.1 Auditor's Report

The firm, Vachon & Clukay has prepared the FY13 Auditor's Report for the City of Rochester.

Per City Ordinances the audit is due to Council as follows:

11.13 Annual Report of City Receipts and Expenditures.

The City Manager shall annually, before the last day of January, present the independent auditors' report, in accordance with section 11.15 of this ordinance, of the preceding year.

11.15 Audit of City Accounts.

An independent audit of all accounts of the City shall be made annually by certified public accountants selected by the City Council and experienced in municipal accounting in accordance



CITY OF ROCHESTER, NEW HAMPSHIRE
Financial Statements
With Schedule of Expenditures of Federal Awards
June 30, 2013
and
Independent Auditor's Report

**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***

**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance**

Schedule of Findings and Questioned Costs

**CITY OF ROCHESTER, NEW HAMPSHIRE
FINANCIAL STATEMENTS
June 30, 2013**

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**CITY OF ROCHESTER, NEW HAMPSHIRE
FINANCIAL STATEMENTS
June 30, 2013**

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CERTIFIED PUBLIC ACCOUNTANTS
608 Chestnut Street • Manchester, New Hampshire 03104
(603) 622-7070 • Fax: (603) 622-1452 • www.vachonclukay.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for other post-employment benefits on pages i-vii and 35-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rochester, New Hampshire's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2014 on our consideration of the City of Rochester, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control

over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rochester, New Hampshire's internal control over financial reporting and compliance.

Vachon Clutkey & Company PC

Manchester, New Hampshire
January 31, 2014

City of Rochester, New Hampshire Management's Discussion and Analysis

Our discussion and analysis of the City of Rochester's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read this analysis in conjunction with the financial statements presented in this report. These financial reports represent more than nine years since the City of Rochester's implementation of the new Governmental Accounting Standards Board Statement No. 34 (GASB 34). This report continues to build on the statistics for a more meaningful trend and explanation of the City's finances and changes in financial position. For Fiscal Year Ending June 30, 2013, the City is complying for the fifth year with the requirements of GASB 45 for recording Other Post-Employment Benefits (OPEB). See Note 8 of the Notes to the Basic Financial Statements for further information.

Additionally, during the Fiscal Year Ending June 30, 2013, the City implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Under Statement 63, the City has segregated previously reported assets and liabilities as deferred outflows of resources and deferred inflows of resources, respectively. This statement also identifies net position as the residual of all other elements presented in the statement of financial position. See the notes to the basic financial statements for further information.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

- The City's total assets of \$230.9 and deferred outflows of resources of \$0.5 million, exceeded total liabilities of \$88.1 and deferred inflows of resources of \$19.5 million, with a residual net position of \$123.8 million. This amount represents the Total Net Position on Exhibit A, Statement of Net Position, for both Governmental and Business-type Activities. The \$123.8 million is reported as \$112.4 million of net investment in capital assets, \$0.8 million restricted and \$10.6 million in unrestricted funds. The unrestricted balance represents the portion available to be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's Total Net Position (Governmental and Business-type Activities) on Exhibit A of \$123.8 million represents an increase in fiscal year 2013 of \$1.7 million or 1.4% over fiscal year 2012 of \$122.1 million.
- The City's Total Assets and Deferred Outflows of Resources on Exhibit A of \$231.4 million is a decrease of \$2 million or minus 0.9% from fiscal 2012 and Total Liabilities and Deferred Inflows of Resources of \$107.6 million is a decrease by \$3.7 million or 3.3% from the prior fiscal year.

Fund Balance Highlights

The Fund Balance for all governmental funds decreased by \$4.5 million to \$10 million for the fiscal year ending June 30, 2013. This amount is the Fund Balance of total Governmental Funds at the end of the year on Exhibit D. The *General Fund Balance* increased by \$115 thousand to \$14 million; the fund balance for the Capital Projects Fund decreased by \$2.4 million and the Nonmajor Governmental Funds decreased by \$2.2 million.

USING THE FINANCIAL STATEMENTS

This annual financial report consists of a series of financial statements (basic financial statements). The Statement of Net Position and the Statement of Activities (Exhibits A & B) present information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements for the Governmental Funds are presented in Exhibits C and D. Fund financial statements for the Proprietary Funds are presented on Exhibits E, F and G. For governmental funds, these statements report how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining fund financial statements, Fiduciary Funds, on Exhibits H and I, provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

The analysis of the City as a whole begins with Exhibit A (Statement of Net Position). One of the most important questions asked about the City's finances is: "Is the City as a whole better off or worse off as a result of the year's financial activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net* position and changes in financial position. The City's net position can be thought of as the **difference** between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources, as one way to measure the City's financial health, or *financial position*. Over time, increases or decreases in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, are needed to assess the *overall health* of the City.

The Statement of Net Position and the Statement of Activities are separated into two kinds of activities:

- **Governmental Activities** - Most of the City's basic services are reported here, including the police, fire, public works, parks and recreation, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type Activities** - The City charges a fee to customers to help it cover all or most of the cost of certain services the City provides. The City's Water, Sewer, and Arena Funds are reported here.

Reporting on the City's Funds

Fund financial statements provide detailed information about the most significant funds - not the City as a whole. Major funds are reported separately in the fund financial statements. Some funds are required to be established by State law and by bond covenants. The City Council, however, establishes many other funds to help it control and manage money for particular purposes, (e.g. capital improvements, school food service programs, Community Center operations, and other business-type activities) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (e.g. grants received from the state or federal government). The City's three fund types - *governmental, proprietary and fiduciary* - use different accounting approaches.

- **Governmental funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the year-end balances that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled at the end of the fund financial statements. The City's Major Governmental Funds are the General Fund and Capital Projects Fund.
- **Proprietary funds** - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities (Water, Sewer and Arena) reported in the government-wide statements, but provide more detail and additional information, such as cash flows for proprietary funds. The City's Major Proprietary Funds consist of the Water and Sewer Funds.

- **The City as Trustee**

The City is the trustee, or *fiduciary* of other assets that, because of a trust arrangement, can be used only for the trust beneficiaries (Library Trust, School Trusts and Cemetery Trusts). All of the City's fiduciary activities are reported separately in the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on Exhibits H and I. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

The City's *combined* total net position is \$123.8 million. Separating the net position of Governmental and Business-type Activities, this represents \$70.6 million for Governmental Activities and \$53.2 million for Business-type Activities.

Table 1
Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	38.3	40.5	7.2	8.7	45.5	49.2
Capital assets, net	<u>105.0</u>	<u>104.6</u>	<u>80.4</u>	<u>79.3</u>	<u>185.4</u>	<u>183.9</u>
Total assets	143.3	145.1	87.6	88.0	230.9	233.1
Total deferred outflows of resources	0.4	0.3	0.1	-	0.5	0.3
Long-term liabilities	45.5	48.4	33.0	36.4	78.5	84.8
Other liabilities	<u>8.5</u>	<u>8.1</u>	<u>1.1</u>	<u>1.1</u>	<u>9.6</u>	<u>9.2</u>
Total liabilities	54.0	56.5	34.1	37.5	88.1	94.0
Total deferred inflows of resources	19.1	16.9	0.4	0.4	19.5	17.3
Net investment in capital assets	64.5	60.0	47.9	46.0	112.4	106.0
Restricted	0.8	3.0	-	-	0.8	3.0
Unrestricted	<u>5.3</u>	<u>9.0</u>	<u>5.3</u>	<u>4.1</u>	<u>10.6</u>	<u>13.1</u>
Total net position	70.6	72.0	53.2	50.1	123.8	122.1

The largest portion of the City's net position is comprised of its net investment in capital assets.

The City's 2013 unrestricted net position of governmental activities of \$5.3 million represents a decrease from the \$9.0 million in 2012 of \$3.7 million. This decrease represents a decrease in the amount of funds available to meet the City's general fund obligations due largely to the cash expended on capital projects. The issuance of bonded debt in early 2014 will replace cash previously expended on capital projects. The City's ability to complete most major capital projects with cash on hand prior to the actual sale of the bonds has been a testament of its strong fiscal health. The strength of the City is also due to its fiscally conservative practices in past years. It is incumbent on the City to maintain these practices in order to maintain financial strength.

The net position of the City's business-type activities represent investments in water and sewer plants, the related infrastructure, and the arena building/equipment. Unrestricted net position of the business-type activities ("enterprise" funds), however, cannot be used to fund or support other governmental activities. The City, generally,

can only use this net position to finance the continuing operations of the Water, Sewer and Arena Funds. Unrestricted net position of business-type activities increased in 2013 by \$1.2 million to \$5.3 million at year end.

The City's overall net position increased by \$1.7 million, as presented in Table 2 below. The largest expenses are from Education, Public Safety, Public Works and General Government. The difference in funding between expenses and revenues is made up through property taxes.

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Activities	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for services	4.9	2.1	8.6	8.8	13.5	10.9
Operating grants	29.0	30.6	-	-	29.0	30.6
Capital grants and contributions	1.1	1.2	1.9	0.2	3.0	1.4
General Revenues:						
Property taxes	51.6	50.5	-	-	51.6	50.5
Licenses and permits	4.3	4.3	-	-	4.3	4.3
Other general revenues	3.1	5.5	0.1	0.1	3.2	5.6
Total Revenues	94.0	94.2	10.6	9.1	104.6	103.3
Expenses						
General government	4.2	4.1	-	-	4.2	4.1
Public safety	12.2	12.1	-	-	12.2	12.1
Public works	6.2	5.9	-	-	6.2	5.9
Health and welfare	0.4	0.4	-	-	0.4	0.4
Culture and recreation	1.8	1.8	-	-	1.8	1.8
Community development	2.8	0.7	-	-	2.8	0.7
Community services	0.7	0.7	-	-	0.7	0.7
Education	57.7	56.1	-	-	57.7	56.1
Food services	2.0	1.9	-	-	2.0	1.9
Debt Service	1.6	1.6	-	-	1.6	1.6
Intergovernmental	5.6	5.5	-	-	5.6	5.5
Water	-	-	3.5	3.2	3.5	3.2
Sewer	-	-	3.8	3.9	3.8	3.9
Arena	-	-	0.4	0.4	0.4	0.4
Total Expenses	95.2	90.8	7.7	7.5	102.9	98.3
Excess (deficiency) before transfers	(1.2)	3.4	2.9	1.6	1.7	5.0
Transfers	(0.2)	-	0.2	-	-	-
Increase (decrease) in net position	(1.4)	3.4	3.1	1.6	1.7	5.0

Governmental Activities

The City recognizes that maintaining a strong financial position is crucial to the City's long-term success. The burden that is placed on citizens and businesses as well as the needs for services must both be taken into consideration with all financial decisions. The major fiscal challenges facing the City continue to be level or decreased State funding for education, health insurance increases, State retirement increases, energy costs, property values and tax rates. Fortunately, other City/School revenues have exceeded expectations and conservative spending has produced balances in many accounts at the end of the year.

The City's assessed property value for taxation for fiscal year 2013 (tax year 2012) increased \$15.6 million or 0.8% as of April 1, 2012. The tax rate increased to \$25.68, which is 3.3% over the previous year.

The major areas where revenues exceeded projections are taxes of \$395 thousand and licenses & permits of \$342 thousand. Additional budget to actual variances can be found on Schedule I, Schedule of Revenues, Expenditures and Changes in Fund Balance on page 35.

The conservative philosophy of sustainable and steady growth that the City of Rochester has embraced over the years remains as one of the keys to the City's continued financial strength and stability. In addition, during this period of economic downturn at the state and national levels, the City's Economic Development Department continues to court prospective businesses and plan for future development so that the City is prepared to take advantage of the next economic improvement cycle in the national, regional and local economy. We are already beginning to see the positive results of this strategy.

Business-type Activities

The Change in Net Position for the City's business-type activities increased by \$3.1 million in 2013 as presented in Exhibit F of the basic financial statements.

- The City's sewer system posted a positive change in net position of \$1.2 million. Exhibit G, Statement of Cash Flows Proprietary Funds, reports a decrease of \$515 thousand in the cash balance from the beginning of the year, due to the bond funding cycle. Rate reviews and increases in the sewer rate will be necessary to maintain positive operations.
- The City's water system posted a positive change in net position of \$2.0 million. Exhibit G, Statement of Cash Flows Proprietary Funds, reports a decrease of \$554 thousand in cash balance from the beginning of the year, due once again to the City's bond funding cycle. In conjunction with the Sewer Fund, rate reviews and increases in the water rate will be necessary to maintain positive operations.
- The City's ice arena has a reported minimal net position decrease of \$18,532.

