

CITY OF BANGOR, MAINE

**Reports Required by *Government Auditing
Standards* and the Uniform Guidance**

For the Year Ended June 30, 2023

CITY OF BANGOR, MAINE
Reports Required by *Government Auditing Standards* and the Uniform Guidance
For the year ended June 30, 2023

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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, 2023, 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 July 22, 2024.

Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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

Report on 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 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*.

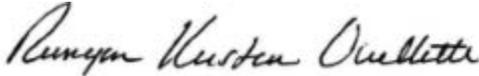
City of Bangor, Maine’s Response

Government Auditing Standards requires the auditor to perform limited procedures on the City of Bangor, Maine’s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Bangor, Maine’s response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the response.

We noted certain opportunities to strengthen internal controls and operating efficiency that we have reported to the management of the City of Bangor, Maine in a separate letter dated July 22, 2024.

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.



July 22, 2024, except for management corrective
action plans and responses, which are dated
August 5, 2024
South Portland, Maine

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

City Council
City of Bangor, Maine

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the City of Bangor, Maine's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bangor, Maine's major federal programs for the year ended June 30, 2023. 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.

Qualified Opinion on CDBG Entitlement Cluster, Opioid STR, Airport Improvement Program, and Federal Highway Planning and Construction

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City of Bangor, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on CDBG Entitlement Cluster, Opioid STR, Airport Improvement Program, and Federal Highway Planning and Construction for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Bangor, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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.

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

We are required to be independent of the City of Bangor, Maine 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City of Bangor, Maine’s compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on CDBG Entitlement Cluster, Opioid STR, Airport Improvement Program, and Federal Highway Planning and Construction

As described in findings 2023-002, and 2023-005 through 2023-008 in the accompanying schedule of findings and questioned costs, the City of Bangor, Maine did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2023-002	93.788	Opioid STR	Reporting
2023-005	20.106	Airport Improvement Program	Reporting
2023-006	20.205	Federal Highway P & C	Wage Rate Requirements
2023-007	14.218	CDBG Entitlement Cluster	Wage Rate Requirements
2023-008	14.218	CDBG Entitlement Cluster	Rehabilitation

Compliance with such requirements is necessary, in our opinion, for the City of Bangor, Maine to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Bangor, Maine’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Bangor, Maine’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Bangor, Maine's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the City of Bangor, Maine's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of Bangor, Maine's responses were not subjected to the other auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

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 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 a federal program will not be prevented, or detected and corrected, on a timely basis. 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 in internal control over compliance may exist that were not identified.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002, and 2023-004 through 2023-008 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Bangor, Maine's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of Bangor, Maine's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

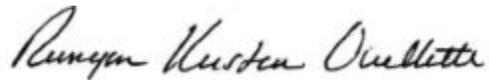
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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, 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, 2023, 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 July 22, 2024, 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 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.

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

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.



July 22, 2024, except for management corrective
action plans and responses, which are dated
August 5, 2024
South Portland, Maine

CITY OF BANGOR, MAINE
Schedule of Expenditures of Federal Awards
For year ended June 30, 2023

Federal Awards	Federal Assistance Number	Pass-through/ Grantor Number	Expenditures	Listing/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Agriculture:					
Passed through the Maine Department of Education:					
COVID - pandemic EBT	10.649	6184	\$ 6,280		-
Child Nutrition Cluster:					
School breakfast program	10.553	3014	257,071		-
School lunch program	10.555	3022	281,865		-
School lunch program	10.555	3024	651,108		-
After school program	10.555	3020	15,216		-
School lunch donated commodities	10.555	N/A	129,189		-
Supply chain assistance	10.555	6670	95,565		-
Fresh fruits and veggies	10.582	3028	78,549		-
Total Child Nutrition Cluster				1,508,563	
Passed through the Maine Department of Health and Human Services:					
WIC 22-4652 Administration	10.557	CD6 22-4652	661,364		-
WIC 22-4652 Food	10.557	CD6 22-4652	2,057,367		-
WIC 22-4652 Breastfeeding	10.557	CD6 22-4652	33,830	2,752,561	-
WIC 22-4652 Farmer's Market Food	10.572	CD6 22-4652	12,677		-
Passed through the Maine Bureau of Health,					
Passed through the University of New England:					
SNAP Cluster:					
Supplemental Nutrition Assistance Program	10.561	OFI 22-351	331,286		-
Total SNAP Cluster				331,286	
Total U.S. Department of Agriculture			4,611,367		-
U.S. Department of the Treasury:					
COVID - State and Local Fiscal Recovery Funds (ARPA)	21.027	N/A	1,187,171		-
COVID - Career Advancement & Navigation Pilot (ARPA)	21.027	N/A	52,490		-
Passed through the Maine Department of Education:					
COVID - Pre-K Expansion	21.027	N/A	111,156		-
Total U.S. Department of the Treasury			1,350,817		-

