

January 22, 2021

Town Council
Town of Cape Elizabeth, Maine

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cape Elizabeth, Maine for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our email to council members dated August 26, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated June 2, 2020, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Town of Cape Elizabeth, Maine. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town of Cape Elizabeth, Maine's compliance with certain provisions of laws, regulations, contracts and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Cape Elizabeth, Maine are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed in 2020. We noted no transactions entered into by the Town of Cape Elizabeth, Maine during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were management's estimate of depreciation expense (which is based on estimated useful lives), allowance for uncollectible accounts (based on historical collection rates), other postemployment benefit liabilities (based upon actuarial studies and other calculations), and net pension liability (based on actuarial studies). We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, some of which were material to the financial statements. See attached adjusting journal entries.

The attached report entitled "Passed Adjusting Journal Entries" lists the uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated January 22, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town of Cape Elizabeth, Maine’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Cape Elizabeth, Maine’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management’s discussion and analysis, and the schedules related to the net pension liabilities and OPEB liabilities, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the statistical section, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Town Council and management of the Town of Cape Elizabeth, Maine and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2020**

Account	Description	Debit	Credit
1			
To adjust the PHL beginning fund balance to agree with prior year work papers and run the change in inventory through the income statement.			
70-08704010	GIFT SHOP COSTS	20,601.78	-
70-3200	FUND BALANCE - PORTLAND HEADLI	-	20,601.78
Total		<u>20,601.78</u>	<u>20,601.78</u>
2			
To undo incorrect accrued payroll posting to the GF.			
01-87001010	SALARY-TEACHER	-	16,479.96
01-87001510	STIPEND-TEAM LEADERS	-	494.40
01-87051010	SALARY-TEACHER	-	1,207.32
01-87151010	SALARY-LIBRARIAN	-	359.72
01-87301010	SALARY-NURSE	-	1,353.52
01-87341010	PC Co-Curricular Salaries	-	2,219.80
01-87351010	PC Speach Salaries	-	533.08
01-87401500	STIPENDS-CO-CURRICULAR	-	4.04
01-87501010	SALARY-TEACHER	-	1,875.24
01-88001010	SALARY-TEACHER	65.16	-
01-88001510	STIPEND-TEAM LEADERS	668.64	-
01-88051010	SALARY-TEACHER	-	708.08
01-88151010	SALARY-LIBRARIAN	-	607.44
01-88301010	SALARY-NURSE	-	351.88
01-88401500	SALARIES-CO-CURR	-	1,248.28
01-88501010	SALARY-TEACHER	-	2,745.04
01-89001010	SALARY-TEACHER	-	19,051.88
01-89001510	STIPEND-DEPT CHAIRS	-	159.00
01-89051010	SALARY-TEACHER	-	2,000.80
01-89151010	SALARY-LIBRARIAN	-	563.44
01-89301010	SALARY-NURSE	-	952.32
01-89341010	HS Psych Salaries	-	2,219.80
01-89401500	STIPENDS-CO-CURR	-	1,295.76
01-89501010	SALARY-TEACHER	-	503.52

**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2020**

Account	Description	Debit	Credit
01-90081500	STIPENDS	2,359.54	-
01-90091500	STIPENDS	4,188.40	-
01-90101500	STIPENDS	758.16	-
01-90121180	SALARY-VOLUNTEER COORDINATOR	-	216.48
01-90221010	SALARY-TEACHER	1,260.32	-
01-90241010	SALARY-TEACHER	-	582.64
01-90261010	SALARY-SOCIAL WORKER	25.88	-
01-90271010	SALARY-PSYCHOLOGIST	-	4,197.80
01-90281010	SALARY-SPEECH	-	409.68
01-90291010	SALARY-OT	-	1,149.88
01-90301010	SALARY-TEACHER	-	4,556.64
01-90321010	SALARY-PT	1,462.20	-
01-90331010	SALARY-PT	720.16	-
01-90341010	SALARY-PSYCHOLOGIST	1,079.48	-
01-90351010	SALARY-SPEECH	-	563.68
01-90361010	SALARY-OT	-	498.72
01-90371010	SALARY-TEACHER	704.72	-
01-0280	ACCRUED PAYROLL/TEACHERS	55,817.18	-
Total		<u>69,109.84</u>	<u>69,109.84</u>

3

To undo incorrect retirement accrual posting to the GF.