GENERAL FUND BUDGET

As the City completed the year, its General Fund, as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance on Schedule I, reported a budgetary fund balance of more than \$14.5 million.

General Fund Budgetary Highlights

Supplemental appropriations were approved by the City Council at various times throughout the year for grants and donations for several City departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of depreciation, for its Governmental and Business-type Activities as of June 30, 2013 is \$185.4 million (see Table 3 below). This investment in capital assets includes land, easements, buildings, equipment, computer software, construction in progress and infrastructure. Infrastructure assets are items that are normally immovable, of value only to the City, and include roads and bridges. GASB Statement No. 34 requires capital assets, including infrastructure, for the City's governmental funds to be reported in the Government Wide Financial Statements, however, they are not included on the Fund Financial Statements. See Note 6 – Capital Assets, of the Notes to the Basic Financial Statements for more information regarding the City's capital assets.

Table 3
Capital Assets at Year-end
(net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	8.0	7.6	3.5	3.5	11.5	11.1
Easements	1.4	1.1	-	-	1.4	1.1
Land improvements	2.3	2.3	-	-	2.3	2.3
Buildings and improvements	41.4	41.9	29.6	28.7	71.0	70.6
Vehicles and equipment	6.0	5.7	3.3	3.2	9.3	8.9
Infrastructure	39.0	41.5	31.3	31.5	70.3	73.0
Construction in progress	<u>6.9</u>	<u>4.5</u>	<u>12.7</u>	<u>12.4</u>	<u>19.6</u>	<u>16.9</u>
Totals	105.0	104.6	80.4	79.3	185.4	183.9

Debt

The City may issue general obligation bonds, receive State Revolving Loan Fund notes in lieu of bonds, and notes in anticipation of such bonds, taxes and other anticipated revenues. As of June 30, 2013, the total bonds and notes outstanding for all funds is \$73.5 million (See Table 4 below). The City also has capital leases payable of \$158 thousand. Funds are budgeted for annually for capital leases and contracts are subject to cancellation should funds not be appropriated. The City's overall debt limitations and available debt margin are listed in Note 9 – General Debt Obligations, of the Notes to the Basic Financial Statements.

Table 4
Outstanding Debt at Year-end
(in Millions)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds (backed by the City) and State revolving notes	<u>40.9</u>	<u>44.9</u>	<u>32.6</u>	<u>36.0</u>	<u>73.5</u>	<u>80.9</u>
Totals	40.9	44.9	32.6	36.0	73.5	80.9

The General Obligation bond rating process conducted in February - March of 2012 returned a bond rating from Moody's of A1 and a rating of AA- was received from Standard and Pooors. While financial steadfastness is only one of the criteria that bond rating agencies use in assessing overall risk, continued positive performance in this area will help the City to achieve continued increases in bond ratings which in turn mean lower rates and savings to taxpayers.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

It is important to the City Council and the community it serves to provide appropriate levels of service to taxpayers, diversify the tax base, and create new investment in the City. The City's elected and appointed officials considered many factors when setting the fiscal year 2014 budget and the resulting impact on tax rates and the service fees that will be charged for business-type activities. The City continues its long standing tradition of fiscal restraint - forecasting realistic anticipated revenues, keeping expenditures in check and directing capital expenditures in an effort to minimize bonded debt while at the same time addressing the service and infrastructure needs of the City. It is also important to note that in November 2008 voters of the City approved a tax cap charter amendment to limit the amount property taxes can increase by a national inflation factor. The City Council has not overridden the tax cap in the five budget cycles since passage of this charter amendment.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Finance Office at 31 Wakefield Street, Rochester, NH 03867 or visit us on the web at www.rochesternh.net.

EXHIBIT A
CITY OF ROCHESTER, NEW HAMPSHIRE
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 28,266,072		\$ 28,266,072
Investments	8,130,178		8,130,178
Taxes receivable, net	1,662,543		1,662,543
Accounts receivable	939,062	\$ 2,622,130	3,561,192
Due from other governments	995,388	358,195	1,353,583
Internal balances	(1,779,098)	1,779,098	-
Prepaid expenses	64,878	314	65,192
Inventory	22,128	353,452	375,580
Total Current Assets	<u>38,301,151</u>	<u>5,113,189</u>	<u>43,414,340</u>
Noncurrent Assets:			
Due from other governments		2,103,241	2,103,241
Capital assets:			
Non-depreciable capital assets	16,269,990	16,157,546	32,427,536
Depreciable capital assets, net	88,720,101	64,271,463	152,991,564
Total Noncurrent Assets	<u>104,990,091</u>	<u>82,532,250</u>	<u>187,522,341</u>
Total Assets	<u>143,291,242</u>	<u>87,645,439</u>	<u>230,936,681</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on debt refunding	386,240	105,737	491,977
Total Deferred Outflows of Resources	<u>386,240</u>	<u>105,737</u>	<u>491,977</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	2,864,737	386,370	3,251,107
Accrued expenses	5,325,453	623,004	5,948,457
Retainage payable	125,673	128,786	254,459
Deposits	203,315		203,315
Current portion of bonds payable	4,810,702	2,830,981	7,641,683
Current portion of capital leases payable	32,250		32,250
Current portion of compensated absences payable	250,202		250,202
Total Current Liabilities	<u>13,612,332</u>	<u>3,969,141</u>	<u>17,581,473</u>
Noncurrent Liabilities:			
Bonds payable	35,324,524	28,474,446	63,798,970
Capital leases payable	126,111		126,111
Other long-term obligations	724,146	1,317,111	2,041,257
Other post-employment benefits payable	3,327,416	368,950	3,696,366
Compensated absences payable	878,697	12,690	891,387
Total Noncurrent Liabilities	<u>40,380,894</u>	<u>30,173,197</u>	<u>70,554,091</u>
Total Liabilities	<u>53,993,226</u>	<u>34,142,338</u>	<u>88,135,564</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes collected in advance	18,520,499		18,520,499
Unearned grant revenue	30,295		30,295
Other unearned revenue	564,992	355,482	920,474
Total Deferred Inflows of Resources	<u>19,115,786</u>	<u>355,482</u>	<u>19,471,268</u>
NET POSITION			
Net investment in capital assets	64,516,959	47,912,208	112,429,167
Restricted	765,642		765,642
Unrestricted	5,285,869	5,341,148	10,627,017
Total Net Position	<u>\$ 70,568,470</u>	<u>\$ 53,253,356</u>	<u>\$ 123,821,826</u>

See accompanying notes to the basic financial statements

EXHIBIT B
CITY OF ROCHESTER, NEW HAMPSHIRE
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 4,243,199	\$ 78,051			\$ (4,165,148)		\$ (4,165,148)
Public safety	12,219,400	643,992	\$ 316,725	\$ 153,024	(11,105,659)		(11,105,659)
Highways and streets	6,183,735	125,724	521,714	47,832	(5,488,465)		(5,488,465)
Health and welfare	367,237				(367,237)		(367,237)
Culture and recreation	1,743,970	152,883			(1,591,087)		(1,591,087)
Community development	2,842,158		226,615		(2,615,543)		(2,615,543)
Community services	692,680	710,480			17,800		17,800
Education	57,667,950	2,436,788	26,806,074	26,689	(28,398,399)		(28,398,399)
Food service	1,994,495	724,946	1,133,367		(136,182)		(136,182)
Debt service	1,638,980			840,077	(798,903)		(798,903)
Intergovernmental	5,601,590				(5,601,590)		(5,601,590)
Total governmental activities	<u>95,195,394</u>	<u>4,872,864</u>	<u>29,004,495</u>	<u>1,067,622</u>	<u>(60,250,413)</u>	<u>\$ -</u>	<u>(60,250,413)</u>
Business-type activities:							
Sewer	3,843,231	4,735,135		170,585		1,062,489	1,062,489
Water	3,504,321	3,570,604		1,726,189		1,792,472	1,792,472
Nonmajor enterprise fund	430,902	354,009				(76,893)	(76,893)
Total business-type activities	<u>7,778,454</u>	<u>8,659,748</u>	<u>-</u>	<u>1,896,774</u>	<u>-</u>	<u>2,778,068</u>	<u>2,778,068</u>
Total primary government	<u>\$ 102,973,848</u>	<u>\$ 13,532,612</u>	<u>\$ 29,004,495</u>	<u>\$ 2,964,396</u>	<u>(60,250,413)</u>	<u>2,778,068</u>	<u>(57,472,345)</u>
General revenues:							
Property and other taxes					51,595,952		51,595,952
Licenses and permits					4,337,076		4,337,076
Grants and contributions:							
Rooms and meals tax distribution					1,327,140		1,327,140
Interest and investment earnings					90,152	5,500	95,652
Miscellaneous					1,716,903	108,077	1,824,980
Transfers					(237,059)	237,059	-
Total general revenues and transfers					<u>58,830,164</u>	<u>350,636</u>	<u>59,180,800</u>
Change in net position					(1,420,249)	3,128,704	1,708,455
Net position - beginning					71,988,719	50,124,652	122,113,371
Net position - ending					<u>\$ 70,568,470</u>	<u>\$ 53,253,356</u>	<u>\$ 123,821,826</u>

See accompanying notes to the basic financial statements

EXHIBIT C
CITY OF ROCHESTER, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 28,188,224		\$ 77,848	\$ 28,266,072
Investments	8,050,919		79,259	8,130,178
Taxes receivable, net	1,662,543			1,662,543
Accounts receivable	610,111		328,951	939,062
Due from other governments		\$ 145,250	850,138	995,388
Due from other funds	5,831,979		1,245,416	7,077,395
Prepaid expenses	64,878			64,878
Inventory			22,128	22,128
Total Assets	<u>44,408,654</u>	<u>145,250</u>	<u>2,603,740</u>	<u>47,157,644</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 44,408,654</u>	<u>\$ 145,250</u>	<u>\$ 2,603,740</u>	<u>\$ 47,157,644</u>
LIABILITIES				
Accounts payable	\$ 1,583,685	\$ 845,366	\$ 435,686	\$ 2,864,737
Accrued expenses	4,764,730		16,898	4,781,628
Retainage payable		125,673		125,673
Deposits	203,315			203,315
Due to other funds	3,853,110	4,248,977	754,406	8,856,493
Total Liabilities	<u>10,404,840</u>	<u>5,220,016</u>	<u>1,206,990</u>	<u>16,831,846</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes collected in advance	18,520,499			18,520,499
Unearned property tax revenue	1,192,258			1,192,258
Unearned grant revenue			30,295	30,295
Other unearned revenue	262,869		302,123	564,992
Total Deferred Inflows of Resources	<u>19,975,626</u>	<u>-</u>	<u>332,418</u>	<u>20,308,044</u>
FUND BALANCES				
Nonspendable	64,878		82,660	147,538
Restricted			705,110	705,110
Committed	537,244		236,246	773,490
Assigned	122,781		40,316	163,097
Unassigned (deficit)	13,303,285	(5,074,766)		8,228,519
Total Fund Balances (deficit)	<u>14,028,188</u>	<u>(5,074,766)</u>	<u>1,064,332</u>	<u>10,017,754</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 44,408,654</u>	<u>\$ 145,250</u>	<u>\$ 2,603,740</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds				104,990,091
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis				1,192,258
Losses on debt refundings are recognized on an accrual basis in the statement of net position, not the modified accrual basis				386,240
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:				
Bonds payable				(40,135,226)
Capital leases payable				(158,361)
Other long-term obligations				(724,146)
Other post-employment benefits payable				(3,327,416)
Compensated absences payable				(1,128,899)
Accrued interest on long-term obligations				(543,825)
Net position of governmental activities				<u>\$ 70,568,470</u>

