

CITY OF BANGOR, MAINE

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

For the Year Ended June 30, 2024

CITY OF BANGOR, MAINE
Reports Required by *Government Auditing Standards* and the Uniform Guidance
For the year ended June 30, 2024

<u>Report</u>	<u>Page</u>
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 <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	3-7
Schedule of Expenditures of Federal Awards	8-10
Notes to Schedule of Expenditures of Federal Awards	11
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	12
Section II - Findings Required to be Reported under <i>Government Auditing Standards</i>	13-14
Section III - Findings and Questioned Costs for Federal Awards	15-23
Section IV - Status of Prior Year Findings to be Reported under <i>Government Auditing Standards</i>	24
Section V - Status of Prior Year Findings and Questioned Costs for Federal Awards	25-28

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, 2024, 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 June 30, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bangor, Maine's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bangor, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bangor, Maine's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bangor, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Bangor, Maine’s Response to Findings

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

We noted certain opportunities to strengthen internal controls and operating efficiency that we have reported to the management of the City of Bangor, Maine in a separate letter dated June 30, 2025.

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.



June 30, 2025
South Portland, Maine

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

City Council
City of Bangor, Maine

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the City of Bangor, Maine's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bangor, Maine's major federal programs for the year ended June 30, 2024. The City of Bangor, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinions on CDBG Entitlement Grants Cluster, Coronavirus State and Local Fiscal Recovery Funds (ARPA), Substance Abuse and Mental Health Services Projects, Block Grants for Prevention and Treatment of Substance Abuse, Opioid STR, Supplemental Nutrition Assistance Program, and the National and State Tobacco Control Program.

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City of Bangor, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the programs listed above for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Bangor, Maine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

We are required to be independent of the City of Bangor, Maine and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City of Bangor, Maine’s compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the Programs Listed Below

As described in the findings listed below and in the accompanying schedule of findings and questioned costs, the City of Bangor, Maine did not comply with requirements regarding the following:

Finding #	ALN #	Agreement #	Program (or Cluster) Name	Compliance Requirement
2024-003	93.243	CD6 23-4425B/ OSA 24-373	Substance Abuse and Mental Health Services Projects	Allowable Costs – Time and Effort
2024-003	93.387	CD6 23-4425B	National and State Tobacco Control Program	Allowable Costs – Time and Effort
2024-003	93.788	CD6 23-4425B/ OSA 23-373	Opioid STR	Allowable Costs – Time and Effort
2024-003	93.959	CD6 23-4425B/ OSA 24-373	Block Grants for Prevention and Treatment of Substance Abuse	Allowable Costs – Time and Effort
2024-003	10.561	OFI 22-351/ OFI 24-351	Supplemental Nutrition Assistance Program	Allowable Costs – Time and Effort
2024-005	14.218	N/A	CDBG Entitlement Grants Cluster	Reporting
2024-007	21.027	N/A	Coronavirus State and Local Fiscal Recovery Funds (ARPA)	Procurement, Suspension and Debarment
2024-008	21.027	N/A	Coronavirus State and Local Fiscal Recovery Funds (ARPA)	Reporting
2024-009	93.243/ 93.959	CD6 23-4225B/ OSA 24-373	Substance Abuse and Mental Health Services Projects/ Block Grants for Prevention and Treatment of Substance Abuse	Reporting
2024-010	93.387/ 93.788/ 93.959/ 93.243	CD6 23-4225B	National and State Tobacco Control Program/ Opioid STR/ Block Grants for Prevention and Treatment of Substance Abuse/ Substance Abuse and Mental Health Services Projects	Subrecipient Monitoring

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 AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Bangor, Maine's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Other Matters

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses in internal control over compliance may exist that were not identified.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be significant deficiencies:

Item Number	Programs
2024-003	Various DHHS and SAMHSA grants
2024-004	CDBG Entitlement Grants Cluster (CDBG)
2024-005	CDBG Entitlement Grants Cluster (CDBG)
2024-006	Highway Planning and Construction Cluster
2024-007	Coronavirus State and Local Fiscal Recovery Funds
2024-008	Coronavirus State and Local Fiscal Recovery Funds
2024-009	Opioid STR/ Substance Abuse and Mental Health Services Projects/ Block Grants for Prevention and Treatment of Substance Abuse
2024-010	National and State Tobacco Control Program/ Opioid STR/ Block Grants for Prevention and Treatment of Substance Abuse/ Substance Abuse and Mental Health Services Projects
2024-011	Federal Transit Cluster

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bangor, Maine, as of and for the year ended June 30, 2024, 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 June 30, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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.



