

CITY OF BANGOR, MAINE

**Reports Required by *Government Auditing
Standards*, OMB Circular A-133 and the *Passenger Facility
Charge Audit Guide for Public Agencies***

For the Year Ended June 30, 2015

CITY OF BANGOR, MAINE
Reports Required by *Government Auditing Standards*, OMB Circular A-133
and the *Passenger Facility Charge Audit Guide for Public Agencies*
For the year ended June 30, 2015

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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*

City Council
City of Bangor, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Bangor, Maine's basic financial statements, and have issued our report thereon dated December 21, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bangor, Maine'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 Bangor, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bangor, Maine'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 City'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.

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*, CONTINUED

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bangor, Maine'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*.

We noted certain matters that we have reported to management of the City of Bangor, Maine in a separate letter dated December 21, 2015.

Purpose of this Report

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



December 21, 2015
South Portland, Maine

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

City Council
City of Bangor, Maine

Report on Compliance for Each Major Federal Program

We have audited the City of Bangor, Maine'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 Bangor, Maine's major federal programs for the year ended June 30, 2015. The City of Bangor, Maine'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 Bangor, Maine'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 Bangor, Maine'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 Bangor, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bangor, Maine, 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, 2015.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED

Report on Internal Control over Compliance

Management of the City of Bangor, Maine, 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 Bangor, Maine'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 Bangor, Maine'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 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Bangor, Maine's basic financial statements. We issued our report thereon dated December 21, 2015, 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 OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



December 21, 2015
South Portland, Maine

CITY OF BANGOR, MAINE
Schedule of Expenditures of Federal Awards
For year ended June 30, 2015

Federal Awards	Federal CFDA number	Award amount	Pass-through/ grantor number	ARRA Funds	Beginning balance	Revenues	Transfers/ Adjustments	Expenditures	Ending balance
Department of Agriculture:									
Passed through the Maine Department of Health and Human Services:									
Women, Infant and Children - Admin:									
WIC 14-168	10.557	\$ 540,769	CDC 14-168		9,356	132,491	-	141,847	-
WIC 15-168	10.557	550,703	CDC-15-168		-	413,027	-	406,745	6,282
WIC 13-168	10.557	509,307	CDC 13-168		6,535	-	(6,535)	-	-
Women, Infant and Children - Food:									
WIC 14-168	10.557	2,220,000	CDC 14-168		-	645,668	-	645,668	-
WIC 15-168	10.557	2,415,000	CDC 15-168		-	1,561,242	-	1,561,242	-
Passed through the Maine Bureau of Health:									
Supplemental Nutrition Assistance Program (8710)	10.561	164,818	OFI 13-351		(938)	-	938	-	-
Supplemental Nutrition Assistance Program (8737)	10.561	149,167	OFI 14-351		(1,146)	35,688	-	34,542	-
Supplemental Nutrition Assistance Program (8727)	10.561	156,119	OFI 15-351		-	114,787	-	113,801	986
Passed through the Maine Department of Education:									
Fresh Fruits and Veggies	10.582	N/A	013-3028		-	53,239	-	53,239	-
Food Distribution - Food Donation Program	10.555	N/A	013-3024		-	71,129	-	71,129	-
School Breakfast Program	10.553	N/A	013-3014		-	166,692	-	166,692	-
School Lunch Program	10.555	N/A	013-3024		-	699,083	-	699,083	-
Total Department of Agriculture					13,807	3,893,046	(5,597)	3,893,988	7,268
Department of Commerce:									
Investment in Economic Development Facilities	11.300	579,000	01-01-14252		-	334,490	-	334,490	-
Passed through the State of Maine, ConnectME Authority:									
State Broadband Data and Development	11.558	5,000	020-3112	Y	-	534	-	534	-
Total Department of Commerce					-	335,024	-	335,024	-
Department of Housing and Urban Development:									
Community Development Block Grants	14.218	2,323,926	MC-23-0004		2,386	950,425	-	950,602	2,209
Shelter Plus Care:									
ME 0028L1T001306 TRA (8715)	14.238	395,170	N/A		-	280,796	-	280,796	-
ME 01C60-1002 PRA (8718)	14.231	32,770	N/A		-	9,496	-	9,496	-
ME 0092L1T001201 PRA (8718)	14.238	32,518	N/A		-	10,772	-	10,772	-
ME 0082C1T011100 TRA (8712)	14.238	36,480	N/A		-	5,132	-	5,132	-
ME0083C1T011100 TRA (8728)	14.238	36,480	N/A		-	4,806	-	4,806	-
ME 0026L1T001205 PRA (8716)	14.238	117,535	N/A		-	38,313	-	38,313	-
ME 0029L1T001407 TRA (8714)	14.238	326,699	N/A		-	77,025	-	76,435	590
ME 0029L1T001306 TRA (8714)	14.238	336,935	N/A		308	231,796	-	232,104	-
ME 0028L1T001205 TRA (8715)	14.238	391,990	N/A		-	57,944	-	57,944	-
ME 0026L1T0101306 PRA (8716)	14.231	118,495	N/A		-	40,820	-	40,820	-
Total Department of Housing and Urban Development					2,694	1,707,325	-	1,707,220	2,799

