

**CITY OF BANGOR, MAINE**

**Reports Required by *Government Auditing Standards*, the Uniform Guidance and the *Passenger Facility Charge Audit Guide for Public Agencies***

**For the Year Ended June 30, 2017**

**CITY OF BANGOR, MAINE**  
**Reports Required by *Government Auditing Standards*, the Uniform Guidance**  
**and the *Passenger Facility Charge Audit Guide for Public Agencies***  
**For the year ended June 30, 2017**

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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, 2017, 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 January 30, 2018.

**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 January 30, 2018.

**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.



January 30, 2018  
South Portland, Maine

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2017. 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 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 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of 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 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.

***Basis for Qualified Opinion on Community Development Block Grants (CDBG)***

As described in the accompanying schedule of findings and questioned costs, the City of Bangor, Maine did not comply with requirements regarding CFDA #14.218 Community and Development Block Grant (CDBG), as described in finding number 2017-001 for Special Tests and Provisions – 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.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

***Qualified Opinion on Community Development Block Grants (CDBG)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 CDBG for the year ended June 30, 2017.

***Unmodified Opinion on Each of the Other 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 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, 2017.

***Other Matters***

The City of Bangor, Maine’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Bangor, Maine’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

**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 the 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 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 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.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

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 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, 2017, 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 January 30, 2018, 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. 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.



January 30, 2018  
South Portland, Maine

**CITY OF BANGOR, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For year ended June 30, 2017**

<b>Federal Awards</b>	<b>Federal CFDA Number</b>	<b>Pass-through/ Grantor Number</b>	<b>Expenditures</b>	<b>CFDA/ Cluster Totals</b>	<b>Passed Through to Subrecipients</b>
<b>Department of Agriculture:</b>					
Passed through the Maine Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	3014	\$ 191,752		-
Food Distribution - Food Donation Program	10.555	3024	70,422		-
Performance Based Reimbursement	10.555	3125	17,256		-
After School Program	10.555	3020	14,169		-
School Lunch Program	10.555	3022 - 3024	755,896		-
Total Child Nutrition Cluster				1,049,495	-
Fresh Fruits and Veggies	10.582	3028	57,565		-
Passed through the Maine Department of Health and Human Services:					
WIC 16-168 Administration	10.557	CDC-16-168	159,217		-
WIC 16-168 Food	10.557	CDC-16-168	519,788		-
WIC 17-168 Administration	10.557	CDC 17-168	404,748		-
WIC 17-168 Food	10.557	CDC 17-168	1,426,414	2,510,167	-
WIC Farmer's Market	10.572	CDC 17-168	1,571		-
Passed through the Maine Bureau of Health:					
SNAP Cluster:					
Supplemental Nutrition Assistance Program	10.561	OFI 16-351	35,552		-
Supplemental Nutrition Assistance Program	10.561	OFI 17-351	150,066		-
Total SNAP Cluster				185,618	-
Total Department of Agriculture			3,804,416		-
<b>Department of Commerce:</b>					
Economic Development Cluster:					
Investment in Public Works and Economic Development Facilities	11.300	N/A	5,566		-
Total Economic Development Cluster				5,566	-
Total Department of Commerce			5,566		-
<b>Department of Housing and Urban Development:</b>					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants	14.218	MC-23-0004	744,987		-
Total CDBG - Entitlement Grants Cluster				744,987	-
Shelter Plus Care:					
ME 0082C1T011100 TRA (8712)	14.238	N/A	3,098.00		-
ME 0029L1T001609 TRA (8714)	14.238	N/A	71,729.00		-
ME 0029L1T001508 TRA (8714)	14.238	N/A	236,010.00		-
ME 0028L1T001609 TRA (8715)	14.238	N/A	267,026.00		-
ME 0028L1T001407 TRA (8715)	14.238	N/A	58,632.00		-
ME 0026L1T001508 PRA (8716)	14.238	N/A	53,352.00		-
ME 0026L1T0101407 PRA (8716)	14.238	N/A	35,028.00		-
ME 0092L1T001302 PRA (8718)	14.238	N/A	13,845.00		-
ME 0092L1T001403 PRA (8718)	14.238	N/A	14,419.00		-
ME0083C1T011100 TRA (8728)	14.238	N/A	4,985.00	758,124	-
Total Department of Housing and Urban Development			1,503,111		-
<b>Department of Justice:</b>					
Edward Byrne Memorial Program	16.738	2016-DJ-BX-0507	23,948		10,000
Total Department of Justice			23,948		10,000