June 30, 2025, except for #20.507 Federal Transit
Cluster grants, which are dated August 22, 2025
South Portland, Maine

CITY OF BANGOR, MAINE
Schedule of Expenditures of Federal Awards
For year ended June 30, 2024

Federal Awards	Federal Assistance Number	Pass-through/ Grantor Number	Expenditures	Listing/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Agriculture:					
Passed through the Maine Department of Education:					
COVID - pandemic EBT	10.649	6184	\$ 6,530		-
Child and Adult Care Food Program (CACFP)	10.558	6661/6668	23,066		-
Child Nutrition Cluster:					
School breakfast program	10.553	3014	289,923		-
School lunch program	10.555	3022/3024	932,138		-
After school program	10.555	3020	19,493		-
School lunch donated commodities	10.555	N/A	131,259		-
Supply chain assistance	10.555	6670	80,010		-
Fresh fruits and veggies	10.582	3028	80,612		-
Total Child Nutrition Cluster				1,533,435	
Passed through the Maine Department of Health and Human Services:					
Women, Infants, and Children (WIC)	10.557	CD6 24-4652/ CD6 22-4652	2,982,945		-
WIC Breastfeeding	10.557	CD6 24-4652/ CD6 22-4652	40,925	3,023,870	-
WIC Farmer's Market Food	10.572	CD6 24-4652/ CD6 22-4652	12,246		-
Passed through the Maine Bureau of Health,					
Passed through the University of New England:					
SNAP Cluster:					
Supplemental Nutrition Assistance Program	10.561	OFI 24-351/ OFI 22-351	388,690		-
Total SNAP Cluster				388,690	
Total U.S. Department of Agriculture			4,987,837		-
U.S. Department of the Treasury:					
COVID - State and Local Fiscal Recovery Funds (ARPA)	21.027	N/A	1,721,428		-
Passed through the Maine Department of Education:					
COVID - Pre-K Expansion	21.027	N/A	284,260		-
COVID - MJRP	21.027	N/A	41,289		-
COVID - Career Advancement & Navigation Pilot	21.027	N/A	64,053	2,111,030	-
Total U.S. Department of the Treasury			2,111,030		-

CITY OF BANGOR, MAINE
Schedule of Expenditures of Federal Awards, Continued
For year ended June 30, 2024

Federal Awards	Federal Assistance Number	Pass-through/ Grantor Number	Expenditures	Listing/ Cluster Totals	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants	14.218	N/A	\$ 1,517,309		967,600
COVID - Community Development Block Grants - CV	14.218	N/A	173,236		-
Total CDBG - Entitlement Grants Cluster				1,690,545	
Shelter Plus Care:					
Shelter Plus Care: ME 0026L1T002114 TRA (8716)	14.238	N/A	56,159		-
Shelter Plus Care: ME 0026L1T002215 TRA (8716)	14.238	N/A	96,980		-
Shelter Plus Care: ME 0028L1T002114 TRA (8715)	14.238	N/A	75,850		-
Shelter Plus Care: ME 0082L1T002307 TRA (8714)	14.238	N/A	118,031		-
Shelter Plus Care: ME 0082L1T002206 TRA (8714)	14.238	N/A	304,033		-
Shelter Plus Care: ME 0117L1T001700 TRA (8719)	14.238	N/A	4,901		-
Shelter Plus Care: ME 0117L1T002201 TRA (8719)	14.238	N/A	56,716		-
Shelter Plus Care: ME 0028L1T002215 TRA (8715)	14.238	N/A	384,760	1,097,430	-
Total U.S. Department of Housing and Urban Development			2,787,975		967,600
U.S. Department of Justice:					
Stop School Violence	16.839	N/A	7,136		-
Bullet Proof Vests	16.607	N/A	7,130		-
Passed through the Town of Veazie:					
Edward Byrnes Memorial Justice Assistance Grant (JAG)	16.738	N/A	10,886		-
Total U.S. Department of Justice			25,152		-
U.S. Department of Transportation:					
Airport Improvement Plan	20.106	N/A	586,168	586,168	-
Federal Transit Cluster:					
Federal Transit - Operating	20.507	N/A	2,077,781		-
Federal Transit - Bus Acquisition	20.507	N/A	3,180		-
Bus and Bus Facilities Formula and Discretionary Programs	20.526	N/A	319,555		-
Total Federal Transit Cluster				2,400,516	
Passed through the Maine Department of Transportation:					
Highway Planning and Construction Cluster:					
26932.00 Hammond St Ext to Hermon (7604) [80% Fed]	20.205	WIN 26932 CSN TBD	4,139		-
23114.00 Penobscot Corridor Signals (7626) [80% Fed]	20.205	WIN 23114, CSN 42219	312,175		-
23573.00 State St/Forest Ave (7628) [80% Fed]	20.205	WIN 23573, CSN 39284	67,814		-
23112.00 Penobscot Corridor Signals Brewer (7636) [80% Fed]	20.205	WIN 23112, CSN 42114	77,836		-
25379.00 Oak St (7638) [80% Fed]	20.205	WIN 25379, CSN TBD	154,366		-
25617.00 Broadway Ped Imp/Heads Up (7645) [80% Fed]	20.205	WIN 25617 CSN 42974	29,271		-
24771.00 Riverfront Trail (7646) [80% Fed]	20.205	WIN 24771, CSN 41531	446,750		-
26354.00 Griffin/Kenduskeag (7649) [80% Fed]	20.205	WIN 26354 CSN 44341	9,863		-
Total Highway Planning and Construction Cluster				1,102,214	
Total U.S. Department of Transportation			4,088,898		-