See accompanying notes to the basic financial statements

EXHIBIT D
CITY OF ROCHESTER, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 52,073,849			\$ 52,073,849
Licenses and permits	4,337,076			4,337,076
Intergovernmental	26,190,734	\$ 47,832	\$ 5,160,691	31,399,257
Charges for services	3,426,784		1,446,080	4,872,864
Investment income	81,347		8,805	90,152
Miscellaneous	1,109,505	853,277	89,963	2,052,745
Total Revenues	<u>87,219,295</u>	<u>901,109</u>	<u>6,705,539</u>	<u>94,825,943</u>
Expenditures:				
Current operations:				
General government	3,794,792		782	3,795,574
Public safety	10,962,447		487,920	11,450,367
Highways and streets	2,580,697			2,580,697
Health and welfare	363,857		345	364,202
Culture and recreation	1,671,173		39	1,671,212
Community development	362,257		2,533,003	2,895,260
Community services			639,599	639,599
Education	52,561,813		3,363,216	55,925,029
Food service			1,953,303	1,953,303
Capital outlay	158,361	6,291,331		6,449,692
Debt service:				
Principal retirement	4,602,642			4,602,642
Interest and fiscal charges	1,637,227			1,637,227
Intergovernmental	5,601,590			5,601,590
Total Expenditures	<u>84,296,856</u>	<u>6,291,331</u>	<u>8,978,207</u>	<u>99,566,394</u>
Excess of revenues over (under) expenditures	<u>2,922,439</u>	<u>(5,390,222)</u>	<u>(2,272,668)</u>	<u>(4,740,451)</u>
Other financing sources (uses):				
Proceeds of refunding bonds	4,007,673			4,007,673
Payment to bond escrow agent	(3,967,078)			(3,967,078)
Proceeds from capital lease obligations	158,361			158,361
Proceeds from other long-term obligations		248,163		248,163
Transfers in	394,249	3,147,484	12,180	3,553,913
Transfers out	(3,400,515)	(390,457)		(3,790,972)
Total other financing sources (uses)	<u>(2,807,310)</u>	<u>3,005,190</u>	<u>12,180</u>	<u>210,060</u>
Net change in fund balances	<u>115,129</u>	<u>(2,385,032)</u>	<u>(2,260,488)</u>	<u>(4,530,391)</u>
Fund balances (deficit) at beginning of year	<u>13,913,059</u>	<u>(2,689,734)</u>	<u>3,324,820</u>	<u>14,548,145</u>
Fund balances (deficit) at end of year	<u>\$ 14,028,188</u>	<u>\$ (5,074,766)</u>	<u>\$ 1,064,332</u>	<u>\$ 10,017,754</u>

See accompanying notes to the basic financial statements

CITY OF ROCHESTER, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2013

Net Change in Fund Balances--Total Governmental Funds	\$ (4,530,391)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	707,328
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the gain of disposed capital assets reduced by the actual proceeds received from the sale of capital assets.	(351,085)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(477,897)
Proceeds from bond issuance are other financing sources in the funds, but bond issuance increases long-term liabilities in the statement of net position.	(4,007,673)
Proceeds from capital leases are other financing sources in the funds, but capital leases increase long-term liabilities in the statement of net position.	(158,361)
Proceeds from other long-term obligations are other financing sources in the funds, but other long-term obligations increase long-term liabilities in the statement of net position.	(248,163)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	8,282,643
Governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the related debt.	27,036
Governmental funds report the effect of losses on debt refundings when the debt is first issued, whereas these amounts are amortized in the statement of activities over the life of the related debt.	129,776
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	128,512
Some expenses reported in the statement of activities, such as compensated absences and other post-employment benefits do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(921,974)
Change in Net Position of Governmental Activities	<u>\$ (1,420,249)</u>

EXHIBIT E
CITY OF ROCHESTER, NEW HAMPSHIRE
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities			Totals
	Sewer Fund	Water Fund	Nonmajor Enterprise Fund	
ASSETS				
Current Assets:				
Accounts receivable	\$ 1,572,580	\$ 1,049,075	\$ 475	\$ 2,622,130
Due from other governments	355,999	2,196		358,195
Due from other funds	2,663,685			2,663,685
Prepaid expenses		314		314
Inventory	31,621	321,831		353,452
Total Current Assets	<u>4,623,885</u>	<u>1,373,416</u>	<u>475</u>	<u>5,997,776</u>
Noncurrent Assets:				
Due from other governments	2,103,241			2,103,241
Capital assets:				
Non-depreciable capital assets	5,405,962	10,648,196	103,388	16,157,546
Depreciable capital assets, net	40,881,476	22,235,614	1,154,373	64,271,463
Total Noncurrent Assets	<u>48,390,679</u>	<u>32,883,810</u>	<u>1,257,761</u>	<u>82,532,250</u>
Total Assets	<u>53,014,564</u>	<u>34,257,226</u>	<u>1,258,236</u>	<u>88,530,026</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on debt refunding	76,272	29,465		105,737
Total Deferred Outflows of Resources	<u>76,272</u>	<u>29,465</u>	<u>-</u>	<u>105,737</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	201,751	175,210	9,409	386,370
Accrued expenses	304,322	291,861	26,821	623,004
Retainage payable	66,866	61,920		128,786
Due to other funds		855,648	28,939	884,587
Current portion of bonds payable	1,773,780	976,905	80,296	2,830,981
Total Current Liabilities	<u>2,346,719</u>	<u>2,361,544</u>	<u>145,465</u>	<u>4,853,728</u>
Noncurrent Liabilities:				
Bonds payable	15,198,246	12,504,758	771,442	28,474,446
Other long-term obligations	928,964	388,147		1,317,111
Other post-employment benefits payable	169,225	177,325	22,400	368,950
Compensated absences payable	7,339	3,826	1,525	12,690
Total Noncurrent Liabilities	<u>16,303,774</u>	<u>13,074,056</u>	<u>795,367</u>	<u>30,173,197</u>
Total Liabilities	<u>18,650,493</u>	<u>15,435,600</u>	<u>940,832</u>	<u>35,026,925</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	355,482			355,482
Total Deferred Inflows of Resources	<u>355,482</u>	<u>-</u>	<u>-</u>	<u>355,482</u>
NET POSITION				
Net investment in capital assets	28,462,720	19,043,465	406,023	47,912,208
Unrestricted (deficit)	5,622,141	(192,374)	(88,619)	5,341,148
Total Net Position	<u>\$ 34,084,861</u>	<u>\$ 18,851,091</u>	<u>\$ 317,404</u>	<u>\$ 53,253,356</u>

See accompanying notes to the basic financial statements

EXHIBIT F

CITY OF ROCHESTER, NEW HAMPSHIRE

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2013

	Business-type Activities			Totals
	Sewer Fund	Water Fund	Nonmajor Enterprise Fund	
Operating revenues:				
Charges for services	\$ 4,735,135	\$ 3,570,604	\$ 354,009	\$ 8,659,748
Miscellaneous	19,676	30,540	57,861	108,077
Total operating revenues	<u>4,754,811</u>	<u>3,601,144</u>	<u>411,870</u>	<u>8,767,825</u>
Operating expenses:				
Personnel services	1,097,326	1,153,092	188,692	2,439,110
Materials and supplies	278,758	259,192	12,315	550,265
Utilities	346,698	134,083	77,169	557,950
Depreciation	1,102,561	1,040,790	64,888	2,208,239
Miscellaneous	275,193	293,440	50,033	618,666
Total operating expenses	<u>3,100,536</u>	<u>2,880,597</u>	<u>393,097</u>	<u>6,374,230</u>
Operating income	<u>1,654,275</u>	<u>720,547</u>	<u>18,773</u>	<u>2,393,595</u>
Non-operating revenues (expenses):				
Interest revenue	2,500	2,500	500	5,500
Bond issuance expense	(76,510)	(2,757)		(79,267)
Interest expense	(666,185)	(620,967)	(37,805)	(1,324,957)
Net non-operating revenues (expenses)	<u>(740,195)</u>	<u>(621,224)</u>	<u>(37,305)</u>	<u>(1,398,724)</u>
Income (Loss) before capital contributions and transfers	914,080	99,323	(18,532)	994,871
Capital contributions	170,585	1,726,189		1,896,774
Transfers in	68,948	171,903		240,851
Transfers out	(1,896)	(1,896)		(3,792)
Change in net position	1,151,717	1,995,519	(18,532)	3,128,704
Total net position at beginning of year	<u>32,933,144</u>	<u>16,855,572</u>	<u>335,936</u>	<u>50,124,652</u>
Total net position at end of year	<u>\$ 34,084,861</u>	<u>\$ 18,851,091</u>	<u>\$ 317,404</u>	<u>\$ 53,253,356</u>

See accompanying notes to the basic financial statements

EXHIBIT G
CITY OF ROCHESTER, NEW HAMPSHIRE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities			Totals
	Sewer Fund	Water Fund	Nonmajor Enterprise Fund	
Cash flows from operating activities:				
Cash received from customers	\$ 4,821,406	\$ 3,593,178	\$ 353,534	\$ 8,768,118
Other operating cash receipts	19,676	30,540	57,861	108,077
Cash paid to suppliers	(1,208,768)	(1,002,852)	(182,851)	(2,394,471)
Cash paid to employees	(759,409)	(811,183)	(136,305)	(1,706,897)
Net cash provided by operating activities	<u>2,872,905</u>	<u>1,809,683</u>	<u>92,239</u>	<u>4,774,827</u>
Cash flows from noncapital financing activities:				
Transfer to other funds	(1,896)	(1,896)	-	(3,792)
Net cash used for noncapital financing activities	<u>(1,896)</u>	<u>(1,896)</u>	<u>-</u>	<u>(3,792)</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(1,839,618)	(1,298,147)	(27,501)	(3,165,266)
Proceeds from debt refunding	8,881,580	272,260		9,153,840
Payments on refunded debt	(8,881,580)	(272,260)		(9,153,840)
Proceeds from other long-term obligations	320,189	253,139		573,328
Principal paid on long-term debt	(1,657,000)	(908,730)	(77,454)	(2,643,184)
Interest paid on long-term debt	(707,314)	(582,728)	(35,309)	(1,325,351)
Transfer from other funds	68,948	171,903		240,851
Capital contributions	426,227			426,227
Net cash used for capital and related financing activities	<u>(3,388,568)</u>	<u>(2,364,563)</u>	<u>(140,264)</u>	<u>(5,893,395)</u>
Cash flows from investing activities:				
Interest on investments	2,500	2,500	500	5,500
Net cash provided by investing activities	<u>2,500</u>	<u>2,500</u>	<u>500</u>	<u>5,500</u>
Net decrease in cash and cash equivalents	(515,059)	(554,276)	(47,525)	(1,116,860)
Cash and cash equivalents (deficiency) at beginning of year	3,178,744	(301,372)	18,586	2,895,958
Cash and cash equivalents (deficiency) at end of year	<u>\$ 2,663,685</u>	<u>\$ (855,648)</u>	<u>\$ (28,939)</u>	<u>\$ 1,779,098</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,654,275	\$ 720,547	\$ 18,773	\$ 2,393,595
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,102,561	1,040,790	64,888	2,208,239
Changes in assets and liabilities:				
Accounts receivable	86,271	22,574	(475)	108,370
Prepaid expenses		37		37
Inventory	(31,621)	(45,098)		(76,719)
Accounts payable	24,793	25,040	1,762	51,595
Accrued expenses	7,368	5,698	698	13,764
Other post-employment benefits payable	31,984	41,067	5,960	79,011
Compensated absences payable	(2,726)	(972)	633	(3,065)
Net cash provided by operating activities	<u>\$ 2,872,905</u>	<u>\$ 1,809,683</u>	<u>\$ 92,239</u>	<u>\$ 4,774,827</u>
Non-cash transactions affecting financial position:				
Capital asset additions included in year end liabilities	\$ 207,858	\$ 170,106	\$ 3,915	\$ 381,879
Principal forgiveness on debt		1,726,189		1,726,189
Amortization on bond premiums		1,762	815	2,577
Amortization on losses on debt refundings	(3,256)	(12,254)	(4,539)	(20,049)
	<u>\$ 204,602</u>	<u>\$ 1,885,803</u>	<u>\$ 191</u>	<u>\$ 2,090,596</u>

See accompanying notes to the basic financial statements

EXHIBIT H
CITY OF ROCHESTER, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private- Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 34,983	\$ 187,641
Investments	<u>1,918,271</u>	
Total Assets	<u>1,953,254</u>	<u>\$ 187,641</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	
LIABILITIES		
Due to student groups		<u>\$ 187,641</u>
Total Liabilities	<u>-</u>	<u>\$ 187,641</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	
NET POSITION		
Held in trust	<u>1,953,254</u>	
Total Net Position	<u>\$ 1,953,254</u>	

See accompanying notes to the basic financial statements

EXHIBIT I
CITY OF ROCHESTER, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	Private- Purpose Trust Funds
ADDITIONS:	
Contributions:	
Private donations	\$ 23,532
Total Contributions	<u>23,532</u>
Investment earnings:	
Investment income	59,400
Net increase in the fair value of investments	<u>138,678</u>
Total Investment Earnings	<u>198,078</u>
Less: Investment expense	<u>(3,027)</u>
Net Investment Earnings	<u>195,051</u>
Total Additions	<u>218,583</u>
DEDUCTIONS:	
Benefits	<u>86,060</u>
Total Deductions	<u>86,060</u>
Change in net position	132,523
Net position - beginning of year	<u>1,820,731</u>
Net position - end of year	<u>\$ 1,953,254</u>

See accompanying notes to the basic financial statements

**CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Rochester, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The City of Rochester, New Hampshire (the City) is a municipal corporation incorporated in 1722 and governed by an elected City Council. The City operates under the Mayor/City Council/Manager form of government and performs local governmental functions as authorized by its charter.