CITY OF BANGOR, MAINE
Schedule of Expenditures of Federal Awards, Continued
For year ended June 30, 2015

Federal Awards	Federal CFDA number	Award amount	Pass-through/ grantor number	ARRA Funds	Beginning balance	Revenues	Transfers/ Adjustments	Expenditures	Ending balance
Department of Justice:									
Edward Byrne Memorial Program (7702)	16.738	\$ 25,229	2014-DJ-BX-1091		-	25,229	-	25,229	-
Total Department of Justice					-	25,229	-	25,229	-
Department of Transportation:									
Airport Improvement Plan:									
3-23-0005-66 (8566)	20.106	2,549,297	N/A		-	900	-	900	-
3-23-0005-67 (8567)	20.106	1,379,966	N/A		-	1,620	-	1,620	-
3-23-0005-58 (8588)	20.106	1,876,849	N/A		-	962,204	-	962,204	-
3-23-0005-59 (8589)	20.106	756,007	N/A		-	383	-	383	-
3-23-0005-60 (8590)	20.106	168,850	N/A		-	6,681	-	6,681	-
3-23-0005-61 (8591)	20.106	694,068	N/A		-	613,862	-	613,862	-
3-23-0005-62 (8590)	20.106	449,347	N/A		-	291,785	-	291,785	-
3-23-0005-63 (8595)	20.106	306,163	N/A		-	250,454	-	250,454	-
3-23-0005-65 (8596)	20.106	443,063	N/A		-	257,307	-	257,307	-
3-23-0005-68 (8598)	20.106	879,890	N/A		-	725,872	-	725,872	-
Urban Mass Transit:									-
Operating	20.507	707,308	ME 90-4211		-	707,749	-	707,749	-
Operating - PM	20.507	100,000	ME 90-0211		-	100,000	-	100,000	-
Operating - ADA	20.507	210,000	ME 90-8211		-	210,000	-	210,000	-
Small Community Air Service Development	20.930	500,000	OST 2010-0124		-	395,235	-	395,235	-
Passed through the Maine Department of Transportation:									
Hammond St Resurfacing (7606)	20.205	231,116	PIN 18578, CSN TBD		-	-	-	4,032	(4,032)
Penobscot Bridge Corridor Signals (7611)	20.205	50,175	PIN 19441, CSN TBD		(2,626)	-	-	199	(2,825)
THUD - Kittredge Realignment (7614)	20.205	261,200	PIN 18435, CSN 31664		31,816	145,270	(60,523)	21,935	94,628
Hogan/Stillwater Right Turn (7617)	20.205	82,800	PIN 18486.10, CSN 32818		16,788	59,435	-	56,305	19,918
Hogan/Bgr Mall Blvd Right Turn (7618)	20.205	184,000	PIN 18486, CSN 32821		42,536	161,766	-	158,995	45,307
Broadway (7621)	20.205	1,038,500	PIN 20401, CSN 33908		-	15,061	-	12,049	3,012
Broadway (7631)	20.205	225,000	PIN 20232.42, CSN TBD		-	-	-	497	(497)
Main St. Safety Improvements (7633)	20.205	960,000	PIN 18448, CSN 32679		(15,252)	595,997	-	583,795	(3,050)
BACTS - Main St Cedar/Patten (7634)	20.205	388,852	PIN 20392, CSN TBD		(988)	-	-	1,434	(2,422)
Union/Main to Hammond (7635)	20.205	254,116	PIN 20574, CSN TBD		-	-	-	3,286	(3,286)
Ohio/Hammond Intersection (7636)	20.205	410,724	PIN 20393, CSN TBD		(46)	-	-	6,330	(6,376)
Main/Dutton to Patten (7640)	20.205	247,720	PIN 18381, CSN TBD		(843)	-	-	1,038	(1,881)
Operating	20.507	101,110	PIN 20796, CSN 33376		-	101,110	-	101,110	-
Safety Conference	20.505	2,500	PIN 19615, CSN 34095		-	1,228	-	1,228	-
Total Department of Transportation					71,385	5,603,919	(60,523)	5,476,285	138,496