CITY OF BANGOR, MAINE
Schedule of Expenditures of Federal Awards, Continued
For year ended June 30, 2024

Federal Awards	Federal Assistance Listing	Pass-through/ Grantor Number	Expenditures	Listing/ Cluster Totals	Passed Through to Subrecipients
Environmental Protection Agency:					
Brownfields Assessment and Cleanup	66.818	96188601	\$ 16,240		-
Total Environmental Protection Agency			16,240		-
U.S. Department of Education:					
Passed through the Maine Department of Education:					
Adult Basic Education	84.002	6296	171,708		105,529
Title 1A	84.010	3107	1,477,491		-
Impact Aid	84.041	Unknown	238,220		-
21st Century	84.287	3356	325,020		-
Title IIA - Supporting Effective Instruction	84.367	3042	271,910		-
COVID - Elementary and Secondary School Emergency Relief Fund II	84.425D	7041	4,172,154		-
COVID - Elementary and Secondary School Emergency Relief Fund III (ARPA)	84.425U	7071	4,986,083		-
COVID - Learning Management Systems (LMS) (ARPA)	84.425	7042	6,913		-
COVID - Homeless Children and Youth I	84.425W	Unknown	931		-
COVID - Homeless Children and Youth II	84.425W	3161	50,486		-
COVID - ARP ESSER (Literacy Grant)	84.425U	7072	168,352		-
COVID - ARP ESSER (Distinguished Educator)	84.425U	Unknown	102,744		-
COVID - ARP ESSER (Summer Reservation)	84.425U	Unknown	2,626	9,490,289	-
Special Education Cluster:					
Special Education - Grants to Local States	84.027	3046	1,358,904		-
Preschool	84.173	6247	23,170		-
COVID - Preschool (ARPA)	84.173X	7171	8,407		-
Total Special Education Cluster				1,390,481	
Total U.S. Department of Education			13,365,119		105,529
U.S. Department of Health & Human Services:					
Passed through Substance Abuse and Mental Health Services Administration:					
National and State Tobacco Control Program	93.387	CD6 23-4425B	47,093		-
Substance Abuse and Mental Health Services Projects	93.243	OSA 24-373A	73,824		-
Substance Abuse and Mental Health Services Projects	93.243	CD6 23-4441	105,504		-
Passed through the Maine Department of Health and Human Services:					
Substance Abuse and Mental Health Services Projects	93.243	CD6 23-4425B	96,921		15,486
Substance Abuse and Mental Health Services Projects	93.243	OSA 23-6005/OSA 24-6005	130,145	406,394	-
COVID - Public Health Infrastructure	93.354	CD6 22-1114B/CD6 24-1114	173,203		-
Opioid STR	93.788	CD6 23-4425B	21,716		19,235
Opioid STR	93.788	OSA 24-373A	1,011,882	1,033,598	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CD6 23-4425B	102,879		39,896
COVID - Block Grants for Prevention and Treatment of Substance Abuse	93.959	CD6 23-4425B	49,396		25,482
Block Grants for Prevention and Treatment of Substance Abuse	93.959	OSA 24-373A	55,817	208,092	-
Total U.S. Department of Health & Human Services			1,868,380		100,099
U.S. Department of Homeland Security:					
Law Enforcement Reimbursement Program	97.090	HSTS0216HSLR711	80,709		-
NEDCTP (8713)	97.072	70T02020T9NNCP407	110,578		-
Assistance to Firefighters	97.044	EMW-2021-FG-04611	126,247		-
Passed through the Maine Emergency Management Agency:					
Homeland Security Grant Program	97.067	EMW-2021-SS-00065	113,981		-
Homeland Security Grant Program	97.067	EMW-2020-SS-00046	96,998		-
Passed through Penobscot County Emergency Management Agency:					
Homeland Security Grant Program	97.067	EMW-2022-SS-00032	53,584	264,563	-
Total U.S. Department of Homeland Security			582,097		-
Total federal awards			\$ 29,832,728		1,173,228

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BANGOR, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

PURPOSE OF THE SCHEDULE

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

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Bangor, Maine for the fiscal year ended June 30, 2024. The reporting entity is defined in notes to basic financial statements of the City of Bangor, Maine.

- B. Basis of Presentation - The information in the accompanying schedule of expenditures of federal awards is presented in accordance with the Uniform Guidance.
 - 1. Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.

 - 2. Major Programs - The Uniform Guidance establishes the level of expenditures or expenses to be used in defining major federal award programs. Major programs for the City of Bangor, Maine are identified in the summary of auditor's results in the schedule of findings and questioned costs.