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BANGOR, MAINE
Schedule of Expenditures of Federal Awards, Continued
For year ended June 30, 2023

Federal Awards	Federal Assistance Number	Pass-through/ Grantor Number	Expenditures	Listing/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants	14.218	N/A	1,861,048		541,667
COVID - Community Development Block Grants - CV	14.218	N/A	196,061		-
Total CDBG - Entitlement Grants Cluster				2,057,109	
Shelter Plus Care:					
Shelter Plus Care: ME 0026L1T002114 TRA (8716)	14.238	N/A	78,055		-
Shelter Plus Care: ME 0026L1T002013 TRA (8716)	14.238	N/A	58,094		-
Shelter Plus Care: ME 0028L1T002114 TRA (8715)	14.238	N/A	384,109		-
Shelter Plus Care: ME 0028L1T002013 TRA (8715)	14.238	N/A	77,805		-
Shelter Plus Care: ME 0082L1T002105 TRA (8714)	14.238	N/A	295,889		-
Shelter Plus Care: ME 0082L1T002206 TRA (8714)	14.238	N/A	101,527		-
Shelter Plus Care: ME 0117L1T001700 TRA (8719)	14.238	N/A	66,893	1,062,372	-
Total U.S. Department of Housing and Urban Development			3,119,481		541,667
U.S. Department of Justice:					
Stop School Violence	16.839	N/A	11,321		-
Patrick Leahy Bullet Proof Vest Partnership Program	16.607	N/A	8,583		-
Passed through the Town of Veazie:					
Edward Byrnes Memorial Justice Assistance Grant (JAG)	16.738	N/A	11,694		-
Total U.S. Department of Justice			31,598		-
U.S. Department of Transportation:					
COVID - Airport Improvement Plan (ARPA)	20.106	N/A	4,073,437		-
Airport Improvement Plan	20.106	N/A	1,391,098	5,464,535	-
Raise	20.933	N/A	73,367		-
Federal Transit Cluster:					
Federal Transit - Operating	20.507	N/A	1,733,622		-
Federal Transit - Bus Acquisition	20.507	N/A	881,332		-
Bus and Bus Facilities Formula and Discretionary Programs	20.526	N/A	914,253		-
Total Federal Transit Cluster				3,529,207	
Passed through the Maine Department of Transportation:					
Highway Planning and Construction Cluster:					
23521.00 State St (7625) [80% Fed]	20.205	WIN 23521, CSN 41395	753,211		-
23114.00 Penobscot Corridor Signals (7626) [80% Fed]	20.205	WIN 23114, CSN 42219	374,501		-
23573.00 State St/Forest Ave (7628) [80% Fed]	20.205	WIN 23573, CSN 39284	930		-
23112.00 Penobscot Corridor Signals Brewer (7636) [80% Fed]	20.205	WIN 23112, CSN 42114	158,592		-
25379.00 Oak St (7638) [80% Fed]	20.205	WIN 25379, CSN TBD	6,248		-
25617.00 Broadway Ped Imp/Heads Up (7645) [80% Fed]	20.205	WIN 25617 CSN 42974	123,905		-
24771.00 Riverfront Trail (7646) [80% Fed]	20.205	WIN 24771, CSN 41531	7,467		-
24131.00 Hogan Road Resurface (7647) [80% Fed]	20.205	WIN 24131, CSN 44023	406,569		-
Total Highway Planning and Construction Cluster				1,831,423	
Total U.S. Department of Transportation			10,898,532		-

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BANGOR, MAINE
Schedule of Expenditures of Federal Awards, Continued
For year ended June 30, 2023