CITY OF BANGOR, MAINE
Schedule of Expenditures of Federal Awards, Continued
For year ended June 30, 2015

Federal Awards	Federal CFDA number	Award amount	Pass-through/ grantor number	ARRA Funds	Beginning balance	Revenues	Transfers/ Adjustments	Expenditures	Ending balance
Environmental Protection Agency:									
Brownfields Assessment and Cleanup Passed through Maine Department of Environmental Protection:	66.818	\$ 400,000	N/A		-	53,284	-	53,284	-
NPS - Sucker Brook (7604) Passed through the State Revolving Loan Fund Program:	66.460	28,942	2012 PT22		(1,255)	3,800	-	2,545	-
Combined Sewer Overflow	66.458	2,500,000	N/A		-	1,580,463	-	1,580,463	-
Total Environmental Protection Agency					(1,255)	1,637,547	-	1,636,292	-
Department of Education:									
Passed through the Maine Department of Education:									
Adult Basic Education	84.002	56,375	013-6296		-	50,198	-	50,198	-
Title 1A	84.010	1,198,327	020-3107		-	1,415,938	-	1,415,938	-
Title 1A Continuous Improvement	84.010	24,844	013-3106		45	-	-	45	-
Title 1A Focus	84.010	10,000	013-3106		-	5,479	-	5,479	-
Special Education - Grants to Local States	84.027	956,647	013-3046		-	891,325	-	891,325	-
Impact Aid	84.041	28,973	029-2012		-	28,973	-	28,973	-
Preschool Local Entitlement	84.173	17,920	013-6247		-	18,454	-	18,454	-
21st Century	84.287	115,320	013-3356		-	115,320	-	115,320	-
Title IIA	84.367	275,678	013-3042		-	278,212	-	278,212	-
Total Department of Education					45	2,803,899	-	2,803,944	-
Department of Health & Human Services:									
Substance Abuse and Mental Health Services Administration:									
Drug-Free Communities Support Program (8726)	93.276	125,000	5H79SP018689-03		3,456	68,685	-	68,720	3,421
Drug-Free Communities Support Program (8736)	93.276	137,500	5H79SP018689-02		(135)	32,595	-	32,460	-
Passed through Eastern Maine Healthcare:									
Partnerships to Improve Comm Health (8722)	93.331	50,000	CDC-RFA-DP14-1417		-	2,309	-	2,135	174
Passed through the Maine Bureau of Health:									
Sodium Reduction (8721)	93.082	119,202	CDC 15-1049		-	37,960	-	37,907	53
In-home Asthma (8724)	93.070	119,731	CDC 16-3057		-	-	-	435	(435)
Prevention (8702)	93.959	15,000	OSA 15-154		-	10,383	-	10,241	142
Partnerships for Success (8704)	93.243	79,185	OSA 14-414		(4,934)	22,671	-	17,737	-
HMP Prevention (8709)	93.243	79,185	OSA 15-414		-	57,290	-	57,860	(570)
Healthy Maine Partnership (8701)	93.959	80,000	CDC 13-337		7,776	-	(7,776)	-	-
Healthy Maine Partnership (8701)	93.959	80,000	CDC 15-337		-	80,000	-	74,426	5,574
Substance Abuse Prevention (8702)	93.959	26,000	OSA 14-154		4,534	-	(4,534)	-	-
GPCOC Assist & Support (8707)	93.958	4,500	MH3-13-219		2,380	-	(2,380)	-	-
Drug Prevention (8709)	93.243	79,185	OSA 13-414		19,063	-	(19,063)	-	-
Community Transformation (8710)	93.531	90,000	CDC-14-1407		5,733	11,914	-	17,647	-
Total Department of Health & Human Services					37,873	323,807	(33,753)	319,568	8,359
Department of Homeland Security:									
Law Enforcement Reimbursement Program									
NEDCTP (8713)	97.072	910,000	HSTS0212HCAN507		-	61,630	-	61,630	-
NEDCTP (8713)	97.072	757,500	HSTS0215HNCP408		-	103,606	-	103,606	-
SAFER Grant	97.083	498,532	EMW-2013-FH-00666		-	104,775	-	104,775	-
Passed through the Maine Emergency Management Agency:									
Homeland Security Grant Program (7911)	97.067	189,169	N/A		-	-	-	19,982	(19,982)
Homeland Security Grant Program (7907)	97.067	173,907	N/A		-	152,768	-	152,768	-
Homeland Security Grant Program (7901)	97.067	111,591	N/A		-	37,755	-	37,755	-
Homeland Security Grant Program (7908)	97.067	251,512	N/A		-	13,589	-	13,589	-
Total Department of Homeland Security					-	554,048	-	574,030	(19,982)
Total Federal Awards					\$ 124,549	16,883,844	(99,873)	16,771,580	136,940