- C. Basis of Accounting - The information presented in the schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City's fund financial statements.

- D. During the fiscal year, the City had some grants that were not completely expended and the unspent funds were returned to the awarding or pass-through agencies. The amounts returned to the agencies have been excluded from current year expenditures.

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

CITY OF BANGOR, MAINE
Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:
 Material weaknesses identified? Yes
 Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

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

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

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

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Covid Funds</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
10.557		Women, Infants, and Children	Unmodified
10.561		Supplemental Nutrition Assistance Program	Qualified
14.218	Covid	CDBG Entitlement Grants Cluster	Qualified
21.027	Covid	Coronavirus State and Local Fiscal Recovery Funds (ARPA)	Qualified
20.205		Highway Planning and Construction Cluster	Unmodified
20.507-20.526		Federal Transit Cluster	Unmodified
93.243		Substance Abuse and Mental Health Services Projects	Qualified
93.387		National and State Tobacco Control Program	Qualified
93.788		Opioid STR	Qualified
93.959		Block Grants for Prevention and Treatment of Substance Abuse	Qualified

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

Auditee qualified as low-risk auditee? No

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

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

MATERIAL WEAKNESS

2024-001 – Cash Account Reconciliations

Criteria: To ensure cash balances are correctly reported and to deter errors or fraud, the City should complete monthly bank reconciliations in a timely manner, and ensure the reconciling items are accurate based on their timing.

Condition: During the audit, we determined several July 2024 wire transfers totaling over \$1.5 million were improperly included as outstanding checks in the June 2024 reconciliation, and deposits in transit of over \$700k were improperly excluded from the reconciliation. In addition, the bank reconciliations for the pooled cash accounts were not completed for several months after fiscal year-end.

Cause: The City experienced a staff shortage, which has put them behind on bank reconciliations.

Effect: The June 2024 bank reconciliation was not completed until January 2025.

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

Management's Response/Corrective Action Plan: *The City continued to have staffing issues with regards to the departments that handle the cash receipting, mailed payments, and reconciliations. Cash-ups and reconciliations were subsequently impacted as the primary focus was maintaining service to the public. Processing remained delayed as new staff were being trained. During the City's Fiscal Year 2025, employee retention continues to be an issue and current staff utilizes overtime to become current on the processing and depositing of payments and reconciliations.*

The City School Department operates on a separate financial system than the City and during FY24 the City and School continued to work on developing procedures for posting School transactions to the City system. Both City and School staff understand the need for timely reconciliations and are addressing and modifying procedures to ensure such issues do not occur in the future.

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

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

SIGNIFICANT DEFICIENCY

2024-002 – Material Audit Adjustments and Financial Statement Preparation

Criteria: Fundamental to proper financial reporting is the routine analysis of accounts and reconciliation of balances to underlying documentation. Such analysis and reconciliation aids in identifying errors and irregularities so they can be corrected in a timely manner.

Condition: During the audit, we identified several material audit adjustments required to correct year-end balances.

Cause: Due to staff shortages, the Finance Department has had less time to review year end balances, reconcile amounts to supporting documentation, and prepare required adjusting entries.

Effect: The adjusting entries resulted in several changes to the financial statements, which further delayed the audit. In addition, the risk of a material misstatement going undetected and corrected was increased.

Recommendation: The City should prioritize audit sections that are more complex and require more reconciliation to ensure there is sufficient time to review and adjust year end balances.

Management's response/corrective action plan: *The City continued to have staffing issues and utilized overtime to become current on routine activities. For FY25, current staff will continue to utilize overtime while attempting to fill vacancies and train new staff.*

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

Section III – Findings and Questioned Costs for Federal Awards

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

2024-003 Allowable Costs – Time and Effort Documentation for the period July 1, 2023, to June 30, 2024, for the following grants:

Agency	COVID	Assistance Listing	Program	Agreement Number
SAMHSA		93.387	National and State Tobacco Control Program	CD6 23-4425B
SAMHSA		93.243	Substance Abuse and Mental Health Services Projects	OSA 24-373A
DHHS		93.243	Substance Abuse and Mental Health Services Projects	CD6 23-4425B
DHHS		93.788	Opioid STR	CD6 23-4425B
DHHS		93.959	Block Grants for Prevention and Treatment of Substance Abuse	CD6 23-4425B
DHHS	COVID	93.959	Block Grants for Prevention and Treatment of Substance Abuse	CD6 23-4425B
DHHS		93.959	Block Grants for Prevention and Treatment of Substance Abuse	OSA 24-373A
USDA		10.561	Supplemental Nutrition Assistance Program	OFI 22-351/ OFI 24-351

Criteria: – Under the Uniform Guidance §200.430 Compensation - personal services, charges for salaries and wages must be based on records that accurately reflect the work performed. Budget estimates alone do not qualify as support for charges to Federal awards, unless the entity’s system of internal controls includes processes to review after-the-fact interim charges and to make necessary adjustment such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Condition: The City’s Health and Community Services Department charged personnel time to the grants listed above that was not based on actual work performed, but on budgeted amounts.