The financial statements include those of the various departments governed by the City Council and other officials with financial responsibility. The City has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

During the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". Under Statement 63, the City has segregated previously reported assets and liabilities as deferred outflows of resources and deferred inflows of resources, respectively. This statement also identifies net position as the residual of all other elements presented in the statement of financial position. Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial conditions of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City. The comparison of direct expenses with

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

2. Fund Financial Statements:

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources less liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

The *General Fund* is the main operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for all financial transactions used for the acquisition or construction of major capital facilities, infrastructure and equipment. It accounts for the federal, state, and local financing of these projects and the related capital outlay expenditures.

The City's Nonmajor Governmental Funds consist of the Permanent Funds and the following special revenue funds: Community Development Fund, Police Grants Funds, Miscellaneous Grants Funds, Other School Grants Funds, Food Service Fund, Federal Projects Fund, Planning Fund, Granite State Business Park TIF District Fund, Rochester Community Center Fund, and Neighborhood Stabilization Fund. All of the special revenue funds have similar characteristics in which the revenues are restricted or committed in nature for specific expenditures.

2. Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The City has no internal service funds. The following are the City's major proprietary funds:

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

The *Sewer Fund* accounts for all revenues and expenses pertaining to the City's wastewater operations.

The *Water Fund* accounts for all revenues and expenses pertaining to the City's water operations.

The Sewer and Water Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation) of providing goods or services to the residents on a continuing basis are financed or recovered primarily through user charges.

The City's sole Nonmajor Enterprise Fund is the Arena Fund.

3. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City maintains various private-purpose trusts which account for monies designated to benefit individuals within the City. The City's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The City's agency funds account for the Student Activities Funds of the City's schools.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

The private-purpose trust funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 2). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes and interest on investments.

Licenses and permits, charges for services, and miscellaneous revenues (except interest on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received.

2. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources

**CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013**

(expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The City's budget represents functional appropriations as authorized by annual or special City Council meetings. The City Council may transfer funds between operating categories as they deem necessary. The City adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended June 30, 2013, the City applied \$2,178,418 of its unappropriated fund balance to reduce taxes.

Cash and Cash Equivalents

The City pools its cash resources for the governmental and proprietary funds. Cash applicable to a particular fund is reflected as an interfund balance. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of the following:

	<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Totals</u>
Proprietary Funds:			
Sewer Fund	\$ 2,663,685		\$ 2,663,685
Water Fund		\$ (855,648)	(855,648)
Nonmajor Enterprise Fund		(28,939)	(28,939)
	<u>\$ 2,663,685</u>	<u>\$ (884,587)</u>	<u>\$ 1,779,098</u>

Investments

Investments are stated at their fair value in all funds. Certificates of deposit and repurchase agreements with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current fiscal year and prior and uncollected at June 30, 2013 are recorded as receivables net of reserves for estimated uncollectible taxes of \$2,584,976.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid items.

**CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013**

Inventory

On government-wide and proprietary fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the governmental fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The City maintains a capitalization threshold of \$10,000. The City's infrastructure consists of roads, bridges, sidewalks, water purification and distribution system, sewer collection and treatment system, and similar items. Intangible assets of the City consist of land easements which are reported as non-depreciable capital assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction phase of capital assets of the business-type activities is also capitalized.

All reported capital assets except for land, easements with an indefinite life and construction in process are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Infrastructure	10 - 100
	Land improvements	10 - 20
	Buildings and improvements	5 - 100
	Vehicles and equipment	3 - 50

Loss on Debt Refunding

Debt refundings that result in a difference between the reacquisition price of old debt and the net carrying value of the old debt have been reported in the accompanying financial statements as a loss on debt refunding. Losses on debt refundings are amortized as a component of interest expense over the remaining life of the related debt. The balances of the loss on debt refunding as of June 30, 2013 are \$386,240 and \$105,737 in the governmental and business-type activities, respectively.

Compensated Absences

City employees earn vacation, personal time, compensatory time and sick leave as they provide services. Provision is made in the annual budget for vacation, personal time, compensatory time and sick leave. Vacation, personal time and compensatory time accrued in a year (based on anniversary date) must be

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

taken within the following employment year. Pursuant to the City personnel policy and collective bargaining agreements, employees may accumulate (subject to certain limitations) unused sick leave earned and upon severance of employment, will be compensated for such amounts at current rates of pay.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Bond Premiums

Bond premiums are amortized as a component of interest expense over the life of the related bond using the effective interest rate method. Bonds payable are reported in the accompanying financial statements gross of any applicable unamortized bond premiums. The balances of the unamortized bond premiums as of June 30, 2013 are \$361,905 and \$563,362 in the governmental activities and business-type activities, respectively.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

The City has implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement 54 established new fund balance classifications and changed the definition of the governmental fund types. Under Statement 54, the City has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

- *Nonspendable Fund Balance:* Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance:* Amounts that can only be spent for specific purposes stipulated by external resource providers or by enabling legislation. Restrictions may be changed or lifted only with the consent of the external resource providers or the enabling legislation.
- *Committed Fund Balance:* Amounts that can be used only for specific purposes determined by a formal action of the City's highest level of decision making authority. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- *Assigned Fund Balance:* Amounts the City intends to use for a specific purpose. For all Governmental Funds other than the General Fund, any positive balances are to be classified as "Assigned".
- *Unassigned Fund Balance:* Amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit fund balance of another governmental fund is also classified as "Unassigned".

The fund balance of the City may only be committed for specific purposes pursuant to formal action of the City Manager. The City Council delegates to the City's Finance Director the authority to assign amounts to be used for specific purposes. The City's School Board delegates the authority to assign amounts to be used for specific purposes to the Business Administrator.

Spending Prioritizations

The City's policy is to first apply restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications may be applied, committed resources are to be applied first, followed by assigned amounts and unassigned amounts.

Deficit Fund Balance

At year end, if any of the City's governmental special revenue funds has a deficit unassigned fund balance, the City Manager is authorized to transfer funds from the General Fund to offset the deficit; providing the General Fund has the resources to do so.

Minimum Level of Unassigned Fund Balance

As recommended by the New Hampshire Department of Revenue Administration, the City will strive to maintain an unassigned fund balance in its General Fund equal to 8-15% of total annual appropriations of the City (includes City, School Department and County). The City Council has the authority to apply the City's beginning unassigned fund balance in order to balance the budget and to reduce the subsequent fiscal year property tax rate.

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the water fund, sewer fund and arena fund, these revenues are charges to customers for sales and services. Operating expenses, which include depreciation on capital assets, are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. Significant estimates include depreciation expense, the allowance for uncollectible taxes and the liability for other post-employment benefits.

NOTE 2—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$2,004,617,304 as of April 1, 2012) and are due in two installments on July 5, 2012 and December 20, 2012. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the City.

In accordance with State law, the City collects taxes for Strafford County, an independent governmental unit, which are remitted to the County as required by law. Total taxes appropriated to Strafford County for the year ended June 30, 2013 were \$5,601,590. The City bears responsibility for uncollected taxes.

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

NOTE 3—RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2013, the City participated in public entity risk pools (Trusts) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trusts to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trusts foresee no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2013.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the City shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$5,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 4—DEPOSITS AND INVESTMENTS

The City has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance.

Deposits and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

**CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013**

Statement of net position:	
Cash and cash equivalents	\$ 28,266,072
Investments	8,130,178
Statement of fiduciary net position:	
Cash and cash equivalents	222,624
Investments	1,918,271
Total deposits and investments	<u>\$ 38,537,145</u>

Deposits and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 5,275
Deposits with financial institutions	34,533,093
Investments	3,998,777
Total deposits and investments	<u>\$ 38,537,145</u>

The City's investment policy for governmental and business-type funds requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The City limits its investments to demand deposits, money market accounts, certificates of deposit, and repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHDPDIP), an external investment pool. Responsibility for the investments of the Trust Funds is with the Board of Trustees. Investments of the Student Activities Agency Funds are at the discretion of the School Principals.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy for its governmental and proprietary funds regarding interest rate risk indicates that investments shall be limited to those with maturity dates that meet projected cash flow needs or one year, whichever is shorter. The Trustees of Trust Funds do not have a policy regarding interest rate risk. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

Investment Type	Totals	Remaining Maturity (in Years)		
		0-1 Years	1-5 Years	> 5 Years
US Treasury notes	\$ 63,100		\$ 63,100	
Government agency bonds	62,991	\$ 51,423	1,378	\$ 10,190
Municipal obligations	42,332		26,472	15,860
Corporate bonds	336,667	55,299	189,523	91,845
	<u>\$ 505,090</u>	<u>\$ 106,722</u>	<u>\$ 280,473</u>	<u>\$ 117,895</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

The City's investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. With the exception of U.S. Treasury notes, U.S. Government Agency obligations, and the New Hampshire Public Deposit Investment Pool, no more than 75% of the City's total investment portfolio will be invested in a single security type or with a solitary financial institution. The Trustees of Trust Funds do not have a policy regarding credit risk. The following is the actual rating as of year end for each investment type:

Investment Type	Totals	Rating as of Year End					
		Aaa	Aa	A	Ba	Baa	Not Rated
Government agency bonds	\$ 62,991	\$ 62,991					
Municipal obligations	42,332		\$ 42,332				
Corporate bonds	336,667		33,291	\$ 200,459	\$ 14,926	\$ 87,991	
Mutual funds	192,660						\$ 192,660
Money market funds	202,112						202,112
Total Fair Value	<u>\$ 836,762</u>	<u>\$ 62,991</u>	<u>\$ 75,623</u>	<u>\$ 200,459</u>	<u>\$ 14,926</u>	<u>\$ 87,991</u>	<u>\$ 394,772</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. In accordance with the City's investment policy, all security transactions must be secured by collateral having a value at least equal to the amount of such funds. The collateral shall only consist of securities in which Cities may invest, as provided in New Hampshire State law (RSA 368:57). The Trustees of Trust Funds do not have a policy regarding custodial credit risk.

Of the City's deposits with financial institutions at year end, \$34,403,872 was collateralized by securities held by the bank in the bank's name.

As of June 30, 2013, City investments in the following investment types were held by the same counterparty that was used to buy the securities:

Investment Type	Reported Amount
US Treasury notes	\$ 63,100
Government agency bonds	62,991
Municipal obligations	42,332
Corporate bonds	336,667
Equity securities	1,047,419
Foreign equity securities	50,249
Mutual funds	192,660
Money market funds	202,112
Repurchase agreement	2,001,247
	<u>\$ 3,998,777</u>

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. As of June 30, 2013, the City held \$50,249 in foreign equity securities. The City and the Trustees of Trust Funds do not have an investment policy for assurance against foreign currency risk.