See accompanying notes to schedule of expenditures of federal awards.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE *PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES*,
ISSUED BY THE FEDERAL AVIATION ADMINISTRATION**

City Council
City of Bangor, Maine

Report on Compliance

We have audited the City of Bangor, Maine's compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) for its passenger facility charge program for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, and contracts applicable to the passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Bangor, Maine's passenger facility charge program 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 Guide. Those standards and the Guide 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 the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City of Bangor, Maine'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 the passenger facility charge program. However, our audit does not provide legal determination of the City of Bangor, Maine's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, the City of Bangor, Maine, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2015.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES,
ISSUED BY THE FEDERAL AVIATION ADMINISTRATION, CONTINUED**

Report on Internal Control over Compliance

Management of the City of Bangor, Maine, 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 Bangor, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the Guide, 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 Bangor, Maine'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 the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 the passenger facility charge 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge 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 the Guide. Accordingly, this report is not suitable for any other purpose.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE *PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES*,
ISSUED BY THE FEDERAL AVIATION ADMINISTRATION, CONTINUED**

Report on Schedule of Expenditures of Passenger Facility Charges Required by the Guide

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Bangor, Maine's basic financial statements. We issued our report thereon dated December 21, 2015, 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 passenger facility charges is presented for purposes of additional analysis as specified in the Guide, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of passenger facility charges is fairly stated in all material respects in relation to the basic financial statements as a whole.



December 21, 2015
South Portland, Maine

CITY OF BANGOR, MAINE
Schedule of Expenditures of Passenger Facility Charges
For the Year and Each Quarter Within the Year Ended June 30, 2015

