

**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, 2014**

**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, 2014**

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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, 2014, 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 26, 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 January 26, 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.



January 26, 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, 2014. 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, 2014.

**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, 2014, 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 26, 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.



January 26, 2015  
South Portland, Maine

**CITY OF BANGOR, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**For year ended June 30, 2014**

Federal Awards	Federal CFDA number	Award amount	Pass-through/ grantor number	ARRA Funds	Beginning balance	Revenue			Transfers/ Adjustments	Expenditures	Ending balance
						Federal	State	Other			
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		-	404,564	-	-	-	395,208	9,356
WIC 13-168	10.557	509,307	CDC 13-168		(14,683)	146,264	-	-	-	125,046	6,535
Women, Infant and Children - Food:											
WIC 14-168	10.557	2,220,000	CDC 14-168		-	1,677,306	-	-	-	1,677,306	-
WIC 13-168	10.557	1,714,801	CDC 13-168		-	561,438	-	-	-	561,438	-
Passed through the Maine Bureau of Health:											
Supplemental Nutrition Assistance Program (8710)	10.561	164,818	OFI 13-351		(1,447)	39,862	-	-	-	39,353	(938)
Supplemental Nutrition Assistance Program (8737)	10.561	149,167	OFI 14-351		-	69,771	-	-	-	70,917	(1,146)
Passed through the Maine Department of Education:											
Fresh Fruits and Veggies	10.582	N/A	013-3028		-	52,902	-	-	-	52,902	-
Food Distribution - Food Donation Program	10.555	N/A	013-3024		-	74,431	-	-	-	74,431	-
School Breakfast Program	10.553	N/A	013-3014		-	161,735	-	-	-	161,735	-
School Lunch Program	10.555	N/A	013-3024		-	698,565	-	-	-	698,565	-
Total Department of Agriculture					(16,130)	3,886,838	-	-	-	3,856,901	13,807
Department of Commerce:											
Investment in Economic Development Facilities	11.300	579,000	01-01-14252		-	205,010	-	205,010	-	410,020	-
Passed through the State of Maine, ConnectME Authority:											
State Broadband Data and Development	11.558	5,000	020-3112	Y	574	3,685	-	-	-	4,259	-
Total Department of Commerce					574	208,695	-	205,010	-	414,279	-
Department of Housing and Urban Development:											
Community Development Block Grants	14.218	2,478,058	B-13-MC-23-0004		265,482	1,144,538	-	754,873	-	2,162,507	2,386
Shelter Plus Care:											
ME 0082C1T011100 TRA (8712)	14.238	36,480	N/A		-	7,630	-	-	-	7,630	-
ME 0029L1T001205 TRA (8714)	14.238	334,211	N/A		-	235,104	-	-	-	235,104	-
ME 0029L1T001306 TRA (8714)	14.238	336,935	N/A		-	76,068	-	-	-	75,760	308
ME 0028L1T001205 TRA (8715)	14.238	391,900	N/A		-	265,881	-	-	-	265,881	-
ME0028C1T011104 TRA (8715)	14.238	329,292	N/A		84	57,719	-	-	-	57,803	-
ME 0026C1T011104 PRA (8716)	14.238	74,496	N/A		231	-	-	-	-	231	-
ME 0026C1T011003 PRA (8716)	14.238	78,240	N/A		-	31,845	-	-	-	31,845	-
ME 0026L1T001205 PRA (8716)	14.238	117,535	N/A		-	58,912	-	-	-	58,912	-
ME 01C60-1002 PRA (8718)	14.238	126,720	N/A		-	10,219	-	-	-	10,219	-
ME 0092L1T001201 PRA (8718)	14.238	35,480	N/A		-	12,470	-	-	-	12,470	-
ME 0083C1T011100 TRA (8728)	14.238	36,480	N/A		-	4,836	-	-	-	4,836	-
Total Department of Housing and Urban Development					265,797	1,905,222	-	754,873	-	2,923,198	2,694