Cause: Although the personnel time spent on the grant exceeded the amount charged to the grants listed above, the time was based on budgeted percentages and not actual time worked.

Effect: Actual personnel time charged to the grant was not documented, was based on budgeted amounts, and therefore, unallowable.

Known Questioned Costs:

ALN	Program	Agreement	Amount
93.387/93.243/ 93.788/93.959	National and State Tobacco Control Program/ Substance Abuse and Mental Health Services Projects/ Opioid STR/ Block Grants for Prevention and Treatment of Substance Abuse	CD6 23-4425B	2,223.09
93.243/93.959	Substance Abuse and Mental Health Services Projects/ Block Grants for Prevention and Treatment of Substance Abuse	OSA 24-373A	636.45
10.561	Supplemental Nutrition Assistance Program	OFI 22-351/ OFI 24-351	752.22

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

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

Likely Questioned Costs:

ALN	Program	Agreement	Amount
93.387/93.243/ 93.788/93.959	National and State Tobacco Control Program/ Substance Abuse and Mental Health Services Projects/ Opioid STR/ Block Grants for Prevention and Treatment of Substance Abuse	CD6 23-4425B	394,316.61
93.243/93.959	Substance Abuse and Mental Health Services Projects/ Block Grants for Prevention and Treatment of Substance Abuse	OSA 24-373A	79,326.10
10.561	Supplemental Nutrition Assistance Program	OFI 22-351/ OFI 24-351	252,382.22

Recommendations: The City should ensure that all grant payroll is allocated to grants based on time worked. If time is allocated on a budgeted amount, then there should be a true up or reconciliation of actual time at the end of each grant.

Management’s Response/Corrective Action Plan: In March of 2025 during the audit process, we were asked about reporting budgeted hours vs. actual hours. Based on that inquiry, we have been working on Time Effort Timesheets for those individuals who allocate their time over 2 or more cost centers. These Time Effort Timesheets commenced July 2025 and are now standard practice as part of weekly payroll reporting.

SIGNIFICANT DEFICIENCY

2024-004 Housing and Urban Development Assistance Listing #14.218 CDBG Entitlement Grants Cluster for the period July 1, 2023, to June 30, 2024

Criteria: The Uniform Guidance §200.303 requires that grant recipients establish and maintain internal controls over federal awards that provide reasonable assurance that the recipient is managing the Federal awards in compliance with the terms and conditions of the awards. The management of such awards includes overseeing allowable costs charged to the grant and ensuring expenditures fall within the period of performance for the grant, which requires knowledge of the grant.

Condition: In FY 2024, the City had several expenditures that were charged to the CDBG program that were approved by City employees not directly involved with or familiar with the CDBG program.

Cause: There are general expenditures the City sometimes charges to the CDBG program that are approved by the Department Managers and not by the CDBG program manager.

Effect: The CDBG program manager is sometimes not aware of certain costs charged to the program until after they have been posted to its expenditures. In addition, the risk that a cost that is not allowable under the CDBG program is increased.

Known Questioned Costs: None

Likely Questioned Costs: None

Recommendations: The City should ensure that all expenditures charged to the CDBG program are reviewed and approved by the program manager before they are posted to the program.

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

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

Management's Response/Corrective Action Plan: The City of Bangor's Community Development Block Grant program receives direct oversight by the Community Development Officer, responsible for ensuring compliance with Federal regulations, including the determination of eligibility, allowability, and allocability of all financial expenditures. Previously, the City's practice concerning CDBG funds provided to other departments allowed those project managers to directly charge the CDBG account through payroll, requisition or direct charges which are not first reviewed and approved by the Community Development Officer. The Community Development Officer has implemented the following procedural changes:

1. *Executing Interdepartmental Subrecipient Agreements. This document establishes certain standards and expectations for CDBG-funded programs. In 2025-26, Agreements will create new procedural safeguards including submitting requisitions for all expenditures not contained in the approved budget, and to submit receipts or invoices to the Community Development office directly to back up all approved expenses.*
2. *The Community Development Officer must review and sign off on all expenses charged to the CDBG account by Community and Economic Development Staff, including "OK To Pay" charges, and requisitions.*

The Community Development Officer recommends the following changes:

1. *The issuance of a separate credit card to be used exclusively for CDBG expenditures. The reconciliation process is very tedious and involves sifting through unrelated expenses, and some expenses which are allocated to CDBG which have not been initiated by the Community Development Division and were deemed ineligible by the Community Development Officer. This creates some challenges finding another account to charge to, often a month or more after the expense occurred. The CDBG program does a monthly drawdown for administrative costs, which requires the CDO to make adjustments for expenses that are discovered during the reconciliation process.*
2. *Eliminating the practice of providing CDBG account numbers to individual departments to directly charge expenses. This leaves the program particularly vulnerable, as when a department charged nearly \$435,000 to the CDBG account, requiring reversal of charges that were not eligible. The CDO believes that this change should be initiated by the Finance department with cooperation by the CED.*
3. *Establishing a review process for personnel expense outside of Salary and Fringe Benefit. Many charges in SunGard related to 701 charges are not viewable as they are deemed privileged expenses. However, some charges for personnel expenses have required review and reversal, and in one case a charge for "travel" was discovered for a program that does not involve this activity. The Finance Department might consider a change to include review if necessary.*

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

2024-005 Housing and Urban Development Assistance Listing #14.218 CDBG Entitlement Grants Cluster for the period July 1, 2023, to June 30, 2024

Criteria: Under the CDBG program, the City is required to submit quarterly Cash on Hand reports. In addition, as the City has subawards that exceed the Federal threshold of \$30,000, the City would be required to submitted reports in accordance with the Federal Funding Accountability and Transparency Act (FFATA).

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

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

Condition: The City had some Cash on Hand reports that were not filed by the filing deadline of thirty days after the quarter end. In addition, the City did not file any FFATA reports for FY 2024.

Cause: Two of the quarterly Cash on Hand Reports were filed more than thirty days after the quarter's end. In addition, in FY 2024, the City changed the determination of subawards from beneficiaries to subrecipients. However, the City did not take the steps to file the required FFATA reports for those subrecipients.

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

Known Questioned Costs: None

Likely Questioned Costs: None

Recommendations: The City should implement procedures to ensure that all required reports are filed as required by the reporting deadlines.

Management's Response/Corrective Action Plan: *The Administrative conditions related to this issue include a delay in entitlement award which caused the City to not complete any IDIS Drawdowns until December 2024. However, during that time, program income was received, and the CDO understands that the report should have been filed to reflect COH at the deadline.*

The Community Development Officer consulted with staff from the Auditing firm in July 2023 to inquire about the relevance of FFATA and was told that these reports were not required because the City did not award CDBG funds to Subrecipients. However, several key awards made prior to 2022 were made pursuant to an executed Subrecipient Agreement and would be subject to this requirement. The CDO received clarification on this issue in the Fall of 2024 from HUD during a regional training of all CDBG entitlement communities. It is further understood that all CDBG funds, excluding that provided to income eligible beneficiaries is a Subrecipient for the purpose of FFATA.

Pursuant to these findings, the Community Development Officer began revising the CDBG Policies and Procedures to implement these reporting obligations, including:

- 1. Monthly reports submitted on the FFATA website for any award made to an entity not expressly deemed an eligible beneficiary. This includes nonprofit and for-profit entities completing an approved activity which provides a benefit to low- and moderate-income residents of Bangor. This does not include payments made to or on behalf of LMI individuals in the Homeowner Rehab or Down Payment Assistance programs, but may include all other grants or loans made over \$30,000. This will be accomplished by additional training on the use of the online portal and the integration of City software into the project award and reporting process.*
- 2. The CDO continues to review the Cash On Hand reporting process to implement changes which will prevent further delays in reporting. The CDO recently implemented a quarterly desk audit of all CDBG Financials and continues to improve Department efficiency in this area. In addition, staff will be cross-trained to complete this procedure to ensure that personnel changes do not impact the report filing. This will be accomplished by requiring that the Cash on Hand report be entered monthly and updated until the report is submitted at the end of the Quarter.*

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

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

SIGNIFICANT DEFICIENCY

2024-006 Department of Transportation Assistance Listing #20.205 Highway Planning and Construction Cluster for the period July 1, 2023, to June 30, 2024

Criteria: The grant agreements with the Department of Transportation under the Bangor Area Comprehensive Transportation System (BACTS) program require the City to contribute a local portion to each approved project (matching). The City ensures it meets the matching requirements at the beginning of each project by transferring to the capital projects fund the local portion for that project.

Condition: In FY 2024, the City did not complete transfers for all of the required local match.

Cause: In FY 2024, the City approved an amendment to the project agreement, which required an increase in the total local contribution. However, an additional transfer to the capital projects fund to increase the local contribution.

Effect: As of fiscal year end, the City had not met the matching requirements for that particular program.

Known Questioned Costs: None

Likely Questioned Costs: None

Recommendations: City staff should ensure that amendments to existing agreements are incorporated into all existing compliance requirements for the grants, including matching requirements.

Management's Response/Corrective Action Plan: *Management and staff were made aware of the amendment to the agreement. Going forward, staff will scan the council agenda for amendments to BACTS agreements.*

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

2024-007 Department of the Treasury Assistance Listing #21.027 Coronavirus State and Local Fiscal Recovery Funds for the period July 1, 2023, to June 30, 2024

Criteria: Under the CSLFRF grant, recipients are required to follow Federal procurement standards when grant expenditures exceed the required thresholds. In addition, the Bangor School Department has adopted a procurement policy that adheres to Uniform Guidance requirements for procurement, suspension and debarment. In addition, if the procurement is a sole source procurement, the procurement must meet additional requirements.