NOTE 5—DUE FROM OTHER GOVERNMENTS

Receivables due from other governments at June 30, 2013 consist of various state and federal funding and other reimbursements. All receivables are considered collectible in full. The state aid grant reimbursements of the business-type activities are received over the life of the related debt and as such, are classified as current and noncurrent. A summary of the principal items of intergovernmental receivables is as follows:

Governmental activities:	
Community Development Block Grants	\$ 34,970
State and Federal public safety grants	169,532
School lunch program	99,220
State and Federal education grants	546,416
State of New Hampshire - Department of Transportation	137,882
State of New Hampshire - State revolving funds	1,968
State of New Hampshire - Department of Environmental Services	5,400
Business-type activities:	
State of New Hampshire - State revolving funds	25,281
State of New Hampshire - State Aid Grants	2,397,519
EPA STAG grant	31,171
Other miscellaneous grants and reimbursements	7,465
	<u>\$ 3,456,824</u>

NOTE 6—CAPITAL ASSETS

The following is a summary of changes in capital assets in the governmental funds:

	Balance <u>7/1/2012</u>	Additions	Reductions	Balance <u>6/30/2013</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 7,618,796	\$ 701,672	\$ (335,843)	\$ 7,984,625
Easements	1,067,330	354,920		1,422,250
Construction in process	4,532,162	3,296,435	(965,482)	6,863,115
Total capital assets not being depreciated	<u>13,218,288</u>	<u>4,353,027</u>	<u>(1,301,325)</u>	<u>16,269,990</u>
Other capital assets:				
Infrastructure	140,398,316	855,382		141,253,698
Land improvements	5,385,138	147,517		5,532,655
Buildings and improvements	64,404,787	795,594		65,200,381
Vehicles and equipment	15,962,578	1,416,307		17,378,885
Total other capital assets at historical cost	<u>226,150,819</u>	<u>3,214,800</u>	<u>-</u>	<u>229,365,619</u>

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Less accumulated depreciation for:				
Infrastructure	(98,890,353)	(3,324,931)		(102,215,284)
Land improvements	(3,087,342)	(191,528)		(3,278,870)
Buildings and improvements	(22,548,479)	(1,266,307)		(23,814,786)
Vehicles and equipment	(10,209,084)	(1,127,494)		(11,336,578)
Total accumulated depreciation	<u>(134,735,258)</u>	<u>(5,910,260)</u>	<u>-</u>	<u>(140,645,518)</u>
Total other capital assets, net	<u>91,415,561</u>	<u>(2,695,460)</u>	<u>-</u>	<u>88,720,101</u>
Total capital assets, net	<u>\$ 104,633,849</u>	<u>\$ 1,657,567</u>	<u>\$ (1,301,325)</u>	<u>\$ 104,990,091</u>

Depreciation was charged to functions as follows:

General government	\$ 262,388
Public safety	517,022
Highways and streets	3,582,611
Culture and recreation	53,941
Community services	21,549
Education	1,455,854
Food service	16,895
Total governmental activities depreciation expense	<u>\$ 5,910,260</u>

The following is a summary of changes in capital assets in the proprietary funds:

	Balance <u>7/1/2012</u>	Additions	Reductions	Balance <u>6/30/2013</u>
Business-type activities:				
Capital asset not depreciated:				
Land	\$ 3,480,989			\$ 3,480,989
Construction in process	12,436,323	\$ 3,275,846	\$ (3,035,612)	12,676,557
Total capital assets not being depreciated	<u>15,917,312</u>	<u>3,275,846</u>	<u>(3,035,612)</u>	<u>16,157,546</u>
Other capital assets:				
Infrastructure	45,093,957	728,319		45,822,276
Land improvements	53,600			53,600
Buildings and improvements	45,948,880	1,923,349		47,872,229
Vehicles and equipment	6,709,271	423,365		7,132,636
Total other capital assets at historical cost	<u>97,805,708</u>	<u>3,075,033</u>	<u>-</u>	<u>100,880,741</u>
Less accumulated depreciation for:				
Infrastructure	(13,652,631)	(852,435)		(14,505,066)
Land improvements	(44,600)	(2,000)		(46,600)
Buildings and improvements	(17,235,793)	(1,014,281)		(18,250,074)
Vehicles and equipment	(3,468,015)	(339,523)		(3,807,538)
Total accumulated depreciation	<u>(34,401,039)</u>	<u>(2,208,239)</u>	<u>-</u>	<u>(36,609,278)</u>
Total other capital assets, net	<u>63,404,669</u>	<u>866,794</u>	<u>-</u>	<u>64,271,463</u>
Total capital assets, net	<u>\$ 79,321,981</u>	<u>\$ 4,142,640</u>	<u>\$ (3,035,612)</u>	<u>\$ 80,429,009</u>

Depreciation was charged to proprietary funds as follows:

**CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013**

Sewer fund	\$ 1,102,561
Water fund	1,040,790
Nonmajor enterprise fund	<u>64,888</u>
Total business-type activities depreciation expense	<u>\$ 2,208,239</u>

NOTE 7—DEFINED BENEFIT PENSION PLAN

Plan Description

The City contributes to the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the NHRS Board of Trustees. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature. The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

Funding Policy

Covered police officers and fire employees are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas teachers and general employees are required to contribute 7.0% of their covered salary. The City is required to contribute at an actuarially determined rate. The City's contribution rates for the covered payroll of police officers, fire employees, teachers, and general employees were 19.95%, 22.89%, 11.30% and 8.80%, respectively. The City contributes 100% of the employer cost for police officers, fire employees, teachers, and general employees of the City.

Under State law (RSA-100:16), plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The City's contributions to the NHRS for the years ending June 30, 2013, 2012 and 2011 were \$4,943,244, \$4,914,886, and \$3,843,369, respectively, equal to the required contributions for each year.

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides postretirement medical benefits to its retired employees and their spouses. The following groups of retirees qualify for this benefit. Group I consists of general employees and teachers who are required to reach age 50 with 10 years of service, the rule of 70 with 20 years of service or age 60 with no service requirement to qualify for this benefit. Group I employees who are members of the New Hampshire Retirement System and hired on or after July 1, 2011 are required to reach age 60 with 30 years of service or age 65 with no service requirement. Group II consists of police officers and firefighters who are required to reach age 45 with 20 years of service or age 60 with no service requirement to qualify for this benefit. Group II employees who are members of the New Hampshire Retirement System and hired on or after July 1, 2011 are required to reach age 50 with 25 years of service or age 60 with no service requirement. Retirees pay the full cost of the health care coverage. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2012, the most recent full actuarial valuation date, approximately 59 retirees and 704 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Annual OPEB Costs

The City's fiscal year 2013 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of thirty years. The City's annual OPEB cost for the year ending June 30, 2013 including the amount actually contributed to the plan, and the change in the City's net OPEB obligation is as follows:

Annual Required Contribution (ARC)	\$ 1,269,757
Interest on Net OPEB obligation (NOO)	127,174
NOO amortization adjustment to ARC	<u>(120,457)</u>
Annual OPEB cost	1,276,474
Contributions made	<u>(406,199)</u>
Increase in Net OPEB obligation	870,275
Net OPEB obligation - beginning of year	<u>2,826,091</u>
Net OPEB obligation - end of year	<u><u>\$ 3,696,366</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30, 2013, 2012 and 2011 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 1,276,474	31.8%	\$ 3,696,366
6/30/2012	\$ 1,157,009	47.0%	\$ 2,826,091
6/30/2011	\$ 1,296,988	38.8%	\$ 2,213,078

The City's net OPEB obligation as of June 30, 2013 is recognized as a liability in these financial statements.

Funded Status and Funding Progress for OPEB

The funded status of the plan as of July 1, 2012, the date of the most recent full actuarial valuation, is as follows:

Actuarial Accrued Liability (AAL)	\$ 11,803,851
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 11,803,851</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. The total cost of providing post-employment benefits is projected, taking into account assumptions about current claim cost, turnover, mortality, health care trends, and other actuarial assumptions. Amounts determined regarding the funded status of the plan and the annual

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions for OPEB

Projections of benefits for financial reporting purposes are based on the plan as understood by the City and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the July 1, 2012 actuarial valuation the Projected Unit Credit cost method was used with linear proration to decrement. The actuarial value of assets was not determined as the City has not advanced funded its obligation. The City employs the Pay-as-you-go Cash Basis to fund the plan. The actuarial assumptions included a 4.5% investment rate of return and an inflation rate of 3.0%. The initial annual healthcare cost trend rate used was 9.0% which decreases to a 5.0% long-term rate for all healthcare benefits after eight years. The amortization costs for the initial Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll over a period of thirty years on an open group basis. This has been calculated assuming the amortization payment increases at a rate of 3.0% per year.

NOTE 9—GENERAL DEBT OBLIGATIONS

Changes in Long-Term Obligations

The changes in the City's long-term debt obligations for the year ended June 30, 2013 are as follows:

	Balance <u>7/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2013</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 44,159,266	\$ 3,896,698	\$ (8,282,643)	\$ 39,773,321	\$ 4,771,041
Unamortized bond premium	<u>277,966</u>	<u>110,975</u>	<u>(27,036)</u>	<u>361,905</u>	<u>39,661</u>
Total Bonds payable	44,437,232	4,007,673	(8,309,679)	40,135,226	4,810,702
Capital leases payable	-	158,361		158,361	32,250
Other long-term obligations	475,983	248,163		724,146	-
Compensated absences payable	<u>998,189</u>	<u>465,479</u>	<u>(334,769)</u>	<u>1,128,899</u>	<u>250,202</u>
Total governmental activities	<u>\$ 45,911,404</u>	<u>\$ 4,879,676</u>	<u>\$ (8,644,448)</u>	<u>\$ 42,146,632</u>	<u>\$ 5,093,154</u>
Business-type activities:					
Bonds payable	\$ 29,834,557	\$ 14,044,906	\$(13,137,398)	\$ 30,742,065	\$ 2,733,930
Unamortized bond premium	<u>30,401</u>	<u>535,538</u>	<u>(2,577)</u>	<u>563,362</u>	<u>97,051</u>
Total Bonds payable	29,864,958	14,580,444	(13,139,975)	31,305,427	2,830,981
Other long-term obligations	6,186,844	556,871	(5,426,604)	1,317,111	-
Compensated absences payable	<u>15,755</u>		<u>(3,065)</u>	<u>12,690</u>	<u>-</u>
Total business-type activities	<u>\$ 36,067,557</u>	<u>\$ 15,137,315</u>	<u>\$(18,569,644)</u>	<u>\$ 32,635,228</u>	<u>\$ 2,830,981</u>

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Payments on the general obligation bonds, capital leases and other long-term obligations of the governmental activities are paid out of the General Fund. Payments on the general obligation bonds and other long-term obligations of the business-type activities are paid out of the Sewer, Water and Arena Funds. Amortization of the governmental activities bond premiums is recognized as a component of interest expense on the Statement of Activities (Exhibit B). Amortization of the business-type activities bond premiums is recognized as a component of interest expense in the Sewer, Water and Arena Fund, as applicable, on the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds (Exhibit F). Compensated absences will be paid from the fund where the employee’s salary is paid.

General Obligation Bonds

Governmental Activities

Bonds payable at June 30, 2013 are comprised of the following individual issues:

	Original Issue Amount	Interest Rate	Final Maturity Date	Balance at 6/30/13
1995 Series bond issue	\$ 2,440,000	5.25-5.625%	August 2015	\$ 360,000
1996 Series bond issue	1,197,000	5.625-5.75%	August 2016	224,000
1997 Series bond issue	1,320,000	4.70-5.30%	August 2017	325,000
1998 Series A	1,779,000	3.90-4.75%	August 2018	457,561
2002 Series bond issue	6,383,000	4.25-4.70%	August 2022	3,133,000
2004 Series bond issue	11,169,735	3.10-4.75%	July 2024	1,490,000
2005 Series bond issue - 20 year	3,724,700	4.0-4.40%	January 2026	2,395,000
2005 Series bond issue - 15 year	285,000	4.0-4.25%	January 2021	145,000
2005 Series bond issue - 10 year	2,144,568	4.0-4.25%	January 2016	630,000
2005 Series bond issue - Honeywell	9,611,575	4.0-4.25%	January 2016	2,880,000
2005 QZAB	1,382,910	0%	December 2020	737,552
Refinancing bonds 2007 - 13 year	3,670,314	5.50-5.80%	August 2020	2,785,507
2008 Series bond issue - 20 year	9,593,958	3.0-5.0%	February 2028	7,181,201
2008 Series bond issue - 10 year	315,380	5.25-6.50%	February 2018	157,125
2008 Series bond issue - 10 year	2,631,970	3.0-5.0%	February 2018	1,312,309
2008 Series A NIIMBB - 20 year	692,995	4.0-5.25%	August 2028	555,000
2010 Series bond issue - 5 year	171,291	2.0-2.25%	January 2015	65,485
2010 Series bond issue - 10 year	1,990,997	2.0-3.25%	January 2020	1,376,079
2010 Series bond issue - 20 year	2,863,883	2.0-4.0%	January 2030	2,441,304
2012 Series B bond issue - 20 year	5,000,000	1.0-3.25%	March 2032	5,000,000
2012 Series A bond issue - 20 year	2,197,541	2.0-3.0%	March 2032	2,080,500
2012 Series A bond issue - 10 year	160,747	2.0-3.0%	March 2022	145,000
2013 Series A - Refunding 2004 bonds	3,896,698	2.0-3.0%	July 2024	3,896,698
	<u>\$ 74,623,262</u>			39,773,321
			Add: <i>Unamortized bond premiums</i>	361,905
			Totals	<u>\$ 40,135,226</u>

Debt service requirements to retire general obligation bonds outstanding at June 30, 2013 are as follows:

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 4,771,041	\$ 1,363,571	\$ 6,134,612
2015	4,748,745	1,198,855	5,947,600
2016	4,344,186	1,031,696	5,375,882
2017	3,040,481	877,467	3,917,948
2018	2,971,515	765,132	3,736,647
2019-2023	11,219,575	2,540,019	13,759,594
2024-2028	6,551,877	1,008,449	7,560,326
2029-2032	2,125,901	158,852	2,284,753
Sub-total Bonds payable	39,773,321	8,944,041	48,717,362
Add: <i>Unamortized bond premiums</i>	361,905	-	361,905
Total Bonds payable	<u>\$ 40,135,226</u>	<u>\$ 8,944,041</u>	<u>\$ 49,079,267</u>

As included on the Statement of Activities (Exhibit B) as 'Debt service' expense, interest expense for the year ended June 30, 2013 was \$1,638,980 on general obligation debt for the governmental activities.