Federal Awards	Federal Assistance Listing	Pass-through/ Grantor Number	Expenditures	Listing/ Cluster Totals	Passed Through to Subrecipients
Environmental Protection Agency:					
Brownfields Assessment and Cleanup	66.818	96188601	\$ 8,180		-
Total Environmental Protection Agency			8,180		-
U.S. Department of Education:					
Passed through the Maine Department of Education:					
Adult Basic Education	84.002	6296	111,572		55,731
Title 1A	84.010	3107	1,581,886		-
Impact Aid	84.041	Unknown	153,458		-
McKinney Vento	84.196	3170	26,102		-
21st Century	84.287	3356	328,734		-
Title IIA - Supporting Effective Instruction	84.367	3042	272,774		-
COVID - Elementary and Secondary School Emergency Relief Fund	84.425D	7006	572,742		-
COVID - Elementary and Secondary School Emergency Relief Fund II	84.425D	7041	1,197,780		-
COVID - Elementary and Secondary School Emergency Relief Fund III (ARPA)	84.425U	7071	1,296,610		-
COVID - Learning Management Systems (LMS) (ARPA)	84.425	7042	26,002		-
COVID - Homeless Children and Youth I	84.425W	Unknown	3,230		-
COVID - Homeless Children and Youth II	84.425W	3161	1,650		-
COVID - GEER (Waves)	84.425C	Unknown	143,573	3,241,587	-
Special Education Cluster:					
Special Education - Grants to Local States	84.027	3046	763,760		-
COVID - Special Education - Grants to Local States (ARPA)	84.027X	7170	222,013		-
Preschool	84.173	6247	23,645		-
COVID - Preschool (ARPA)	84.173X	7171	17,444		-
Total Special Education Cluster				1,026,862	
Total U.S. Department of Education			6,742,975		55,731
U.S. Department of Health & Human Services:					
Passed through Substance Abuse and Mental Health Services Administration:					
Drug-Free Communities Support Program	93.276	H79SP018689	16,518		-
Naloxone/Narcan Distribution	93.136	OSA 23-373A	48,609		-
Prevent Prescription Drug/Opioid Overdose	93.243	CD6 23-4441	25,724		4,719
Passed through the Maine Department of Health and Human Services:					
Substance Use Prevention	93.243	CD6 23-4425A	47,588		9,502
Overdose Response	93.243	OSA 23-6005	122,266	195,578	4,747
COVID - Public Health Infrastructure	93.354	CD6 22-1114B	252,973		-
Substance Use Prevention - SORP	93.788	CD6 23-4425A	6,806		6,806
Substance Use Prevention - STIM SOR	93.788	CD0 20-4425D	15,486		-
Naloxone/Narcan Distribution	93.788	OSA 23-373A	820,963	843,255	-
Substance Use Prevention - CRRSA Block	93.959	CD0 20-4425D	8,762		-
Substance Use Prevention - SPTBG	93.959	CD6 23-4425A	51,320		19,605
COVID - Substance Use Prevention - SABGARP	93.959	CD6 23-4425A	4,262		4,262
Substance Use Prevention - Block	93.959	CD0 20-4425D	46,154		-
Overdose Prevention	93.959	OSA 23-373A	39,194	149,692	-
Total U.S. Department of Health & Human Services			1,506,625		49,641
U.S. Department of Homeland Security:					
Law Enforcement Reimbursement Program	97.090	HSTS0216HSLR711	95,495		-
NEDCTP (8713)	97.072	70T02020T9NNCP407	176,147		-
Assistance to Firefighters	97.044	EMW-2021-FG-04611	97,428		-
Passed through the Maine Emergency Management Agency:					
Homeland Security Grant Program	97.067	EMW-2019-SS-00015	75,220		-
Homeland Security Grant Program	97.067	EMW-2020-SS-00046	80,914	156,134	-
Total U.S. Department of Homeland Security			525,204		-
Total federal awards			\$ 28,794,779		647,039

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BANGOR, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

PURPOSE OF THE SCHEDULE

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the Assistance Listings in the System for Awards Management.

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Bangor, Maine for the fiscal year ended June 30, 2023. 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 is presented in accordance with the Uniform Guidance.
 - 1. Pursuant to the Uniform Guidance, 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 - The Uniform Guidance 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.

- 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.

- 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 excluded from current year expenditures.

- E. Indirect Cost Rate - The City of Bangor, Maine has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance for some of its Department of Health and Human Services grants.