Condition: The School Department had two significant grant expenditures for playground equipment and a leased modular, both of which exceeded the Federal Procurement thresholds. However, the School Department did not perform procurement procedures in accordance with Federal Procurement standards, such as obtaining quotes from a sufficient number of qualified vendors. In addition, the Suspension and Debarment check was not supported by documentation dated prior to the dates of the expenditures.

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

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

Cause: The School Department relied on its historical knowledge and experience of the vendors and therefore did not adhere to the usual procurement procedures. In addition, the School Department did not document a check of the vendors’ Suspension and Debarment status on Sam.gov prior to entering into the transactions.

Effect: The School Department runs the risk that certain costs under the grant will be disallowed or that the School Department will contract with a vendor that is suspended or debarred.

Known Questioned Costs: None

Likely Questioned Costs: None

Recommendations: The School Department should have in place procedures to ensure that all grant purchases that exceed the procurement thresholds follow the required Federal Procurement standards and are sufficiently documented. That includes documentation of the vendors’ Suspension and Debarment status.

Management’s Response/Corrective Action Plan: *The Bangor School Department recently adopted DJR- Federal Procurement Manual on 03.20.25. DJR contains a section on Debarment and Suspension – Appendix 1, section H (page 16). Currently, two staff members have created login ID’s. Going forward, the results from the System for Award Management (SAM) will be saved in the electronic project folders.*

GameTime Playground equipment – the Bangor School Department has a ten-year track record using GameTime at all K-5 schools. The choice was made for consistency, quality, delivery, and selection. Going forward the BSD will document in the RFP its intent to pursue consistent purchasing over a multi-year period.

Fruit Street portable classroom – the chosen vendor (Schiavi) was made in March 2023 (FY 2023) because they were the only vendor that could fit us into their production window, complete, ship, and install the portable classroom. The BSD then had to retro fit a sprinkler system in the portable as well as \$200,000 of utility hook ups. The project was completed missing only one semester of class time.

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

2024-008 Department of the Treasury Assistance Listing #21.027 Coronavirus State and Local Fiscal Recovery Funds for the period July 1, 2023, to June 30, 2024

Criteria: In order to promote transparency, 2nd tier communities, as ranked by the Treasury, are required to submit project and expenditure reports quarterly that include all projects funded by ARPA. The City is also required to implement controls that ensure the accuracy and completeness of the reports.

Condition: The City had a disbursement to a beneficiary dated September 30, 2023 that should have been included on the report for the quarter ending September 30, 2023. However, the expenditure was not reported until the report for the quarter ending December 31, 2023.

Cause: Although the report for the quarter ending September 30, 2023 was not submitted until the end of October 2023, a disbursement done before the end of the quarter was not included in the report.

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

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

Effect: Information reported to Treasury and subsequently to the public was incomplete.

Questioned Costs: None

Likely Questioned Costs: None

Recommendation: Management should review grant expenditures to ensure all uses of funds are included in the correct quarterly reports. In addition, the City should develop procedures, such as secondary review, to ensure the accuracy and completeness of reports

Management’s Response/Corrective Action Plan: Management will review grant expenditures to ensure all uses of funds are included in the correct quarterly reports. In addition, the grant manager, Charles McInnis (207) 992-4184 has implemented a weekly audit of all SLFRF accounts to ensure accuracy. This process should eliminate any potential for errors on the quarterly reporting process.

This process will be on-going with an expected expiration date after the last quarterly report for SLFRF has been submitted.

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

2024-009 Department of Health and Human Services Assistance Listing #93.788, #93.959; #93.243 Opioid STR/Block Grants for Prevention and Treatment of Substance Abuse/ Substance Abuse and Mental Health Services Projects for the period July 1, 2023, to June 30, 2024

Criteria: The grant agreement for the Opioid STR/Block Grants for Prevention and Treatment of Substance Abuse/ Substance Abuse and Mental Health Services Projects programs requires the City to submit monthly financial reports within fifteen days after that month’s end. In addition, the Uniform Guidance requires the City to establish internal controls to ensure compliance.

Condition: The City had four monthly reports that were not submitted in a timely manner.

Cause: Reports were not submitted to the State of Maine within the fifteen-day threshold.

Effect: Late reports may impact future grant funding.

Known Questioned Costs: None

Likely Questioned Costs: None

Recommendation: The City should implement procedures to ensure that all grant reports are submitted by required reporting deadlines.