Business-type Activities

Bonds payable at June 30, 2013 are comprised of the following individual issues:

	Original Issue <u>Amount</u>	Interest <u>Rate</u>	Maturity <u>Date</u>	Balance at <u>6/30/13</u>
1996 Series bond issue	\$ 280,000	5.625-5.75%	August 2016	\$ 56,000
1998 Series A	871,000	3.90-4.75%	August 2018	322,440
2002 Series bond issue	2,253,000	4.25-4.70%	August 2022	1,078,000
2004 Series bond issue	2,181,000	3.10-4.75%	July 2024	220,000
2005 Series bond issue	261,015	4.0-4.40%	January 2026	155,000
2005 State Revolving loan	716,020	3.18%	January 2015	143,204
2006 State Revolving loan	879,685	3.488%	August 2025	571,796
2007 State Revolving loan	341,373	3.352%	July 2027	275,845
2007 State Revolving loan	483,988	3.352%	September 2026	348,251
Refinancing bonds 2007 - 13 year	809,685	5.50-5.80%	August 2020	614,493
2008 Series bond issue - 20 year	5,536,042	3.0-5.0%	February 2028	4,143,799
2008 Series bond issue - 10 year	1,079,620	5.25-6.50%	February 2018	537,875
2008 Series bond issue - 10 year	948,029	3.0-5.0%	February 2018	472,691
2009 State Revolving loan	1,852,387	3.688%	December 2027	1,389,290
2009 State Revolving loan	1,335,120	3.488%	August 2028	1,068,096
2010 State Revolving loan	627,000	2.952%	February 2029	509,188
2010 Series bond issue - 5 year	101,663	2.0-2.25%	January 2015	38,866
2010 Series bond issue - 10 year	852,568	2.0-3.25%	January 2020	674,321
2010 Series bond issue - 20 year	3,240,757	2.0-4.0%	January 2030	2,803,944
2011 Round Pond Land Purchase	375,000	0%	January 2030	262,500
2012 State Revolving loan - 010-05	1,997,523	2.864%	December 2030	1,890,270
2012 Series A bond issue - 20 year	946,711	2.0-3.0%	March 2032	914,500

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

2013 State Revolving loan - 010-07	3,381,909	3.104%	September 2031	1,690,935
2013 State Revolving loan - 122-11	1,398,348	2.72%	February 2032	1,328,430
2013 State Revolving loan - 122-09	646,346	3.104%	July 2031	614,029
2013 Series B - Refunding SRF bonds	7,480,000	2.0-4.0%	August 2020	7,480,000
2013 Series A - Refunding 2004 bonds	1,138,302	2.0-3.0%	July 2024	1,138,302
	<u>\$ 42,014,091</u>			30,742,065
			<i>Add: Unamortized bond premiums</i>	563,362
			Totals	<u>\$ 31,305,427</u>

Debt service requirements to retire general obligation bonds outstanding, net of principal forgiveness from the State of New Hampshire to be forgiven over a period of 10 to 20 years from the start of the individual State Revolving Loan Funds of \$412,884 at June 30, 2013 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,733,930	\$ 958,099	\$ 3,692,029
2015	2,722,510	920,751	3,643,261
2016	2,627,624	837,011	3,464,635
2017	2,627,876	750,256	3,378,132
2018	2,593,515	663,131	3,256,646
2019-2023	9,533,033	2,171,358	11,704,391
2024-2028	5,624,150	907,278	6,531,428
2029-2032	1,866,543	125,572	1,992,115
	<u>30,329,181</u>	<u>7,333,456</u>	<u>37,662,637</u>
<i>Add: Principal forgiveness</i>	412,884	-	412,884
Sub-total Bonds payable	30,742,065	7,333,456	38,075,521
<i>Add: Unamortized bond premiums</i>	563,362	-	563,362
Total Bonds payable	<u>\$ 31,305,427</u>	<u>\$ 7,333,456</u>	<u>\$ 38,638,883</u>

The State of New Hampshire annually reimburses the City for its share of sewer related debt service payments. For the year ended June 30, 2013, the reimbursement was \$406,085.

As included on the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds (Exhibit F), interest expense for the year ended June 30, 2013 was \$1,324,957 on general obligation debt for business-type activities. Interest incurred for the year ended June 30, 2013 of the business-type activities in the amount of \$5,317, was capitalized during the construction phase of capital assets.

Capital Lease Obligations

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. The following is the individual capital lease obligation of the governmental activities at June 30, 2013:

Office equipment, due in annual installments of \$33,668, including interest of 2.68%, through August 2017	<u>\$ 158,361</u>
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CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Debt service requirements to retire capital lease obligations outstanding for governmental activities at June 30, 2013 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 32,250	\$ 1,418	\$ 33,668
2015	30,288	3,380	33,668
2016	31,100	2,568	33,668
2017	31,934	1,734	33,668
2018	32,789	879	33,668
	<u>\$ 158,361</u>	<u>\$ 9,979</u>	<u>\$ 168,340</u>

Other Long-Term Obligations

The City has drawn \$2,041,257 of approximately \$3,285,000 in funds under the State of New Hampshire Water Pollution Control and Drinking Water State Revolving Loan Fund Programs for various improvement projects for the Washington Street Phase IV Sewer and Water Main Upgrades and the Route 125 Pumping Station Upgrade. Payments are not scheduled to commence until the first anniversary of the scheduled completion dates of the related projects or the date of substantial completion, whichever is earliest. Interest is accrued at 1% during the construction period of the project and is to be paid upon completion of the construction project within the following year. Total funding to date of \$724,146 and \$1,317,111 has been reported as 'Other long-term obligations' in the governmental and business-type activities, respectively.

As authorized by the American Recovery and Reinvestment Act, the City shall be provided federal financial assistance for the Washington Street Phase IV Sewer Upgrade and Washington Street Phase IV Water Main Upgrade projects, whereby a portion of the principal sum, not to exceed \$1,102,500 and \$230,000, respectively, or 50% of aggregate disbursements, whichever is less, will be forgiven. The principal forgiveness will be applied at the time of the initial loan repayment.

Additionally, as authorized by the Water Pollution Control Revolving Fund Program, the City shall be provided federal financial assistance for the Route 125 Pump Station Upgrade, whereby a portion of the principal sum, not to exceed \$136,250 or 25% of aggregate disbursements, whichever is less, will be forgiven. The principal forgiveness will be applied at the time of the initial loan repayment.

Authorized and Unissued Debt

The following debt was authorized and unissued as of June 30, 2013:

<u>Purpose</u>	<u>Amount</u>	<u>Total</u>
Governmental Funds:		
City General FY 2004 Authorized	\$ 41,840	
City General FY 2005 Authorized	301,496	
City General FY 2006 Authorized	241,795	
City General FY 2007 Authorized	1,187,300	
City General FY 2008 Authorized	200,000	
City General FY 2009 Authorized	1,950,000	

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Governmental Funds (continued):		
City General FY 2010 Authorized	1,460,000	
City General FY 2011 Authorized	758,616	
City General FY 2012 Authorized	3,224,058	
City General FY 2013 Authorized	2,900,000	
School FY 2008 Authorized	275,000	
School FY 2009 Authorized	50,000	
School FY 2011 Authorized	435,000	
School FY 2012 Authorized	368,155	
School FY 2013 Authorized	<u>736,000</u>	
Total Governmental Funds		<u>\$ 14,129,260</u>
Business-type Funds:		
Sewer FY 2004 Authorized	109,926	
Sewer FY 2005 Authorized	379,370	
Sewer FY 2007 Authorized	651,322	
Sewer FY 2008 Authorized	10,000	
Sewer FY 2009 Authorized	1,780,000	
Sewer FY 2010 Authorized	575,000	
Sewer FY 2011 Authorized	725,000	
Sewer FY 2012 Authorized	1,129,575	
Sewer FY 2013 Authorized	3,688,018	
Water FY 2003 Authorized	146,000	
Water FY 2004 Authorized	150,000	
Water FY 2005 Authorized	2,477	
Water FY 2006 Authorized	258,160	
Water FY 2007 Authorized	269,811	
Water FY 2008 Authorized	136,574	
Water FY 2009 Authorized	1,224,019	
Water FY 2010 Authorized	100,000	
Water FY 2011 Authorized	1,275,000	
Water FY 2012 Authorized	2,719,900	
Water FY 2013 Authorized	<u>2,453,650</u>	
Total Business-type Funds		<u>17,783,802</u>
Combining Total		<u>\$ 31,913,062</u>

Available Debt Margin

The City is subject to State statute which limits debt outstanding to a percentage (dependent upon purpose) of a valuation calculation made annually by the State. As of June 30, 2013, the City had the following available debt margins:

	% of Assessed Valuation	Statutory Limit	Net Debt Outstanding	Available Debt Margin	Authorized and Unissued	Available Debt Limit
School	7.0%	\$ 141,922,490	\$ 10,903,108	\$ 131,019,382	\$ 1,864,155	\$ 129,155,227
Water	10.0%	\$ 202,746,413	\$ 13,843,439	\$ 188,902,974	\$ 8,735,591	\$ 180,167,383
All other	3.0%	\$ 60,823,924	\$ 24,712,958	\$ 36,110,966	\$ 12,265,105	\$ 23,845,861

Per State law, debt incurred for sewer expansion is not included in the limitation calculations.

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

Overlapping Debt

The City's proportionate share of debt of other governmental units which provide services within the City's boundaries, and which must be borne by the resources of the City, is summarized below (unaudited):

<u>Related Entity</u>	<u>Total Principal</u>	<u>City's Percent</u>	<u>City's Share</u>
Strafford County	\$ 16,210,000	20.5189%	\$ 3,326,114

This liability is appropriately not reported in the accompanying financial statements.

NOTE 10—REFUNDING OF DEBT

Current Refunding

During the year ending June 30, 2013, the City issued \$7,480,000 of general obligation bonds in the Sewer Fund to affect a current refunding for \$7,693,026 of outstanding bonds (old debt). Net refunding proceeds of \$7,952,042 were used to retire old debt principal of \$7,693,026, old debt interest of \$222,684, cover bond issuance costs of \$35,861, with additional proceeds of \$471. As a result, this old debt is considered to be defeased, and the liability for those outstanding bonds has been removed from the Statement of Net Position.

The current refunding of debt resulted in an economic gain of \$502,464. The City in effect, reduced its aggregate debt service payments by \$530,524 over the next eight years through the current refunding.

Advance Refunding

During the year ending June 30, 2013, the City issued \$5,035,000 of general obligation bonds in the Governmental Activities (\$3,896,698), the Sewer Fund (\$873,581) and the Water Fund (\$264,721) to advance refund \$4,755,000 of outstanding bonds (old debt) in the Governmental Activities (\$3,680,000), the Sewer Fund (\$825,000) and the Water Fund (\$250,000). Net refunding proceeds of \$5,153,154 were used to cover bond issuance costs of \$24,139, additional proceeds of \$3,074 and the remaining balance of \$5,125,941 was placed into an irrevocable trust (restricted refunding escrow account) to provide for retirement of the old debt with a call date of July 15, 2014. As a result, this old debt is considered to be defeased, and the liability for those outstanding bonds has been removed from the Statement of Net Position. Accordingly, the irrevocable trust account assets and the liabilities for the defeased bonds are not included in the City's financial statements.

The advance refunding of debt resulted in an economic gain of \$466,754. The City in effect, reduced its aggregate debt service payments by \$511,069 over the next twelve years through the advance refunding.

