

**ROSELLI, CLARK & ASSOCIATES**  
Certified Public Accountants

**TOWN OF MERRIMAC, MASSACHUSETTS**

**FEDERAL AWARD REPORTS**

**PURSUANT TO THE**

**UNIFORM GUIDANCE**

**YEAR ENDED JUNE 30, 2022**



**TOWN OF MERRIMAC, MASSACHUSETTS  
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**INDEPENDENT AUDITOR'S 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**

To the Honorable Board of Selectmen  
Town of Merrimac, Massachusetts

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 Town of Merrimac, Massachusetts, as of and for the year ended June 30, 2022 (except for the Merrimac Municipal Light Department which is as of December 31, 2021), and the related notes to the financial statements, which collectively comprise the Town of Merrimac, Massachusetts's basic financial statements and have issued our report thereon dated March 20, 2023. Our report includes a reference to other auditors who audited the financial statements of the Merrimac Municipal Light Department as described in our report on the Town of Merrimac, Massachusetts' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Roselli Clark + Associates*

Roselli, Clark and Associates  
Certified Public Accountants  
Woburn, Massachusetts  
March 20, 2023



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

To the Honorable Board of Selectmen  
Town of Merrimac, Massachusetts

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

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

We have audited the Town of Merrimac, Massachusetts' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Merrimac, Massachusetts' major federal programs for the year ended June 30, 2022. The Town of Merrimac, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Town of Merrimac's basic financial statements include the operations of the Merrimac Municipal Light Department for the year ended December 31, 2020, a component unit which may expend federal awards which are not included in the schedule of expenditures of federal awards during the year ended June 30, 2022. Our audit, described below, did not include the operations of the Merrimac Municipal Light Department because the Merrimac Municipal Light Department engaged a separate auditor.

In our opinion, the Town of Merrimac, Massachusetts 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Merrimac, Massachusetts and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Merrimac, Massachusetts' compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Merrimac, Massachusetts' federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Merrimac, Massachusetts' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Merrimac, Massachusetts' compliance with the requirements of each major program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Audit Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Merrimac, Massachusetts' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Merrimac, Massachusetts' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Merrimac, Massachusetts' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a

deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Merrimac, Massachusetts, as of and for the year ended June 30, 2022 (except for the Merrimac Municipal Light Department which is as of December 31, 2021), and the related notes to the financial statements, which collectively comprise the Town of Merrimac, Massachusetts's basic financial statements. We have issued our report thereon dated March 20, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Town of Merrimac's basic financial statements include the operations of the Merrimac Municipal Light Department which may expend federal awards which are not included in the Town of Merrimac's schedule of expenditures of federal awards during the year ended June 30, 2022.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Town of Merrimac, Massachusetts  
Page Four

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.

*Roselli Clark & Associates*

Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
March 20, 2023



**TOWN OF MERRIMAC, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor / Pass-Through Agency / Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Number</b>	<b>Passed Through to Subrecipients</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Justice</u></b>				
<i>Passed through the Commonwealth of Massachusetts - Executive Office of Public Safety and Security</i>				
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	Not available	\$ -	\$ 30,661
<b>Total U.S. Department of Justice</b>			-	30,661
<b><u>U.S. Department of Transportation</u></b>				
<i>Passed through the Commonwealth of Massachusetts - Executive Office of Public Safety and Security</i>				
<b>Highway Safety Cluster</b>				
State and Community Highway Safety	20.600	2022MRSPMERRIMAC	-	6,198
State and Community Highway Safety	20.600	2021MRSPMERRIMAC	-	3,335
Total State and Community Highway Safety			-	9,533
National Priority Safety Programs	20.616	2022MRSPMERRIMAC	-	689
<b>Total Highway Safety Cluster</b>			-	10,222
<b>Total U.S. Department of Transportation</b>			-	10,222
<b><u>U.S. Department of the Treasury</u></b>				
<i>Direct Award</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	135,628
<i>Passed through the Commonwealth of Massachusetts - Executive Office for Administration and Finance</i>				
COVID-19 - Coronavirus Relief Fund	21.019	COVID19 180	-	37,209
<b>Total U.S. Department of the Treasury</b>			-	172,837
<b><u>U.S. Environmental Protection Agency</u></b>				
<i>Passed through the Merrimack Valley Planning Commission</i>				
Brownfields Assessment and Cleanup Cooperative Agreements - Grant	66.818	Not Available	-	50,000
Brownfields Assessment and Cleanup Cooperative Agreements - Loan	66.818	Not Available	-	150,000
Total Brownfields Assessment and Cleanup Cooperative Agreements			-	200,000
<b>Total U.S. Environmental Protection Agency</b>			-	200,000
<b><u>U.S. Department of Homeland Security</u></b>				
<i>Passed through the Commonwealth of Massachusetts - Massachusetts Emergency Management Agency</i>				
Disaster Grants: Public Assistance (Presidentially Declared)	97.036	DR4496	-	341,696
Hazard Mitigation Grant	97.039	HMGP43790709MERRIMAC	-	214,436
<b>Total U.S. Department of Homeland Security</b>			-	556,132
<b>Total Federal Grant Award Expenditures</b>			\$ -	\$ 969,852

See notes to Schedule of Expenditures of Federal Awards

**TOWN OF MERRIMAC, MASSACHUSETTS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

**A. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Merrimac, Massachusetts (the Town) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

**B. Summary of Significant Accounting Policies**

Accounting policies and financial reporting practices permitted for municipalities in Massachusetts are prescribed by the Uniform Municipal Accounting System (UMAS) promulgated by the Commonwealth of Massachusetts Department of Revenue.

The accompanying Schedule includes the federal grant transactions of the Town. Although some of these programs may be supplemented with state and other revenue, only federal activity is shown. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

The Town has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**C. U.S. Department of Homeland Security Programs**

U.S. Department of Homeland Security's Disaster Grants – Public Assistance (Presidentially Declared Disaster) expenditures are recognized when the Federal Emergency Management Administration (FEMA) approves the Town's project worksheet (PW) and the Town has incurred the eligible expenditures. The amounts reported in the Schedule include \$341,696 of expenditures incurred in prior fiscal years but awarded by FEMA in the current fiscal year.

**TOWN OF MERRIMAC, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

**A. Summary of Audit Results**

***FINANCIAL STATEMENTS***

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	No
Noncompliance material to financial statements noted?	No

***FEDERAL AWARDS***

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	No
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 Uniform Guidance 2 CFR 200.516	No

***IDENTIFICATION OF MAJOR PROGRAMS***

<u>Name of Federal Program</u>	<u>ALN(s)</u>
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Disaster Grants: Public Assistance (Presidentially Declared)	97.036
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as a low-risk auditee?	No

**B. Financial Statement Findings**

None

**C. Federal Award Findings and Questioned Costs**

None