CITY OF BANGOR, MAINE
Schedule of Findings and Questioned Costs
For the year ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
 Material weaknesses identified? Yes
 Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:
 Material weaknesses identified? No
 Significant deficiencies identified? Yes

Type of auditor’s report issued on compliance for major federal programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516? Yes

Identification of major federal programs:

<u>Assistance Listing</u>	<u>Covid Funds</u>	<u>Name of Federal Program or Cluster</u>
10.557		Women, Infants, and Children
14.218	Covid	CDBG Entitlement Grants Cluster
21.027	Covid	State and Local Fiscal Recovery Funds (ARPA)
20.106	Covid	Airport Improvement Plan
20.205		Federal Highway Administration (BACTS)
84.010		Title 1A
84.027, 84.027X, 84.173,84.173X	Covid	Special Education Cluster
84.425D-W	Covid	Elementary and Secondary School Emergency Relief Fund
93.788		Opioid STR (Naloxone/Narcan Distribution)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? No

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

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

MATERIAL WEAKNESS

2023-001 – Cash Account Reconciliations and Deposits

Criteria: To ensure cash balances are correctly reported and to deter errors or fraud, the City should deposit funds in a timely manner and perform monthly bank reconciliations.

Condition: During the audit, we determined that many deposits were made weeks after the funds were received. These included two deposits over \$400K that cleared nineteen and forty-five days after they were received and three deposits over \$100K that cleared the bank between seventeen and twenty days after they were received. In addition, the bank reconciliations for the pooled cash accounts were not completed for several months after fiscal year-end.

Cause: The City experienced turnover in staff that has created a backlog in processing cash receipts. In addition, the School Department had difficulties reconciling its own bank account.

Effect: Due to the large number of deposits in transit and outstanding checks, the complexity of reconciling the bank accounts increased. In addition, the City did not complete the June 2023 bank reconciliation until March 2024.

Recommendation: The City should make deposits and perform monthly bank reconciliations in a timely manner to reduce the risk of fraud or errors going undetected.

Management's Response/Corrective Action Plan: *The impacts of the pandemic created an unprecedented staffing shortage for multiple departments which has lasted several years. While staffing was impacted the level of service provided to the public was not reduced resulting in fewer staff taking on more duties. As such, some areas fell behind. One such area was the receipting and depositing of mailed payments. Mailed payments were secondary to servicing live walking customers. Cash-ups and reconciliations were subsequently impacted as the primary focus was maintaining service to the public. Even as staffing levels returned to normal, processing remained delayed as new staff were being trained. During the City's Fiscal Year 2024, most Departments were back to adequate staffing levels and became current on the processing and depositing of payments.*

The City School Department operates on a separate financial system than the City and during FY23 the City and School modified how School transactions are posted to the City system. This created unexpected issues with reconciliations. Both City and School staff understand the need for timely reconciliations and are addressing and modifying procedures to ensure such issues do not occur in the future.

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

Section III – Findings and Questioned Costs for Federal Awards

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

2023-002 SAMHSA Assistance Listing #93.788 Opioid STR for the period July 1, 2022 to June 30, 2023

Criteria – The grant agreement for Opioid STR requires the City to file monthly financial reports with the State within a certain specified period of time and to accurately reflect amounts expended under the agreement. In addition, the City is required to establish internal controls and procedures to ensure compliance with requirements.

Condition - The January 2023, March 2023, April 2023, May 2023, and June 2023 reports were not filed by the required deadlines. In addition, an expenditure dated September 1, 2022 was reported on the August 2022 report.

Cause - Reports were filed more than fifteen days after the month end, which was outside of the required deadline.

Effect - Lack of timely reporting could result in delays or reductions of future funding.

Known Questioned Costs - None

Likely Questioned Costs - None

Recommendations - The City should implement a review process to ensure that reports are filed with accurate expenditure information. In addition, the City should use a reminder system for report deadlines to ensure they are filed by the required deadlines.

Management's Response/Corrective Action Plan: *Staff is aware of the reporting deadlines. The Grant in question provides guidance that invoices submitted for payment are required to be error-free and have all necessary supporting documents. It further states that invoices and the Monthly Financial Reports "should" be filed by the 15th but "must" be filed no later than 45 days from the end of the month. Staff relied on this guidance, along with discussions with other industry professionals, to prepare and file the reports. The 45-day window was relied upon if supporting documentation was lacking or staffing/scheduling issues arose. All reports and invoices were filed within the 45-day window.*

The Director of the Public Health and Community Services Department will ensure that all grant managers are made aware that the 15th should be used as the reporting deadline for future reporting.