**CITY OF BANGOR, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For year ended June 30, 2014**

Federal Awards	Federal CFDA number	Award amount	Pass-through/ grantor number	ARRA Funds	Beginning balance	Revenue			Transfers/ Adjustments	Expenditures	Ending balance
						Federal	State	Other			
Department of Justice:											
Edward Byrne Memorial Program (7914)	16.738	\$ 26,148	2011DJ-BX-2417		-	5,708	-	-	-	5,708	-
Edward Byrne Memorial Program (7918)	16.738	21,793	2012DJ-BX-0631		-	8,627	-	-	-	8,627	-
Passed through Penobscot County:											
Edward Byrne Memorial Program (7702)	16.738	10,826	2013-DJ-BX-0285		-	10,826	-	-	-	10,826	-
Total Department of Justice					-	25,161	-	-	-	25,161	-
Department of Transportation:											
Airport Improvement Plan:											
3-23-0005-55 (8584)	20.106	5,459,029	N/A		-	83,272	4,626	4,626	-	92,524	-
3-23-0005-56 (8561)	20.106	175,037	N/A		-	39,850	-	4,428	-	44,278	-
3-23-0005-57 (8568)	20.106	165,709	N/A		-	5,174	287	287	-	5,748	-
3-23-0005-58 (8588)	20.106	1,876,849	N/A		-	718,983	39,943	39,944	-	798,870	-
3-23-0005-59 (8589)	20.106	756,007	N/A		-	649,294	36,072	36,072	-	721,438	-
3-23-0005-60 (8590)	20.106	168,850	N/A		-	69,853	3,881	3,881	-	77,615	-
3-23-0005-61 (8591)	20.106	694,068	N/A		-	54,965	3,054	3,054	-	61,073	-
3-23-0005-62 (8592)	20.106	449,347	N/A		-	43,385	2,410	2,411	-	48,206	-
3-23-0005-63 (8595)	20.106	306,163	N/A		-	1,350	75	75	-	1,500	-
3-23-0005-65 (8596)	20.106	443,063	N/A		-	11,787	655	655	-	13,097	-
Urban Mass Transit:											
Operating	20.507	535,000	ME 90-X206		-	535,000	-	1,343,685	-	1,878,685	-
Operating - PM	20.507	370,000	ME 90-X206		-	370,000	-	92,500	-	462,500	-
Operating - ADA	20.507	165,709	ME 90-X206		-	270,000	-	67,500	-	337,500	-
Small Community Air Service Development	20.930	500,000	OST 2010-0124		-	104,765	-	52,382	-	157,147	-
Passed through the Maine Department of Transportation:											
Kittredge Realignment (7614)	20.205	261,200	PIN 19616		-	94,628	31,542	65,300	-	159,654	31,816
Penobscot Bridge Corridor Signals (7611)	20.205	50,175	PIN 18435		-	-	-	-	-	2,626	(2,626)
Hogan/Stillwater Right Turn (7617)	20.205	82,800	PIN 18486.10		-	-	-	20,700	-	3,912	16,788
Hogan/Bgr. Mall Blvd Right Turn (7618)	20.205	184,000	PIN 18486		-	-	-	46,000	-	3,464	42,536
BACTS - Union/Hammond Intersection (7610)	20.205	89,854	PIN 19437		-	66,595	8,324	8,324	-	83,243	-
BACTS - Odlin Road Resurfacing (7616)	20.205	250,025	PIN 19014		-	209,006	26,126	26,126	-	261,258	-
Main Street Safety Improvements (7633)	20.205	960,000	PIN 18448		-	-	-	-	-	15,252	(15,252)
BACTS - Main St./Cedar/Patten (7634)	20.205	388,852	PIN 20392		-	-	-	-	-	988	(988)
BACTS - Me Ave & Godfrey (7627)	20.205	1,075,000	PIN 17321		(66,369)	18,048	2,256	67,853	-	21,788	-
BACTS - Stillwater Avenue Resurfacing (7620)	20.205	267,131	PIN 19209		-	160,853	20,106	20,106	-	201,065	-
BACTS - Maine Avenue (7630)	20.205	183,274	PIN 19203		(45)	2,717	340	340	-	3,352	-
BACTS - Maine Avenue (7608)	20.205	293,400	PIN 18215		(68)	5,779	722	722	-	7,155	-
BACTS - Ohio/Hammond Intersection (7636)	20.205	254,116	PIN 20574		-	-	-	-	-	46	(46)
BACTS - Main St./Dutton/Patten (7640)	20.205	247,720	PIN 18381		-	-	-	-	-	843	(843)
Transit Hub Study	20.505	31,250	CSN 31625		(5,517)	24,946	6,237	-	-	25,666	-
Tri State Conference	20.505	864	PIN 19615		-	864	-	-	-	864	-
Operating	20.507	48,258	PIN 18461		-	48,258	-	48,258	-	96,516	-
Operating - JARC	20.516	45,000	ME 37-X012		-	12,801	-	12,801	-	25,602	-
Total Department of Transportation					(71,999)	3,602,173	186,656	1,968,030	-	5,613,475	71,385

