

CITY OF BANGOR, MAINE

**Reports Required by *Maine Uniform
Accounting and Auditing Practices for
Community Agencies***

For the Year Ended June 30, 2014

CITY OF BANGOR, MAINE
Reports Required by *Maine Uniform Accounting and*
Auditing Practices for Community 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 the 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 weakness or significant deficiencies in internal control may exist that were not identified. 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the 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 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.

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive, flowing style.

January 26, 2015
South Portland, Maine

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY MAINE UNIFORM ACCOUNTING AND
AUDITING PRACTICES FOR COMMUNITY AGENCIES**

City Council
City of Bangor, Maine

Report on Compliance for Each Major Department Agreement

We have audited the City of Bangor, Maine's compliance with the types of compliance requirements described in *Maine Uniform Accounting and Auditing Practices for Community Agencies* that could have a direct and material effect on each of the City of Bangor, Maine's major department agreements for the year ended June 30, 2014. The City of Bangor, Maine's major department agreements 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 department agreements.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bangor, Maine's major department agreements 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 *Maine Uniform Accounting and Auditing Practices for Community Agencies*. Those standards and *Maine Uniform Accounting and Auditing Practices for Community Agencies*, 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 department agreement 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 department agreement. However, our audit does not provide a legal determination of the City of Bangor, Maine's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY MAINE UNIFORM ACCOUNTING AND
AUDITING PRACTICES FOR COMMUNITY AGENCIES, CONTINUED**

Basis for Qualified Opinions on Agreements CDC 13-168, OFI 13-351 and OFI 14-351

As described in findings #2014-001, #2014-002, and #2014-003 in the accompanying schedule of findings and questioned costs, the City of Bangor, Maine did not comply with the requirements regarding the following:

Finding #	Agreement #	Program (or Cluster) Name	Compliance Requirement
#2014-001	CDC 13-168	Women Infants Children (WIC)	Reporting
#2014-002	CDC 13-168	Women Infants Children (WIC)	Budget
#2014-003	OFI 13-351; OFI 14-351	Supplemental Nutrition Assistance Program Education	Allowable Costs

Compliance with these requirements is necessary, in our opinion, for the City of Bangor, Maine to comply with the requirements applicable to this agreement.

Qualified Opinions on Agreements CDC 13-168, OFI 13-351 and OFI 14-351

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph above, 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 agreements CDC 13-168, OFI 13-351 and OFI 14-351 for the year ended June 30, 2014.

The City of Bangor, Maine's responses to the compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Bangor, Maine's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Unmodified Opinion on Each of the Other Major Department Agreements

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 department agreements identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY MAINE UNIFORM ACCOUNTING AND
AUDITING PRACTICES FOR COMMUNITY AGENCIES, 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 requirements that could have a direct and material effect on each major department agreement to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major department agreement and to test and report on internal control over compliance in accordance with *Maine Uniform Accounting and Auditing Practices for Community Agencies*, 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 department agreement 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 department agreement 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 department agreement 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 *Maine Uniform Accounting and Auditing Practices for Community Agencies*. Accordingly, this report is not suitable for any other purpose.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY MAINE UNIFORM ACCOUNTING AND
AUDITING PRACTICES FOR COMMUNITY AGENCIES, CONTINUED**

Report on Schedule of Expenditures of Department Agreements Required by *Maine Uniform Accounting and Auditing Practices for Community Agencies*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate 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 department agreements is presented for the purposes of additional analysis as required by *Maine Uniform Accounting and Auditing Practices for Community Agencies* and is not a required part of 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 department agreements is fairly stated in all material respects in relation to the basic financial statements as a whole.