*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, 2017**

<b>Federal Awards</b>	<b>Federal CFDA Number</b>	<b>Pass-through/ Grantor Number</b>	<b>Expenditures</b>	<b>CFDA/ Cluster Totals</b>	<b>Passed Through to Subrecipients</b>
Department of Transportation:					
Airport Improvement Plan No. 66	20.106	3-23-0005-66	\$ 233,399		-
Airport Improvement Plan No. 67	20.106	3-23-0005-67	26,321		-
Airport Improvement Plan No. 70	20.106	3-23-0005-70	1,587,980		-
Airport Improvement Plan No. 58	20.106	3-23-0005-58	3,581		-
Airport Improvement Plan No. 65	20.106	3-23-0005-65	8,092		-
Airport Improvement Plan No. 68	20.106	3-23-0005-68	298		-
Airport Improvement Plan No. 69	20.106	3-23-0005-69	291,460	2,151,131	-
Federal Transit Cluster:					
Federal Transit - Operating	20.507	N/A	795,038		-
Federal Transit - Operating PM	20.507	N/A	180,000		-
Federal Transit - Operating ADA	20.507	N/A	80,000		-
Total Federal Transit Cluster				1,055,038	-
Passed through the Maine Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction (Harlow/Cumberland)	20.205	WIN 18577, CSN TBD	20,380		-
Highway Planning and Construction (Hammond St Resurfacing)	20.205	PIN 18578, CSN 33906	150,378		-
Highway Planning and Construction (Penobscot River Walk)	20.205	WIC 21767, CSN 36344	5,594		-
Highway Planning and Construction (Griffin/Burleigh/Broadway)	20.205	WIN 18579, CSN TBD	10,420		-
Highway Planning and Construction (Union - Griffin to Vermont)	20.205	WIN18640, CSN TBD	527,894		-
Highway Planning and Construction (Independent/Broad Signal)	20.205	WIN 18645, CSN 34533	23,489		-
Highway Planning and Construction (Broadway)	20.205	WIN 18639, CSN 34507	9,914		-
Highway Planning and Construction (Union - East of Vermont)	20.205	WIN18642, CSN TBD	341,381		-
Highway Planning and Construction (Union/Main to Hammond)	20.205	PIN 20574, CSN 32640	47,623		-
Highway Planning and Construction (Ohio/Hammond Intersection)	20.205	PIN 20393, CSN 32627	186,660		-
Highway Planning and Construction (Hogan Road Sidewalk)	20.205	TAP-2269, CSN 33829	4,103		-
Total Highway Planning and Construction Cluster				1,327,836	-
Total Department of Transportation			4,534,005		-

*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, 2017**

<b>Federal Awards</b>	<b>Federal CFDA Number</b>	<b>Pass-through/ Grantor Number</b>	<b>Expenditures</b>	<b>CFDA/ Cluster Totals</b>	<b>Passed Through to Subrecipients</b>
Environmental Protection Agency:					
Brownfields Assessment and Cleanup	66.818	96188601	\$ 79,401		-
Passed through Maine Department of Environmental Protection:					
NPS - Sucker Brook (7604)	66.460	2014PT14	4,654		-
Performance Partnership Grant (Capehart)	66.605	2015RT01	20,574		-
Passed through the State Revolving Loan Fund Program:					
Clean Water State Revolving Fund Cluster:					
Combined Sewer Overflow	66.458	N/A	2,785,992		-
Total Clean Water State Revolving Loan Fund Cluster				2,785,992	-
Total Environmental Protection Agency			2,890,621		-
Department of Education:					
Passed through the Maine Department of Education:					
Adult Basic Education	84.002	6296	63,765		-
Title 1A	84.010	3107	1,769,330		-
Title 1A Continuous Improvement	84.010	3106	5,173	1,774,503	-
Impact Aid	84.041	2012	22,865		-
21st Century	84.287	3356	106,701		-
Title IIA	84.367	3042	268,807		-
Special Education Cluster:					
Special Education - Grants to Local States	84.027	3046	1,221,683		-
Preschool	84.173	6247	19,960		-
Total Special Education Cluster				1,241,643	-
Total Department of Education			3,478,284		-
Department of Health & Human Services:					
Substance Abuse and Mental Health Services Administration:					
Drug-Free Communities Support Program	93.276	5H79SP018689-05	87,150		-
Drug-Free Communities Support Program	93.276	5H79SP018689-04	28,592	115,742	-
Passed through Eastern Maine Healthcare:					
Partnerships to Improve Comm Health	93.331	NU58DP005930	45,061		-
Partnerships to Improve Comm Health	93.331	5NU58DP005930	19,439	64,500	-
Passed through the Maine Bureau of Health:					
Sodium Reduction	93.082	CDC 16-1049	39,390		16,508
In-home Asthma	93.070	CDC 16-3057	17,615		-
In-home Asthma	93.070	CDC 17-3057	84,864	102,479	-
Substance Use Prevention	93.243	CDC 17-4425	23,507		-
Substance Use Prevention	93.243	CDC 17-4425	32,514	56,021	-
Healthy Maine Partnership	93.959	CDC 16-337	19,242		11,994
Total Department of Health & Human Services			397,374		28,502
Department of Homeland Security:					
Law Enforcement Reimbursement Program	97.090	HSTS0216HSLR711	81,135		-
NEDCTP (8713)	97.072	HSTS0215HNCP408	148,127		-
SAFER Grant	97.083	EMW-2013-FH-00666	178,513		-
Passed through the Maine Emergency Management Agency:					
Homeland Security Grant Program (7911)	97.067	N/A	4,336		-
Homeland Security Grant Program (7907)	97.067	N/A	139,454	143,790	-
Total Department of Homeland Security			551,565		-
<b>Total Federal Awards</b>			<b>\$ 17,188,890</b>		<b>38,502</b>

*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, 2017.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its awards applicable to its 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 a 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, 2017.