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

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

*Management's Response/Corrective Action Plan: There were conflicting due dates in the grant awards. Page 5 of 48 indicated Invoices ***should*** be submitted the 15th day of the following month of service, ***all invoices***, including final **MUST** be submitted NLT 45 days after the last day of the month for which the service being billed for was performed. On page 12 of 48 the table indicated invoices were due 15 days after each month. It wasn't until Feb 2024 when we received clarification of due dates for invoices which were to use the table on page 12.*

*Justification for late submission for July & Aug 2023 invoices was because we did not receive the ***encumbered contract*** until 9/13/23. We are unable to submit invoices until we receive the encumbered contract. The Grant Accounting Specialist has created a tracking system for financial reporting which is currently in place.*

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

2024-010 Department of Health and Human Services Assistance Listing #93.959, #93.788, #93.243, #93.387 Block Grants for Prevention and Treatment of Substance Abuse/ Opioid STR/ Substance Abuse and Mental Health Services Projects, and the National and State Tobacco Control Program for the period July 1, 2023, to June 30, 2024

Criteria: According to the Uniform Guidance, grant recipients that make subawards must monitor subrecipients to ensure the subaward is used for authorized purposes, which includes verifying funds are spent before reimbursement is requested and that expenditures are for allowable costs. In addition, the City is required to implement internal controls over subrecipient monitoring and subrecipient cash management to ensure compliance.

Condition: The program had one subaward for which it did not gather information sufficient to ensure that expenditures were incurred prior to reimbursement, in accordance with cash management requirements. In addition, the City did not gather information to ensure that expenditures were for allowable costs.

Cause: The Department of Health and Community Services, which administers the program, relied on prior experience and knowledge of the subrecipient. Therefore, the City did not require the subrecipient to submit monthly reports or expenditure detail other than payroll information.

Effect: The City may be exposed to risk related to disallowed costs or the risk of noncompliance for cash management purposes.

Questioned Costs: None

Likely Questioned Costs: None

Recommendations: The City should consider implementing policies and procedures for monitoring subrecipients for all grant requirements, including allowable costs and cash management.

Management's Response/Corrective Action Plan: Program managers review and approve each line of reimbursement on the monthly invoices to ensure the allowable costs. After the Grants Accounting Specialist attended a national grant management conference in MAR25, she has since put a plan in place requesting copies of receipts to match a month of invoice (2x per year).

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

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

SIGNIFICANT DEFICIENCY

2024-011 Department of Transportation #20.507-20.526 Federal Transit Cluster for the period July 1, 2023, to June 30, 2024

Criteria: The grant reimburses a percentage of total operating and capital costs incurred by the City’s Transit Department, dba Community Connector, not to exceed the grant award amount. Costs within the pool subject to reimbursement must meet the Uniform Guidance’s cost principle and procurement guidelines.

Condition: The Transit Department included encumbrances in its calculation of expenditures eligible for Federal reimbursement. Encumbrances are commitments to purchase goods or services in the future, but do not represent accrual-based expenditures eligible for reimbursement. In addition, the Transit Department included the costs of its portion of the City’s property and liability insurance, which was not competitively procured in accordance with the Uniform Guidance. After the auditor identified these unallowable costs, they were removed from the expenditure population subject to Federal grant reimbursement.

Cause: The Transit Department mistakenly included encumbrances in the pool of Federal expenditures for reimbursement. The insurance policy is an allocation of the City’s costs and is not directly procured by the Transit Department. The City’s policy covers Federal and non-Federal activities, and the City did not consider it subject to Uniform Guidance procurement guidelines.

Effect: The City Transit Department could have requested reimbursement for ineligible costs. However, because the error was caught before the grant request was remitted, the Transit Department made the necessary corrections.

Questioned Costs: None

Likely Questioned Costs: None

Recommendations: The Transit Department should revise their grant request template to remove or back out outstanding encumbrances. In addition, any costs not competitively procured should be charged to the Transit Department’s local share as an ineligible cost to avoid inclusion in the Federal expense pool.

Management’s Response/Corrective Action Plan: *The Transit Department will revise its reimbursement template to exclude encumbrances and unallowable costs and charge non-competitively procured shared costs to the local share.*

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

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

MATERIAL WEAKNESS

2023-001 – Cash Account Reconciliations and Deposits

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

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

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

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

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

Current Status: See finding 2024-001.

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

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

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

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

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

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

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

Known Questioned Costs: None

Likely Questioned Costs: None

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

Current Status: See current year finding 2024-009.

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

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

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

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

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

Known Questioned Costs: None

Likely Questioned Costs: None

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

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

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

Current Status: No current year issues were noted.

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

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

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

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

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

Known Questioned Costs: None

Likely Questioned Costs: None

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

Current Status: No current year issues were noted.

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

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

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

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

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

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

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

Known Questioned Costs: None

Likely Questioned Costs: None

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

Current Status: No current year issues were noted.

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

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

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

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

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

Known Questioned Costs: None

Likely Questioned Costs: None

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

Current Status: No current year issues were noted.

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

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

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

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

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

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

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

Known Questioned Costs: None

Likely Questioned Costs: None

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

Current Status: No issues were noted in the current year.