January 26, 2015, except for the opinion on Department Agreement OFI 13-351 and OFI 14-351, which is dated March 2, 2015
South Portland, Maine

CITY OF BANGOR, MAINE
Schedule of Expenditures of Department Agreements
For the Fiscal Year Ended June 30, 2014

Department Office	Grant Name	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenses	State Expenses	Total Department Expenses	Local Share Expenses	Total Agree/Match Expenses
DHHS:											
WIC	Women Infant & Children	CDC 14-168	\$ 2,760,769	10/1/31 - 9/30/14	Health Promotion	Interim	\$ 2,072,514	-	2,072,514	-	-
WIC	Women Infant & Children	CDC 13-168	2,224,108	10/1/12 - 9/30/13	Health Promotion	Final	686,484	-	686,484	-	-
CDC	Lead Poison Prevent	CDC 14-719	37,250	7/1/13 - 6/30/14	Lead Poison Prevent	Final	-	28,993	28,993	-	-
CDC	STD/HIV	CDC 13-289	79,000	1/1/13 - 12/31/13	STD Clinic	Final	35,391	-	35,391	12,210	47,601
CDC	Penquis Comm Transform	CDC 13-1407	90,000	10/1/12 - 9/30/13	Health Promotion	Final	27,962	-	27,962	-	-
CDC	Penquis Comm Transform	CDC 14-1407	90,000	10/1/13 - 9/30/14	Health Promotion	Interim	61,767	-	61,767	-	-
CDC	Healthy Maine Partnership	CDC 14-337	602,941	7/1/13 - 6/30/14	Health Promotion	Final	72,224	508,679	580,903	-	-
MCH	Visiting Nurse	CDC 12-567	200,220	7/1/11 - 6/30/14	Health Promotion	Final	-	74,526	74,526	166,195	240,721
OSA	Overdose Prevention	OSA 14-373	50,000	7/1/13 - 6/30/14	Substance Abuse	Final	-	49,211	49,211	-	-
OSA	Expanded Prevention	OSA 14-154	26,000	7/1/13 - 6/30/14	Substance Abuse	Final	12,384	9,082	21,466	-	-
OSA	Partnership for Success	OSA 14-414	79,185	10/1/13 - 9/30/14	Substance Abuse	Interim	58,599	-	58,599	-	-
OSA	Partnership for Success	OSA 13-414	79,185	12/1/12 - 9/30/13	Substance Abuse	Final	9,328	-	9,328	-	-
Passed through:											
University of New England	Supp Nutrition Assistance	OFI 13-351	164,818	10/1/12 - 9/30/13	Health Promotion	Final	39,353	-	39,353	-	-
University of New England	Supp Nutrition Assistance	OFI 14-351	149,167	10/1/13 - 9/30/14	Health Promotion	Interim	70,917	-	70,917	-	-
Total Department of Health and Human Services							3,146,923	670,491	3,817,414	178,405	288,322
MDOT:											
OPT	Operating	CSN 31625	31,250	5/1/13 - 5/1/14	Transportation Systems	Final	24,946	6,237	31,183	-	-
OPT	Operating	N/A	864	7/1/13 - 6/30/14	Transportation Systems	Final	864	-	864	-	-
OPT	Operating	CSN 31895	48,258	7/1/13 - 6/30/14	Transportation Systems	Final	48,258	-	48,258	48,258	-
OPT	JARC	CSN 31233	45,000	7/1/12 - 6/30/14	Transportation Systems	Final	12,801	-	12,801	12,801	-
Total Department of Transportation							86,869	6,237	93,106	61,059	-
Total							\$ 3,233,792	676,728	3,910,520	239,464	288,322

See accompanying notes to schedule of expenditures of department agreements.

CITY OF BANGOR, MAINE
Notes to Schedule of Expenditures of Department Agreements
June 30, 2014

PURPOSE OF THE SCHEDULE

Maine Uniform Accounting and Auditing Practices for Community Agencies require a Schedule of Expenditures of Department Agreements showing total expenditures for each award as identified in the respective department agreements.

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all department agreements of the City of Bangor, Maine for the fiscal year ended June 30, 2014. The reporting entity is defined in Notes to Financial Statements of the City of Bangor, Maine.
- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Department Agreements is presented in accordance with *Maine Uniform Accounting and Auditing Practices for Community Agencies*.
 - 1. Pursuant to *Maine Uniform Accounting and Auditing Practices for Community Agencies*, department agreements are defined as a legally binding written document between two or more parties, including, but not limited to, a document commonly referred to as accepted application, proposal, prospectus, contract, grant, joint or cooperative agreement, purchase of service or state aid.
 - 2. Major Agreement - *Maine Uniform Accounting and Auditing Practices for Community Agencies* establishes the levels of expenditures or expenses to be used in defining major department agreements. Major department agreements for the City of Bangor, Maine have been identified in the attached Schedule of Findings and Questioned Costs - Summary of Auditor's Results.
- C. Basis of Accounting - The information presented in the Schedule of Expenditures of Department Agreements is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City's fund financial statements.