NOTE 11—INTERFUND BALANCES AND TRANSFERS

The City has combined the cash resources of its governmental and proprietary fund types. For accounting and reporting purposes, that portion of the pooled cash balance is reposted in the specific fund as an interfund balance. Interfund balances at June 30, 2013 are as follows:

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013

	Due from					Totals
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water Fund	Nonmajor Enterprise Fund	
Due to General Fund		\$ 4,248,977	\$ 754,406	\$ 799,657	\$ 28,939	\$ 5,831,979
Nonmajor Governmental Funds	\$ 1,245,416					1,245,416
Sewer Fund	2,607,694			55,991		2,663,685
	<u>\$ 3,853,110</u>	<u>\$ 4,248,977</u>	<u>\$ 754,406</u>	<u>\$ 855,648</u>	<u>\$ 28,939</u>	<u>\$ 9,741,080</u>

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2013 are as follows:

	Transfers out				Totals
	General Fund	Capital Projects Fund	Sewer Fund	Water Fund	
Transfers in General Fund		\$ 390,457	\$ 1,896	\$ 1,896	\$ 394,249
Capital Projects Fund	\$ 3,147,484				3,147,484
Nonmajor Governmental Funds	12,180				12,180
Sewer Fund	68,948				68,948
Water Fund	171,903				171,903
	<u>\$ 3,400,515</u>	<u>\$ 390,457</u>	<u>\$ 1,896</u>	<u>\$ 1,896</u>	<u>\$ 3,794,764</u>

NOTE 12—RESTRICTED NET POSITION

Net position is restricted for specific purposes as follows:

Permanent funds - Endowments	\$ 60,532
Permanent funds - Income	18,727
Community development	53,763
Public safety grant funds	6,659
School grant funds	5,533
Other grant funds	10,282
Granite State Business Park TIF District	610,146
Per Exhibit A	<u>\$ 765,642</u>

NOTE 13—COMPONENTS OF FUND BALANCE

The components of the City's fund balance for its governmental funds at June 30, 2013 are as follows:

Fund Balances	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>				
Prepaid expenses	\$ 64,878			\$ 64,878
Endowments			\$ 60,532	60,532
Inventory			22,128	22,128

**CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2013**

<i>Restricted for:</i>			
Permanent funds		18,727	18,727
Community development		53,763	53,763
Public safety grants		6,659	6,659
School grants		5,533	5,533
Other grants		10,282	10,282
Granite State Business Park TIF District		610,146	610,146
<i>Committed for:</i>			
Conservation	537,244		537,244
Community Center		236,246	236,246
<i>Assigned for:</i>			
Economic development	102,781		102,781
Computer purchases	20,000		20,000
Planning		17,847	17,847
Food service operations		22,469	22,469
<i>Unassigned (deficit):</i>			
Unassigned - General operations	13,303,285		13,303,285
Capital Projects		\$ (5,074,766)	(5,074,766)
	<u>\$ 14,028,188</u>	<u>\$ (5,074,766)</u>	<u>\$ 10,017,754</u>

NOTE 14—CONTINGENT LIABILITIES

Litigation

There are various claims and suits pending against the City, which arise in the normal course of the City's activities. In the opinion of legal counsel and City management, the potential claims against the City, which are not covered by insurance are immaterial and would not affect the financial position of the City.

Federal Grants

The City participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

SCHEDULE I
CITY OF ROCHESTER, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 51,200,687	\$ 51,200,687	\$ 51,595,952	\$ 395,265
Licenses and permits	3,995,050	3,995,050	4,337,076	342,026
Intergovernmental	25,980,876	25,980,876	26,190,734	209,858
Charges for services	3,146,703	3,227,203	3,426,784	199,581
Interest income	45,000	45,000	81,347	36,347
Miscellaneous	510,063	540,478	502,965	(37,513)
Total Revenues	<u>84,878,379</u>	<u>84,989,294</u>	<u>86,134,858</u>	<u>1,145,564</u>
Expenditures:				
Current operations:				
General government	4,033,920	4,033,920	3,738,966	294,954
Public safety	11,255,817	11,336,317	10,962,447	373,870
Highways and streets	2,713,710	2,713,710	2,580,697	133,013
Health and welfare	426,100	426,100	363,857	62,243
Culture and recreation	1,713,081	1,713,771	1,661,530	52,241
Community development	260,163	260,588	253,577	7,011
Education	52,947,215	52,947,215	52,561,813	385,402
Debt service:				
Principal retirement	4,616,709	4,616,709	4,602,642	14,067
Interest and fiscal charges	1,657,292	1,657,292	1,637,227	20,065
Intergovernmental	5,601,590	5,601,590	5,601,590	-
Total Expenditures	<u>85,225,597</u>	<u>85,307,212</u>	<u>83,964,346</u>	<u>1,342,866</u>
Excess of revenues over (under) expenditures	<u>(347,218)</u>	<u>(317,918)</u>	<u>2,170,512</u>	<u>2,488,430</u>
Other financing sources (uses):				
Transfers in	294,000	294,000	293,792	(208)
Transfers out	(2,125,200)	(2,164,500)	(2,381,692)	(217,192)
Total other financing sources (uses)	<u>(1,831,200)</u>	<u>(1,870,500)</u>	<u>(2,087,900)</u>	<u>(217,400)</u>
Net change in fund balance	<u>(2,178,418)</u>	<u>(2,188,418)</u>	<u>82,612</u>	<u>2,271,030</u>
Fund balances at beginning of year				
- Budgetary Basis	<u>14,497,809</u>	<u>14,497,809</u>	<u>14,497,809</u>	<u>-</u>
Fund balances at end of year				
- Budgetary Basis	<u>\$ 12,319,391</u>	<u>\$ 12,309,391</u>	<u>\$ 14,580,421</u>	<u>\$ 2,271,030</u>

See accompanying notes to the required supplementary information

SCHEDULE 2
CITY OF ROCHESTER, NEW HAMPSHIRE
Schedule of Funding Progress for Other Post-Employment Benefits
For the Year Ended June 30, 2013

<u>Fiscal Year Ended</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2012	\$ -	\$ 11,803,851	\$ 11,803,851	0.0%	N/A	N/A
7/1/2011	\$ -	\$ 10,966,032	\$ 10,966,032	0.0%	\$ 41,460,481	26.4%
7/1/2010	\$ -	\$ 12,231,226	\$ 12,231,226	0.0%	\$ 40,252,894	30.4%

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

General Fund

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the City. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Additionally, budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for non-budgetary activity, budgetary transfers out, capital lease proceeds, and bond refunding proceeds and payments as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 91,779,578	\$ 91,664,449
Difference in property taxes meeting susceptible to accrual criteria	(477,897)	
Non-budgetary revenues and expenditures	(606,540)	(133,554)
Non-budgetary transfers in and out	(100,457)	(1,028,823)
Budgetary transfers out		10,000
Capital lease proceeds	(158,361)	(158,361)
Bond refunding proceeds and payments	<u>(4,007,673)</u>	<u>(4,007,673)</u>
Per Schedule 1	<u>\$ 86,428,650</u>	<u>\$ 86,346,038</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at June 30, 2013 are as follows:

<i>Nonspendable:</i>	
Prepaid expenses	\$ 64,878
<i>Assigned for:</i>	
Computer purchases	20,000
<i>Unassigned:</i>	
Unassigned - General operations	<u>14,495,543</u>
	<u>\$ 14,580,421</u>

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
June 30, 2013

**NOTE 3—SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT
BENEFITS**

In accordance with GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, the City is required to disclose the schedule of funding progress for each of the three most recent actuarial valuations. The City implemented the provisions of GASB Statement #45 during the year ended June 30, 2009. Accordingly, the funding progress has been presented for the three most recent actuarial valuation reports.

SCHEDULE I
CITY OF ROCHESTER, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF AGRICULTURE		
Pass Through Payments from the New Hampshire		
Department of Education		
School Breakfast Program	10.553	\$ 188,156
National School Lunch Program	10.555	901,882
Special Milk Program for Children	10.556	802
Summer Food Service Program for Children	10.559	29,573
Fresh Fruit and Vegetable Program	10.582	<u>84,407</u>
Total Department of Agriculture		<u>1,204,820</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Received directly from U.S. Treasury Department		
Community Development Block Grants/Entitlement Grants		
#BC-11-MC-33-0004	14.218	138,005
#BC-12-MC-33-0004		<u>88,200</u>
		<u>226,205</u>
Pass Through Payments from the New Hampshire		
Community Development Finance Authority		
Community Development Block Grants/State's Program and		
Non-Entitlement Grants in Hawaii		
#09-216-NSPH	14.228	<u>409</u>
Pass Through Payments from the Rochester Housing Authority		
Public Housing Capital Fund		
#N1136P00850113	14.872	<u>42,179</u>
Total Department of Housing and Urban Development		<u>268,793</u>
DEPARTMENT OF JUSTICE		
Pass Through Payments from the New Hampshire		
Office of the Governor and Attorney General		
Missing Children's Assistance		
#2012-MC-CX-K034	16.543	<u>1,558</u>
Pass Through Payments from the Department of Justice		
Through the County of Strafford, New Hampshire		
Bulletproof Vest Partnership Program		
#2010-BU-BX-1005-2433	16.607	<u>2,721</u>
Received directly from U.S. Treasury Department		
Bulletproof Vest Partnership Program		
#2012-BU-BX-1206-3374	16.607	<u>1,198</u>

See notes to schedule of expenditures of federal awards

SCHEDULE I
CITY OF ROCHESTER, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF JUSTICE (CONTINUED)		
Received directly from U.S. Treasury Department		
Public Safety Partnership and Community Policing Grants #2009-CK-WX-0093	16.710	10,827
#2009-CK-WX-0715		26,110
		<u>36,937</u>
Received directly from U.S. Treasury Department		
Public Safety Partnership and Community Policing Grants, Recovery Program #2009-RK-WX-0616	16.710	119,804
Pass Through Payments from the Department of Justice Through the County of Strafford, New Hampshire		
Edward Byrne Memorial Justice Assistance Grant Program #2012-DJ-BX-0971	16.738	12,837
Pass Through Payments from the New Hampshire Department of Justice		
Edward Byrne Memorial Justice Assistance Grant Program #2010-DJ-BX-0799	16.738	30,000
Pass Through Payments from the Department of Justice Through the County of Strafford, New Hampshire		
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government #2009-SB-B9-2452	16.804	173
Received directly from U.S. Treasury Department		
Organized Crime Drug Enforcement Task Forces #NE-ME-98	16.NE-ME-98	11,000
Total Department of Justice		<u>216,228</u>
DEPARTMENT OF TRANSPORTATION		
Pass Through Payments from the New Hampshire Department of Transportation		
Highway Planning and Construction #X-A002(320), 14350	20.205	869
#X-A002(377), 22712		41,562
		<u>42,431</u>
Pass Through Payments from the New Hampshire Highway Safety Agency		
State and Community Highway Safety #314-13A-002	20.600	607
#315-13A-094		818
		<u>1,425</u>
Alcohol Impaired Driving Countermeasures Incentive Grants		
#308-13A-028	20.601	997
#315-13A-095		1,437
		<u>2,434</u>
Total Department of Transportation		<u>46,290</u>

See notes to schedule of expenditures of federal awards

SCHEDULE 1
CITY OF ROCHESTER, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
ENVIRONMENTAL PROTECTION AGENCY		
Pass Through Payments from the New Hampshire Department of Environmental Services		
Congressionally Mandated Projects #EM-971653-01	66.202	<u>31,171</u>
Capitalization Grants for Clean Water State Revolving Funds #CS-330122-12	66.458	<u>2,328</u>
Capitalization Grants for Clean Water State Revolving Funds - ARRA #CS-333122-10/103	66.458	<u>275,468</u>
Capitalization Grants for Drinking Water State Revolving Funds - ARRA #2001010-08	66.468	<u>120,129</u>
Total Environmental Protection Agency		<u>429,096</u>
DEPARTMENT OF EDUCATION		
Pass Through Payments from the New Hampshire Department of Education		
Adult Education - Basic Grants to States #37307	84.002	<u>20,405</u>
Title I Grants to Local Educational Agencies #20123	84.010	156,649
#20287		12,490
#20289		41
#30123		1,174,806
#30291		9,598
#31518		6,786
#32695		8,200
		<u>1,368,570</u>
Special Education - Grants to States #22557	84.027	5,126
#32511		996,684
		<u>1,001,810</u>
Career and Technical Education - Basic Grants to States #25032	84.048	1,972
#35032		129,641
		<u>131,613</u>
Special Education - Preschool Grants #22557	84.173	249
#32511		38,947
		<u>39,196</u>
Education for Homeless Children and Youth #20702	84.196	2,674
#30702		83,407
		<u>86,081</u>

See notes to schedule of expenditures of federal awards

SCHEDULE I
CITY OF ROCHESTER, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Expenditures
DEPARTMENT OF EDUCATION (CONTINUED)		
English Language Acquisition State Grants	84.365	
#10807		4,433
#20807		<u>3,632</u>
		<u>8,065</u>
Mathematics and Science Partnerships	84.366	
#25192		184,517
#35192		<u>233,956</u>
		<u>418,473</u>
Improving Teacher Quality State Grants	84.367	
#14922		4,000
#24922		65,115
#34922		<u>187,494</u>
		<u>256,609</u>
Total Department of Education		<u>3,330,822</u>
DEPARTMENT OF HOMELAND SECURITY		
Pass Through Payments from the New Hampshire Department of Homeland Security and Emergency Management Emergency Management Performance Grants	97.042	
#2011-EP-00023-S01		29,256
#23EM118092		<u>4,325</u>
		<u>33,581</u>
Received directly from U.S. Treasury Department Assistance to Firefighters Grant	97.044	
#EMW-2012-FO-02361		<u>97,658</u>
Pass Through Payments from the New Hampshire Department of Homeland Security and Emergency Management Homeland Security Grant Program	97.067	
#2007-GE-T7-0053		1,832
#2009-GE-T9-0078		<u>73,154</u>
		<u>74,986</u>
Total Department of Homeland Security		<u>206,225</u>
Total Expenditures of Federal Awards		<u>\$ 5,702,274</u>

See notes to schedule of expenditures of federal awards

CITY OF ROCHESTER, NEW HAMPSHIRE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

NOTE 1—GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Rochester, New Hampshire. The City of Rochester, New Hampshire's reporting entity is defined in Note 1 to the City's basic financial statements. All federal funds are included on the schedule.

