

**TOWN OF MERRIMACK, NEW HAMPSHIRE**

Single Audit Report and Compliance Reports

Year Ended June 30, 2021

**TOWN OF MERRIMACK, NEW HAMPSHIRE**

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# Graham & Veroff

Certified Public Accountants  
Business Advisors & Management Consultants

The Solution Group

## 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 AUDITORS' REPORT

To the Town Council  
Town of Merrimack, New Hampshire

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Merrimack, New Hampshire (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 21, 2021.

#### 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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 over financial reporting 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 Town's financial statements are free of 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Graham & Veroff, P.C.*

Graham & Veroff, P.C.  
Laconia, New Hampshire  
December 21, 2021  
NH Registration #659

# **Graham & Veroff**

Certified Public Accountants  
Business Advisors & Management Consultants

**The Solution Group**

## **Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

### **INDEPENDENT AUDITORS' REPORT**

To the Town Council  
Town of Merrimack, New Hampshire

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

We have audited the Town of Merrimack, New Hampshire's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2021. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town'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 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)*. Those standards and the *Uniform Guidance* 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 Town'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 Town's compliance.

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

In our opinion, the Town 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, 2021.

#### **Report on Internal Control over Compliance**

Management of the Town 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 Town'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 *Uniform Guidance*, 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 Town'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 *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 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 21, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements 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 taken as a whole.

*Graham & Veroff, PC*

Graham & Veroff, P.C.  
Laconia, New Hampshire  
December 21, 2021  
NH Registration #659

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**TOWN OF MERRIMACK, NEW HAMPSHIRE**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

<u>Federal Grantor Agency and Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Program or Award Amount</u>	<u>Awards Expended</u>
<b>Department of the Treasury</b>				
Major Programs:				
<u>State of New Hampshire Governor's Office for Emergency Relief and Recovery:</u>				
Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 607,480	\$ 591,727
Total Major Programs				<u>591,727</u>
<b>U.S. National Highway Traffic Safety Administration</b>				
<u>State of New Hampshire Department of Safety</u>				
<i>Highway Safety Cluster</i>				
Step Grant	20.600	20-02-04	5,233	5,233
Operation Safe Commute	20.600	20-02-11	905	905
Distracted Driving	20.600	20-04-04	2,864	2,864
Join the Clique	20.600	20-01-04	850	850
DUI Enforcement	20.600	20-07-04	4,445	4,445
U Text, U Drive, U Pay	20.600	20-04-11	850	850
Driver Sober	20.600	20-07-11	241	<u>241</u>
Subtotal CFDA 20.600				<u>15,388</u>
Total Highway Safety Cluster				<u>15,388</u>
<b>U.S Department of Justice</b>				
Bullet Proof Vest Grant	16.607		1,122	<u>1,122</u>
<b>U.S Environmental Protection Agency</b>				
<u>State of New Hampshire Department of Environmental Services</u>				
<i>Drinking Water State Revolving Fund Cluster</i>				
State Aid Grant – WWTF Phase II – Dewatering Upgrade	66.468	#C-869	77,361	77,361
State Aid Grant – WWTF Phase II – Compost Upgrade	66.468	#C-909	196,143	196,143
Total Drinking Water State Revolving Fund Cluster				<u>173,504</u>
<b>Total Expenditures of Federal Awards</b>				<b><u><u>\$ 881,741</u></u></b>

**TOWN OF MERRIMACK, NEW HAMPSHIRE**  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards has been prepared in the format as set forth in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The Schedule is presented using the accrual basis of accounting. It includes all Federal awards to the Town which had expenditure activity during the year ended June 30, 2021. Several programs are jointly funded by the State of New Hampshire appropriations in addition to Federal Awards. The Schedule reflects only that part of the grant activity funded by Federal Awards. The Town has elected not to use the 10 percent de minimis indirect cost rate allowed under the *Uniform Guidance*.

**NOTE 2 – SCOPE OF THE AUDIT PURSUANT TO THE UNIFORM GUIDANCE**

The Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all Federal award programs of the Town. All Federal awards are received directly from Federal agencies as well as Federal awards passed through other government agencies or other entities are included in the schedule.

**NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS**

The program titles and CFDA numbers were obtained from the 2021 Catalog of Federal Domestic Assistance.



**TOWN OF MERRIMACK, NEW HAMPSHIRE**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2021

**Section I – Summary of Auditors’ Report**

***Financial Statements***

Type of auditors’ report issued:	<b>Unqualified</b>
Internal control over financial reporting:	
• Material Weakness(es) identified?	<b>No</b>
• Significant deficiency(ies) identified that are not considered to be material weaknesses.	<b>No</b>
Non-compliance material to the financial statements noted?	<b>No</b>

***Federal Awards***

Internal control over major programs:	
• Material weakness(es) identified?	<b>No</b>
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<b>No</b>
Type of auditors’ report issued on compliance for major programs:	<b>Unqualified</b>
Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the <i>Uniform Guidance</i> ?	<b>No</b>

***Identification of Major Programs***

Name of program or cluster	CFDA number
U.S. Department of the Treasury – Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee under Section 200.520 of the <i>Uniform Guidance</i> :	<b>No</b>

**Section II – Financial Statement Findings**

No current year findings.

**Section III – Federal Award Findings and Questioned Costs**

No current or prior year findings