CITY OF BANGOR, MAINE
Schedule of Findings and Questioned Costs
June 30, 2014

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

State Agreements

Internal control over programs tested:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for programs tested:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>Maine Uniform Accounting and Auditing Practices for Community Agencies</i> ?	Yes

Federal Awards

Required to have an audit in Accordance with OMB Circular A-133?	Yes
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Identification of program(s) tested:

<u>Agreement Number(s)</u>	<u>Name of Department - Agreement</u>
CDC – 14 – 168	Women, Infants, and Children (WIC)
CDC – 13 – 168	Women, Infants, and Children (WIC)
OFI – 14-351	Supplemental Nutrition Assistance Program (SNAP Ed)
OFI – 13-351	Supplemental Nutrition Assistance Program (SNAP Ed)

*Agreement #CDC-14-337 is a continuation of a program tested in 2012 and thus, not required to be tested in the current year.

Percentage of department agreements tested:	73%
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CITY OF BANGOR, MAINE
Schedule of Findings and Questioned Costs, Continued

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

None

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

Section III – Findings and Questioned Costs for State Agreements

#2014-001 - Noncompliance with Closeout Reporting Requirements for Agreement CDC 13-168

Criteria - Rider A of the contracts requires that a closeout report be filed on the completion of the grant. The closeout report should include a final accounting of all expenses and income for the grant. We reviewed the closeout report for this particular grant and determined that all expenses and reimbursements related to food vouchers had been excluded from the report.

Condition - The closeout report for CDC 13-168 did not include all final expenses and revenues related to the grant.

Known Questioned Costs - None

Likely Questioned Costs - None

Cause - The final amounts related to food voucher reimbursements were not available at the time the closeout report was completed.

Recommendations - We recommend the City ensures that accounting adjustments are recorded and all amounts are finalized related to the grant prior to the completion of the closeout report.

Management response/corrective action - The City will ensure that a final close out report will be filed when all food voucher reimbursements are available.

#2014-002 - Noncompliance with Budget Requirements for Agreement CDC 13-168

Criteria - MAAP regulations require a community agency to obtain a budget revision in the event that the total expenses in personnel and all other category exceed the budgeted amount for that category by at least ten percent or \$10,000, whichever is greater.

Condition - The City incurred expenditures for food vouchers in amounts that exceeded the original budgeted amount for the all other category by 24% and reimbursements for food vouchers caused revenues to exceed the budgeted amount by 20%.

Known Questioned Costs - None

Likely Questioned Costs - None

Cause - The City did not request and did not receive a budget revision for food vouchers for this agreement.

Recommendations - We recommend that the City be sure to request budget revisions in the future if agreement expenses and revenues in any category are expected to vary from budgeted levels by more than the allowable variance.

Management response/corrective action - The City is seeking clarification from the department as to how to address food voucher reimbursements that exceeded the amount approved within the grant document.

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

Section III – Findings and Questioned Costs for State Agreements, Continued

#2014-003 – Noncompliance with Allowable Costs Requirements for Agreements OFI 13-351 and OFI 14-351

Criteria - MAAP regulations require a community agency to adhere to the guidance of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*. OMB Circular A-87 requires time and effort be documented when less than 100% of an employee's time is charged to a program.

Condition - The City's personnel did not complete time cards or comparable documentation that supported their time that was charged to the program when their time was split between more than one program or function.

Known Questioned Costs - None

Likely Questioned Costs - None

Cause - The City charged employees' time to the program based on the amounts budgeted rather than the actual time worked on the program.

Recommendations - We recommend that the City implement a process for tracking employees' time when their time is split between programs or functions.

Management response/corrective action - The City will implement time tracking for employees working in multiple grant funded areas.

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

Section IV – Status of Prior Year Audit Findings

None