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

Section III – Findings and Questioned Costs for Federal Awards, continued

SIGNIFICANT DEFICIENCY

2023-004 Department of Education Assistance Listing #84.025D-W Elementary and Secondary School Emergency Relief Funds for the period July 1, 2022 to June 30, 2023

Criteria: The Uniform Guidance requires nonfederal entities to include in their construction contracts subject to Wage Rate Requirements (a.k.a. the Davis Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the DOL regulations.

Condition: The required Wage Rate Requirements language is currently not included in construction contracts.

Cause: The Bangor School Department does not include the Wage Rate Requirement language in the construction contracts, but instead refers in those contracts to separate documents that contain the required language.

Effect: Contractors and subcontractors may potentially not be informed of the Wage Rate Requirements, which may cause the Bangor School Department to be in noncompliance with such requirements.

Known Questioned Costs: None

Likely Questioned Costs: None

Recommendations: Instead of including language in the construction contracts that refers to other documents, the Bangor School Department should instead include the required language directly in the construction contracts.

Management's Response/Corrective Action Plan: City and School contracts have the original Request for Proposals attached as "part of the contract". These Requests for Proposals contain the required Davis-Bacon Wage requirements, when needed, so the concern that contractors may be unaware of the requirements is extremely remote. This has been a long-standing practice across all Departments utilizing Federal funding and has not been identified as an issue previously.

To address this finding the City and School will modify their Construction contracts to contain the Wage Requirement language in both the main body of the contract as well as continuing to be within the attached contract documents.

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

Section III – Findings and Questioned Costs for Federal Awards, continued

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

2023-005 Department of Transportation Assistance Listing #20.106 Airport Improvement Program for the period July 1, 2022 to June 30, 2023

Criteria – The FAA requires the SF-425 reports to be based on the costs already invoiced. In addition, the City should have internal controls and procedures to ensure the reports are filed with the required information.

Condition – The airport submitted a SF-425 report that included additional expenses of \$192K that had not been invoiced.

Cause – The grant closeout for AIP #79 was being processed at the same time as the SF-425, which included the additional expenses and the airport included the same expenses in the SF-425.

Effect – The SF-425 that was submitted for AIP #79 during FY 23 was not in agreement with the reporting requirements of the FAA.

Known Questioned Costs - None

Likely Questioned Costs - None

Recommendations – Airport management should review the SF-425's to ensure that they only include expenses that have been invoiced by the date of the report.

Management's Response/Corrective Action Plan: *The report in question was created by a third party vendor on behalf of the Airport. Airport staff, who reviewed and signed the report missed the reporting error. There has been subsequent staffing turnover at the Airport and the reporting requirements have been brought in-house. Future reports will be prepared by the Airport Financial Manager.*

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

Section III – Findings and Questioned Costs for Federal Awards, continued

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

2023-006 Department of Transportation Assistance Listing #20.205 Federal Highway Planning and Construction for the period July 1, 2022 to June 30, 2023

Criteria – The Uniform Guidance requires contractors and subcontractors to submit to the nonfederal entity a weekly copy of the payroll and a statement of compliance with Wage Rate Requirements (certified payroll) for each week in which work was performed under the construction contract.

Condition – The City had one project (Broadway Pedestrian Improvements) for which a weekly certified payroll was missing.

Cause – Either the contractor or subcontractor did not submit the required certified payroll or the City did not retain a copy of the certified payroll.

Effect – The City may not be able to perform the required monitoring under Wage Rate Requirements and ensure that contractors and subcontractors are paying their employees the prevailing federal wage rates.

Known Questioned Costs - None

Likely Questioned Costs - None

Recommendations – City Management should ensure that the contractors and subcontractors are submitting to them the weekly certified payrolls as required.

Management’s Response/Corrective Action Plan: *City staff relied upon the electronic wage database system for verification of certified payrolls from contractors. During the year, the wage reporting system experienced issues which resulted in some certified payrolls not being recorded.*

Staff understand the need to ensure compliance with the wage rate requirements and will verify all certified payrolls are collected either through the reporting system or manually as needed.