**CITY OF BANGOR, MAINE**  
**Schedule of Expenditures of Federal Awards, Continued**  
**For year ended June 30, 2014**

Federal Awards	Federal CFDA number	Award amount	Pass-through/ grantor number	ARRA Funds	Beginning balance	Revenue			Transfers/ Adjustments	Expenditures	Ending balance
						Federal	State	Other			
Environmental Protection Agency:											
Passed through Maine Department of											
Environmental Protection:											
NPS - Sucker Brook (7604)	66.460	28,942	2012 PT22		(104)	18,897	-	-	-	20,048	(1,255)
Penjajawoc Watershed Improvements (7603)	66.605	36,620	2012 RT05		-	36,620	-	-	-	36,620	-
Performance Partnership (7602)	66.605	60,000	2011 RT16		-	8,367	-	-	-	8,367	-
Total Environmental Protection Agency					(104)	63,884	-	-	-	65,035	(1,255)
Department of Education:											
Passed through the Maine Department of Education:											
Adult Basic Education	84.002	66,281	013-6296		-	56,735	-	-	-	56,735	-
Title 1A	84.010	1,263,225	020-3107		-	1,253,531	-	-	-	1,253,531	-
Title 1A Continuous Improvement	84.010	N/A	013-3106		4,389	14,930	-	-	-	19,274	45
Title 1A Focus	84.010	N/A	013-3107		-	3,173	-	-	-	3,173	-
Special Education - Grants to Local States	84.027	952,404	013-3046		3	926,696	-	-	-	926,699	-
Impact Aid	84.041	30,082	029-2012		-	25,059	-	-	-	25,059	-
Preschool Local Entitlement	84.173	21,561	013-6247		-	17,920	-	-	-	17,920	-
Title IIA	84.367	285,445	013-3042		-	275,056	-	-	-	275,056	-
Total Department of Education					4,392	2,573,100	-	-	-	2,577,447	45
Department of Health & Human Services:											
Substance Abuse and Mental Health Services Administration:											
Drug-Free Communities Support Program (8726)	93.276	125,000	5H79SP018689-03		-	35,638	-	-	-	32,182	3,456
Drug-Free Communities Support Program (8736)	93.276	137,500	5H79SP018689-02		-	72,264	-	-	-	72,399	(135)
Passed through the Maine Bureau of Health:											
Healthy Maine Partnership (8701)	93.959	80,000	CDC 13-337		(2,130)	80,000	-	2,130	-	72,224	7,776
Substance Abuse Prevention (8702)	93.959	26,000	OSA 14-154		-	15,000	11,000	-	-	21,466	4,534
Partnerships for Success (8704)	93.243	79,185	OSA 14-414		-	53,665	-	-	-	58,599	(4,934)
GPCOC Assist & Support (8707)	93.958	4,500	MH3-13-219		2,380	-	-	-	-	-	2,380
HIV Prevention (8708)	93.940	42,472	CDC 13-289		-	21,236	-	8,101	-	29,337	-
STD prevention (8708)	93.977	36,528	CDC-13-289		-	18,264	-	-	-	18,264	-
Drug Prevention (8709)	93.243	79,185	OSA 13-414		4,635	23,756	-	-	-	9,328	19,063
Community Transformation (8711)	93.531	90,000	CDC 13-1407		(1,063)	29,025	-	-	-	27,962	-
Community Transformation (8710)	93.531	90,000	CDC-14-1407		-	67,500	-	-	-	61,767	5,733
Total Department of Health & Human Services					3,822	416,348	11,000	10,231	-	403,528	37,873
Department of Homeland Security:											
Law Enforcement Reimbursement Program											
NEDCTP (8713)	97.072	910,000	HSTS0212HCAN507		-	200,786	-	-	-	200,786	-
Federal Emergency Management Agency:											
Assistance to Firefighters Grant (7505)	97.044	54,900	EMW2011F004650		2,606	23,451	-	-	-	26,057	-
Passed through the Maine Emergency Management Agency:											
Homeland Security Grant Program (7906)	97.067	362,745	N/A		-	79,421	-	-	-	79,421	-
Homeland Security Grant Program (7901)	97.067	111,591	N/A		-	73,835	-	-	-	73,835	-
Homeland Security Grant Program (7908)	97.067	251,512	N/A		-	237,923	-	-	-	237,923	-
Total Department of Homeland Security					2,606	698,819	-	-	-	701,425	-
<b>Total Federal Awards</b>					<b>\$ 188,958</b>	<b>13,380,240</b>	<b>197,656</b>	<b>2,938,144</b>	<b>-</b>	<b>16,580,449</b>	<b>124,549</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, 2014.

***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, 2014.

**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, 2014, 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 26, 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.



January 26, 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, 2014**

	Approved Amounts Impose and Use	Memorandum Only Cumulative Total June 30, 2013	Quarter Ended September 30, 2013	Quarter Ended December 31, 2013	Quarter Ended March 31, 2014	Quarter Ended June 30, 2014	Year Ended June 30, 2014	Memorandum Only Cumulative Totals June 30, 2014
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	1,398,307	276,032	266,198	156,998	308,344	1,007,572	2,405,879
Expenditures:								
Electrical Improvement	604,797	604,797	-	-	-	-	-	604,797
Terminal Renovations	1,928,000	206,609	99,278	6,035	165,903	174,212	445,428	652,037
PFC Application Costs	43,700	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 2,576,497</b>	<b>811,406</b>	<b>99,278</b>	<b>6,035</b>	<b>165,903</b>	<b>174,212</b>	<b>445,428</b>	<b>1,256,834</b>

**CITY OF BANGOR, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and the Schedule of Expenditures of Passenger Facility Charges**  
**June 30, 2014**

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**PURPOSE OF THE SCHEDULE**

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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.

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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, 2014. 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.

**CITY OF BANGOR, MAINE**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2014**

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**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
14.218	Community Development Block Grant
84.010	Title 1A

Dollar threshold used to distinguish  
 between Type A and Type B programs: \$ 497,413

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**

None

CITY OF PORTLAND, 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 under *Government Auditing Standards***

None

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

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**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**

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

None