	Approved Amounts Impose and Use	Memorandum Only Cumulative Total June 30, 2014	Quarter Ended September 30, 2014	Quarter Ended December 31, 2014	Quarter Ended March 31, 2015	Quarter Ended June 30, 2015	Year Ended June 30, 2015	Memorandum Only Cumulative Totals June 30, 2015
95-01-C-00-BGR (as amended)								
Passenger facility charge revenue and interest	\$ 8,961,006	7,627,512	-	-	-	-	-	7,627,512
Expenditures:								
Reconstruct Domestic Terminal Apron - South	2,301,222	2,301,222	-	-	-	-	-	2,301,222
Reconstruct Domestic Terminal Apron - North	1,070,596	937,451	-	-	-	-	-	937,451
Reconstruct International Terminal Apron - North	3,464,415	2,213,478	-	-	-	-	-	2,213,478
Reconstruct Commuter Apron Area	2,124,773	2,175,361	-	-	-	-	-	2,175,361
Total expenditures	\$ 8,961,006	7,627,512	-	-	-	-	-	7,627,512
10-02-C-00-BGR								
Passenger facility charge revenue and interest	\$ 1,998,100	1,894,542	-	-	-	-	-	1,894,542
Expenditures:								
PFC application assistance	23,100	23,100	-	-	-	-	-	23,100
Snow removal equipment	1,975,000	1,871,442	-	-	-	-	-	1,871,442
Total expenditures	\$ 1,998,100	1,894,542	-	-	-	-	-	1,894,542
12-03-C-00-BGR								
Passenger facility charge revenue and interest	\$ 2,576,497	2,405,879	170,618	-	-	-	170,618	2,576,497
Expenditures:								
Electrical Improvement	604,797	604,797	-	-	-	-	-	604,797
Terminal Renovations	1,928,000	652,037	160,073	24,784	205,440	268,322	339,125	991,162
PFC Application Costs	43,700	-	-	-	-	-	-	-
Total expenditures	\$ 2,576,497	1,256,834	160,073	24,784	205,440	268,322	339,125	1,595,959
14-04-C-00-BGR								
Passenger facility charge revenue and interest	\$ 3,000,000	-	98,465	254,882	142,824	279,125	775,296	775,296
Expenditures:								
Terminal Building Renovations	2,950,400	-	-	-	-	1,172,226	1,172,226	1,172,226
PFC Application Costs	49,600	-	-	-	-	-	-	-
Total expenditures	\$ 3,000,000	-	-	-	-	1,172,226	1,172,226	1,172,226

CITY OF BANGOR, MAINE
Notes to Schedule of Expenditures of Federal Awards
and the Schedule of Expenditures of Passenger Facility Charges
June 30, 2015

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*, and the Passenger Facility Charge Audit Guide for Public Agencies require a Schedule of Expenditures of Federal Awards and a Schedule of Expenditures of Passenger Facility Charges showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA) and each passenger facility charge program.

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs and passenger facility charge programs of the City of Bangor, Maine for the fiscal year ended June 30, 2015. The reporting entity is defined in notes to basic financial statements of the City of Bangor, Maine.
- B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards and the schedule of expenditures of passenger facility charges is presented in accordance with OMB Circular A-133 and the Audit Guide for Public Agencies.
 - 1. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.
 - 2. Major Programs - OMB Circular A-133 establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the City of Bangor, Maine are identified in the summary of auditor's results in the schedule of findings and questioned costs.
 - 3. The passenger facility charge programs are defined by the Federal Aviation Administration's Record of Decision for each program.
- C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City's fund financial statements. The schedule of expenditures of passenger facility charges is presented on the cash basis of accounting.
- D. During the fiscal year, the City had some grants that were not completely expended and the unspent funds were returned to the awarding or pass-through agencies. The amounts returned to the agencies have been reported as adjustments rather than expenditures.

CITY OF BANGOR, MAINE
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:
 Material weaknesses identified? no
 Significant deficiencies identified? none reported

Noncompliance material to financial statements noted? no

Federal Awards

Internal Control over major programs:
 Material weaknesses identified? no
 Significant deficiencies identified? 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)? no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.557	WIC - Nutrition Program
20.205	Highway Planning and Construction
20.507	Federal Transit – Formula Grants
66.458	Capitalization Grants for Clean Water State Revolving Funds
84.027; 84.173	Local Entitlement Cluster

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 503,147

Auditee qualified as low-risk auditee? yes

CITY OF BANGOR, MAINE
Schedule of Findings and Questioned Costs, Continued

Section II - Findings Required to be Reported Under *Government Auditing Standards*

None

CITY OF BANGOR, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards

None

CITY OF PORTLAND, MAINE
Schedule Findings and Questioned Costs, Continued

Section IV - Findings and Questioned Costs for Expenditures of the *Passenger Facility Charge Program*

None

CITY OF BANGOR, MAINE
Schedule of Findings and Questioned Costs, Continued

Section V - Status of Prior Year Findings under *Government Auditing Standards*

None

CITY OF BANGOR, MAINE
Schedule of Findings and Questioned Costs, Continued

Section V - Status of Prior Year Findings and Questioned Costs for Federal Awards

None

CITY OF BANGOR, MAINE
Schedule of Findings and Questioned Costs, Continued

Section V - Status of Prior Year Findings and Questioned Costs for the *Passenger Facility Charge Program*

None