**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, 2017, 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 January 30, 2018, 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.



January 30, 2018  
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, 2017

	Approved Amounts Impose and Use	Memorandum Only Cumulative Total June 30, 2016	Quarter Ended September 30, 2016	Quarter Ended December 31, 2016	Quarter Ended March 31, 2017	Quarter Ended June 30, 2017	Year Ended June 30, 2017	Memorandum Only Cumulative Totals June 30, 2017
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
<b>Total expenditures</b>	<b>\$ 8,961,006</b>	<b>7,627,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,627,512</b>
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
<b>Total expenditures</b>	<b>\$ 1,998,100</b>	<b>1,894,542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,894,542</b>
12-03-C-00-BGR								
Passenger facility charge revenue and interest	\$ 2,576,497	2,576,497		-	-	-	-	2,576,497
Expenditures:								
Electrical Improvement	604,797	604,797	-	-	-	-	-	604,797
Terminal Renovations	1,928,000	1,874,456	81,941	(27,919)	-	-	54,022	1,928,478
PFC Application Costs	43,700	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 2,576,497</b>	<b>2,479,253</b>	<b>81,941</b>	<b>(27,919)</b>	<b>-</b>	<b>-</b>	<b>54,022</b>	<b>2,533,275</b>
14-04-C-00-BGR								
Passenger facility charge revenue and interest	\$ 3,000,000	1,676,241	344,104	215,347	202,384	268,612	1,030,447	2,706,688
Expenditures:								
Terminal Building Renovations	2,950,400	2,878,103	56,054	37,496	1,440	-	94,990	2,973,093
PFC Application Costs	49,600	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 3,000,000</b>	<b>2,878,103</b>	<b>56,054</b>	<b>37,496</b>	<b>1,440</b>	<b>-</b>	<b>94,990</b>	<b>2,973,093</b>

**CITY OF BANGOR, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and the Schedule of Expenditures of Passenger Facility Charges**  
**June 30, 2017**

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**PURPOSE OF THE SCHEDULE**

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Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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.

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**SIGNIFICANT ACCOUNTING POLICIES**

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- 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, 2017. 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 the Uniform Guidance and the Audit Guide for Public Agencies.
  - 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.
  - 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 excluded from current year expenditures.
  
- E. Indirect Cost Rate - The City of Bangor, Maine has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

**CITY OF BANGOR, MAINE**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2017**

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**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? No

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? None reported

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>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.557	WIC - Nutrition Program
14.218	CDBG – Entitlement Grants Cluster
66.458	Clean Water State Revolving Fund Cluster
84.010	Title 1A

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

Auditee qualified as low-risk auditee? Yes

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

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

None

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

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**Section III - Findings and Questioned Costs for Federal Awards**

**2017-001 – U.S. Department of Housing and Urban Development, for the Period July 1, 2016 through June 30, 2017, CFDA #14.218 Community Development Block Grants (CDBG)**

Statement of Condition: The City did not ensure that work done under rehabilitation projects was properly completed.

Criteria: When CDBG funds are used for rehabilitation, the grantee must ensure that the work is properly completed. This requirement includes pre-rehabilitation inspections to identify the deficiencies to be corrected, and post-rehabilitation inspections to ensure that work was carried out in accordance with contract specifications and with rehabilitation standards.

Cause: Although the Community Development Department has a system in place to perform inspections for rehabilitation projects, Department staff failed to ensure that required inspections were performed for one particular project.

Effect: Failure to complete required inspections could result in federal funds provided to ineligible projects.

Recommendation: The City should ensure that all required pre-rehabilitation inspections are performed before projects are approved and post-rehabilitation inspections are performed before federal funds are disbursed.

Questioned Costs: None

Management's response/corrective action plan: *The Community Development Department strives to administer the CDBG program as required through federal statute. We will ensure that all required inspections take place by scheduling regular meetings for discussions and debriefing of all staff to ensure accountability and success.*

Anticipated completion date for corrective action:  
*March 2018*

Contact person responsible for corrective action:  
*Tyler Collins, Department of Community and Economic Development, 207-992-4239*

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

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**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**

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

None

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

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

None

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

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

None