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

Section III – Findings and Questioned Costs for Federal Awards, continued

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

2023-007 Housing and Urban Development Assistance Listing #14.218 Community Development Block Grant Entitlement Cluster for the period July 1, 2022 to June 30, 2023

Criteria – The Uniform Guidance requires nonfederal entities to include in their construction contracts subject to Wage Rate Requirements (a.k.a. the Davis Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the DOL regulations.

Condition – The Community Development Department has grant agreements with its subrecipients that include the Wage Rate Requirements language. However, the contracts between the subrecipients and the contractors were missing from the files, so we were unable to ascertain whether the required language was communicated to the contractors and subcontractors.

Cause – The Community Development Department failed to either obtain or retain a copy of the contract between the subrecipient and the contractor for the grants.

Effect – The City may not be able to ensure that contractors and subcontractors are aware of the Wage Rate Requirements for work performed under the grants.

Known Questioned Costs - None

Likely Questioned Costs - None

Recommendations – City Management should ensure that the contractors and subcontractors are submitting to them the weekly certified payrolls as required.

Management’s Response/Corrective Action Plan: Significant turnover occurred within the Community & Economic Development Department with some staff exiting mid-projects. Replacement staff were not immediately available, and positions remained vacant for some time. Other staff who do not primarily deal with these types of projects, assisted as needed but some requirements were missed.

The Department became fully staffed during Fiscal Year 2024 and new guidance and procedures were developed to address this concern. Those procedures include pre-bid information to contractors so better understand their requirements and the posting of wage information within the bid packet versus referencing the federal website.

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

Section III – Findings and Questioned Costs for Federal Awards, continued

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

2023-008 Housing and Urban Development Assistance Listing #14.218 Community Development Block Grant Entitlement Cluster for the period July 1, 2022 to June 30, 2023

Criteria – When CDBG funds are used for rehabilitation, the grantee must ensure that the work is properly completed. That responsibility includes verifying that pre-rehabilitation inspections were performed, and that deficiencies detected as part of the pre-rehabilitations were included in the rehabilitation contract. In addition, the grantee must have in place certain internal controls to ensure that disbursements under the rehabilitation projects are approved and contracts have the required signatures.

Condition – The City had one rehabilitation loan file that was missing the pre-rehabilitation inspection. In addition, the City had another rehabilitation loan file that had a contract that was missing the signature of the contractor. There was a third rehabilitation loan file that had a disbursement with a missing approval.

Cause – The Community Development Department experienced turnover in staff. As a result, some of the documentation in the rehabilitation files was incomplete.

Effect – The Community Development Department may not be able to verify that all of the rehabilitation loans are in compliance with the requirements.

Known Questioned Costs - None

Likely Questioned Costs - None

Recommendations – The Community Development Department should ensure that all loan files are complete and that all required documentation has the required specifications, approvals, and signatures.

Management's Response/Corrective Action Plan: *Significant turnover occurred within the Community & Economic Development Department with some staff exiting mid-projects. Replacement staff were not immediately available, and positions remained vacant for some time. Other staff who do not primarily deal with these types of projects assisted as needed but some requirements were missed.*

The Department became fully staffed during Fiscal Year 2024 and new guidance and procedures were developed to address this concern. Those procedures include revised rehabilitation contracts and additional training for new staff.

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

Section IV - Status of Prior Year Findings to be Reported 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

2022-001 – Uniform Guidance Written Policies

Criteria: Under the Uniform Guidance §200.302 Financial Management, the non-Federal entity must provide written procedures to implement the requirements of §200.305 (Federal payment), and written procedures for determining the allowability of costs in accordance with subpart E of the Uniform Guidance and the terms and conditions of the Federal award.

Condition: The City currently does not have written procedures as required by the Uniform Guidance as specified in the criteria.

Cause: Although the City has adequate procedures in place to prevent non-compliance for most of its Federal grants, those procedures have not been documented.

Effect: Without written procedures, the City runs the risk of non-compliance for Federal grants.

Known Questioned Costs: None

Likely Questioned Costs: None

Recommendations: Although the City has implemented some written procedures and policies, it has not developed written procedures for all required areas or for all federal grants. We recommend that all departments that administer federal grants develop the required written procedures and policies.

Status: The City has put in place written procedures to ensure compliance with the Uniform Guidance.