NOTE 2—BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

NOTE 3—NON-CASH TRANSACTIONS

The City participates in the USDA Food Distribution Program which is a non-cash program. On the Schedule of Expenditures of Federal Awards, \$95,468 has been reported as part of the National School Lunch Program which represents the value of commodities received by the City.

NOTE 4—RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The recognition of expenditures of federal awards has been reported in the City's basic financial statements as intergovernmental revenues in the governmental funds and capital contributions in the proprietary funds as follows:

Major Governmental Fund:	
Capital Projects Fund	\$ 42,430
Nonmajor Governmental Funds	5,135,280
Major Proprietary Fund:	
Sewer Fund	<u>31,171</u>
	<u>\$ 5,208,881</u>

The recognition of expenditures of federal awards in the amounts of \$275,468 and \$120,129 represent fifty percent of the drawdowns from the Clean Water and Drinking Water State Revolving Loan Fund Programs, respectively. As authorized by the American Recovery and Reinvestment Act, federal financial assistance in the form of principal forgiveness not to exceed \$1,102,500 and \$230,000, respectively, or 50% of aggregate disbursements, whichever is less, will be forgiven at the time of the initial loan repayment.

Additionally, the recognition of expenditures of federal awards in the amount of \$2,328 represents twenty-five percent of the drawdowns from the Clean Water State Revolving Loan Fund Program. Federal financial assistance in the form of principal forgiveness not to exceed \$136,250 or 25% of aggregate disbursements, whichever is less, will be forgiven at the time of the initial loan repayment.



CERTIFIED PUBLIC ACCOUNTANTS
608 Chestnut Street • Manchester, New Hampshire 03104
(603) 622-7070 • Fax: (603) 622-1452 • www.vachonclukay.com

**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, 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, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Rochester, New Hampshire's basic financial statements, and have issued our report thereon dated January 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Rochester, New Hampshire'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 of Rochester, New Hampshire's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Rochester, New Hampshire'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.

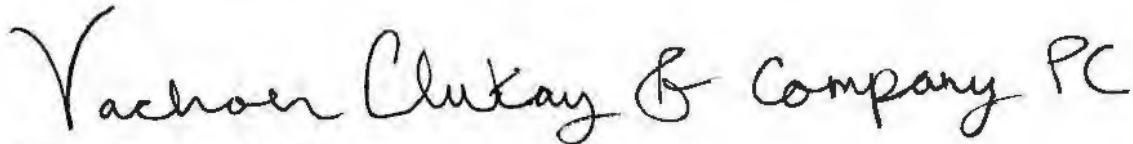
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 of Rochester, New Hampshire'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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vachon Clukay & Company PC". The signature is written in a cursive, flowing style.

Manchester, New Hampshire
January 31, 2014



CERTIFIED PUBLIC ACCOUNTANTS
608 Chestnut Street • Manchester, New Hampshire 03104
(603) 622-7070 • Fax: (603) 622-1452 • www.vachonclukay.com

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Independent Auditor's 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 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 of Rochester, New Hampshire's major federal programs for the year ended June 30, 2013. The City of Rochester, New Hampshire's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 of Rochester, New Hampshire'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 of Rochester, New Hampshire'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 of Rochester, New Hampshire's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Rochester, New Hampshire 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.

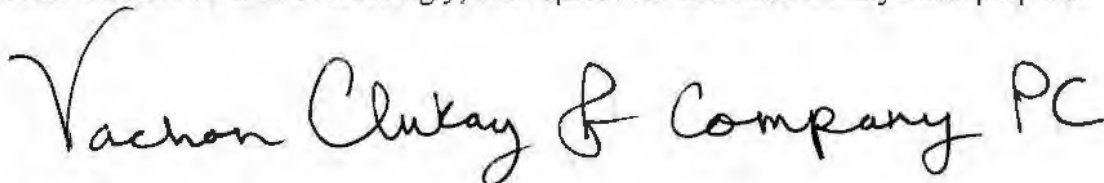
Report on Internal Control Over Compliance

Management of the City of Rochester, New Hampshire 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 of Rochester, New Hampshire'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 of Rochester, New Hampshire'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.



Manchester, New Hampshire
January 31, 2014

**City of Rochester, New Hampshire
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

Section I--Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified—all reporting units
 Internal control over financial reporting:
 Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified
 not considered to be material weaknesses? _____ yes X none reported
 Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified
 not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.710	Public Safety Partnership and Community Policing Grants
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and B program: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II--Financial Statement Findings

There were no findings relating to the financial statements required to be reported by GAGAS.

Section III--Federal Award Findings and Questioned Costs

There were no findings and questioned costs required to be reported under OMB Circular A-133 .510(a).

**City of Rochester, New Hampshire
For the Year Ended June 30, 2013**

Required Communications to Those Charged with Governance

Professional standards established by the American Institute of Certified Public Accountants (AICPA) require independent auditors to communicate certain matters directly to the Mayor, City Council or an appropriate committee of the City. This information is intended solely for the use of the Mayor, City Council and management and is not intended to be or should not be used by anyone other than those specified parties. These communications are as follows:

Requirements	Response
<p>The level of responsibility we assume in an audit.</p> <p>In addition to the above:</p> <p>GAGAS (Single Audit requirement)</p>	<p>Performing the audit in accordance with auditing standards generally accepted in the United States of America.</p> <p>Expressing opinions as to the fairness with which the City's financial statements are presented in all material respects in conformity with accounting principles generally accepted in the United States of America.</p> <p>We considered the internal controls developed by the City.</p> <p>We considered the internal control over compliance with the requirements that could have a direct material effect on a major program in order to determine our audit procedures and to test the internal control over compliance. We used applicable compliance supplements to make the above determination.</p>
<p>Management is responsible for the selection and use of appropriate accounting policies. We discussed our judgments about the quality of accounting principles selected, the consistence in their application and the clarity in presentation including judgments and uncertainties.</p>	<p>These are described in Note 1 of the financial statements.</p>
<p>Changes in existing accounting policies and/or the adoption of new policies.</p>	<p>During the year ended June 30, 2013, the City adopted and implemented the following Governmental Accounting Standards Board Statements:</p> <p><i>GASB #63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position</i></p> <p><i>GASB #65 - Items Previously Reported as Assets and Liabilities</i></p>
<p>Transactions identified with lack of authoritative guidance or consent and related alternative treatments discussed with management.</p>	<p>Nothing came to our attention.</p>
<p>Transactions were recorded in the proper accounting period.</p>	<p>Nothing came to our attention.</p>

**City of Rochester, New Hampshire
For the Year Ended June 30, 2013**

Required Communications to Those Charged with Governance (Continued)

Significant accounting estimates that are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.	Overall we believe management's estimations process to be appropriate and conservative.
Certain financial statement disclosures are particularly sensitive to financial statement users. Significant disclosures not made are:	Nothing came to our attention.
We performed the audit according to planned scope and timing previously communicated to you.	Engagement letter dated October 18, 2013.
Significant audit adjustments.	None.
Uncorrected misstatements as part of the audit.	None.
Material weaknesses or significant deficiencies in internal controls noted during the audit.	Nothing came to our attention.
The nature of significant disagreements with management on financial accounting matters or auditing procedures.	Nothing came to our attention.
Any difficulties encountered in dealing with management that affected the performance of the audit.	Management has been extremely cooperative throughout the audit.
Formal opinions management obtained from other independent accountants on significant accounting issues.	Management did not make us aware of any.
Major accounting or auditing issues discussed with management prior to being retained as auditors.	None.
We obtained certain representations from management which we consider to be additions to our standard letter, these are:	None.
Fraud involving management that caused a material misstatement to the financial statements.	Nothing came to our attention.
Independence issues.	We are not aware of any instances that we believe would impact our independence.

Chapter Six

Useful Contacts

6.1 Department Contacts:

City of Rochester - main line (hours of operation Mon - Fri 8am - 5pm)	603-335-7500
Arena	603-335-6749
Assessing	603-332-5109
Auto Registration	603-332-1136
Business Office	603-335-7602
City Clerk	603-335-2130
City Manager	603-332-1167
Code Enforcement/Building Safety	603-332-3508
Corporate Ethice & Compliance Helpline	603-509-1905
Economic Development	603-335-7522
Finance	603-335-7609
Fire Department - Main Station	603-335-7545
Fire Department - Gonic Station	603-332-6416
Human Resources	603-335-7503
Library (hours M-Th 9am - 8:30pm, Fri 9am - 5pm, Sat 9am - 4pm)	603-332-1428
MIS (Municipal Information Systems)	603-335-7588
Planning	603-335-1338
Police Department	
Emergency	911
Dispatch - Auto attendant	603-330-7127
Dispatch - non-emergency	603-330-7128
Public Works	603-332-4096
Recreation	603-332-4120
Tax Collector	603-332-1136
Utility Billing	603-332-3110
Wastewater Facility	603-332-8950
Water Treatment Facility	603-335-4291
Welfare	603-332-3505

6.2 Other Frequently Requested Numbers:

Court House	855-212-1234
Department of Health & Human Services	603-332-9120
Dover Adult Learning Center	603-335-6200
Information /Operator	411
Metrocast	603-332-5466
Rochester Chamber of Commerce	603-332-5080
Rochester Housing Authority	603-332-4126
Rochester Main Street	603-332-3208
Rochester School Department	603-332-3678
Rochester Senior Center	603-332-7845
Salvation Army Pantry (M-F 9am - 3pm)	603-332-2723
ServiceLink	211
Social Security Administration	603-433-0716 or 800-234-5772
Stafford County Community Action Partnership (CAP)	603-516-8130
Stafford Regional Planning Commission	603-994-3500
Waste Management	603-332-2386
Share Fund (located in the Community Center - 150 Wakefield Street)	603-335-0011
Community Clothing Shop	hours: Wed & Sat 9am - 3pm
Emergency Financial Assistance	hours: Mon/Thurs 9am - 4pm
Gerry's Food Pantry	hours: Mon & Fri 1pm - 3:15, Wed 10am - 3:15pm
Shelters	
Homeless Center for Stafford County (Rochester)	603-332-3065
My Friend's Place (Dover)	603-749-3017
Crossroads House (Portsmouth)	603-436-2218

6.3 State and Local Representatives



State of New Hampshire House of Representatives

<u>Name</u>	<u>Address</u>	<u>Representing</u>
Senator Sam Cataldo	120 Hornetown Road, Farmington, NH	District 6
Audrey Stevens	8 Lisa Lane, Rochester, NH	District No. 7 WARD 1
James P. Gray	21 Roulx Drive, Rochester, NH	District No. 8 WARD 6
Steven P. Beaudoin	24 Hemlock Street, Rochester, NH	District No. 9 WARD 2
Warren Groen	17 Alice Lane, Rochester, NH	District No. 10 WARD 3
Anne C. Grassie	146 Brock Street, Rochester, NH	District No. 11 WARD 4
Pamela J. Hubbard	49 Ten Rod Road, Rochester, NH	District No. 12 WARD 5
Rose Marie Rogers	29 Eagle Drive, Rochester, NH	District No. 22 (FL) WARDS 1 & 6
David P. Miller	7 Harding Street, Rochester, NH	District No. 23 (FL) WARDS 2 & 3
Laura M. Jones	9 Jackson Street, Rochester, NH	District No. 24 (FL) WARDS 4 & 5

Terms to expire January 2, 2015



www.RochesterNH.net

City of Rochester

31 Wakefield Street
Rochester, NH 03867
603-335-7500

www.RochesterNH.net