01-87002310	RETIREMENT-TEACHERS	-	835.99
01-87002300	RETIREMENT-STIPENDS	-	20.58
01-87052310	RETIREMENT-GUIDANCE	-	50.23
01-87152310	RETIREMENT-LIBRARIAN	-	14.96
01-87302310	RETIREMENT-NURSE	-	56.31
01-87342310	PC Co-Curricular Salaries	-	92.34
01-87352310	PC Speach Salaries	-	22.18
01-87402300	RETIREMENT-CO-CURR	-	0.16
01-87502310	RETIREMENT-TEACHERS	-	78.00
01-88002310	RETIREMENT-TEACHERS	2.54	-
01-88002300	RETIREMENT-STIPENDS	28.18	-
01-88051010	SALARY-TEACHER	-	29.47
01-88152310	RETIREMENT-LIBRARIAN	-	25.27
01-88302310	RETIREMENT-NURSE	-	14.64
01-88402300	RETIREMENT-STIPENDS	-	51.90
01-88502310	RETIREMENT-TEACHERS	-	114.17
01-89002310	RETIREMENT-TEACHERS	-	676.12
01-89002300	RETIREMENT-STIPENDS	-	6.69
01-89052310	RETIREMENT-GUIDANCE	-	83.23
01-89152310	RETIREMENT-LIBRARIAN	-	23.45
01-89302310	RETIREMENT-NURSE	-	39.63
01-89342310	HS Psych Salaries	-	92.34
01-89402300	RETIREMENT-STIPENDS	-	53.84
01-89502310	RETIREMENT-TEACHERS	-	20.97
01-90082300	RETIREMENT-STIPENDS	98.12	-
01-90092300	RETIREMENT-STIPENDS	174.26	-
01-90102300	RETIREMENT-STIPEND	31.49	-
01-90122380	RETIREMENT-COORDINATOR	214.53	-
01-90222310	RETIREMENT-TEACHERS	5.76	-
01-90242310	RETIREMENT-TEACHER	-	24.23
01-90262310	RETIREMENT-SOCIAL WORKER	1.08	-
01-90272310	RETIREMENT-PSYCHOLOGIST	-	174.65
01-90282310	RETIREMENT-SPEECH	-	17.04
01-90292310	RETIREMENT-OT	-	47.83
01-90302310	RETIREMENT-TEACHER	-	189.56
01-90322310	RETIREMENT-PT	60.83	-
01-90332310	RETIREMENT-PT	29.95	-
01-90342310	RETIREMENT-PSYCHOLOGIST	44.92	-
01-90352310	RETIREMENT-SPEECH	-	23.45
01-90362310	RETIREMENT-OT	-	20.75
01-90372310	RETIREMENT-TEACHER	29.32	-
01-0283	ACCRUED PAYROLL/TCH RETIREMENT	2,179.00	-
Total		<u>2,899.98</u>	<u>2,899.98</u>

**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2020**

Account	Description	Debit	Credit
4			
To undo incorrect health insurance accrual posting.			
01-87002010	BENEFITS-TEACHERS	-	24,684.69
01-88002010	BENEFITS-TEACHERS	-	24,684.58
01-88052010	BENEFITS-TEACHERS	-	3,055.87
01-88152010	BENEFITS-LIBRARIAN	2,797.42	-
01-89002010	BENEFITS-TEACHERS	-	24,684.63
01-90342010	BENEFITS-PSYCHOLOGIST	825.27	-
01-0284	ACCRUED PAYROLL/TCH HLTH INS	73,487.08	-
Total		<u><u>77,109.77</u></u>	<u><u>77,109.77</u></u>
5			
To undo incorrect posting for Non Teacher accrual posting to the GF.			
01-87201180	SALARIES-SECRETARIES	-	610.06
01-87501020	SALARY-ED TECH	-	3,120.72
01-88051180	SALARIES-SECRETARIES	-	556.14
01-88201180	SALARIES-SECRETARIES	-	13.02
01-89051180	SALARIES-SECRETARIES	-	1,039.44
01-89201180	SALARIES-SECRETARIES	-	505.73
01-90001180	SALARIES-CLERICAL	-	452.88
01-90001180	SALARIES-CLERICAL	280.35	-
01-90021180	SALARIES-CUSTODIANS	-	1,830.09
01-90031180	SALARIES	-	1,047.38
01-90051180	SALARIES-MAINTENANCE	-	8,240.95
01-90201180	SALARIES-REGULAR	-	3,585.04
01-90201181	SALARIES-ADM/SCHEDULER	-	398.00
01-90251180	SALARY-SUPPORT STAFF	28.52	-
01-90421180	SALARIES-SECRETARY	-	124.07
01-90701041	SALARIES-SYSTEM INTEGRATOR	-	495.20
01-90701180	SALARIES-TECHNICIAN	-	3,869.84
01-0281	ACCRUED PAYROLL/SCHOOL	25,579.69	-
Total		<u><u>25,888.56</u></u>	<u><u>25,888.56</u></u>

**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2020**

Account	Description	Debit	Credit
6			
	To reverse PY entry for accrued payroll for teachers summer salaries.		
01-87001010	SALARY-TEACHER	-	413,001.11
01-87001510	STIPEND-TEAM LEADERS	-	5,612.24
01-87051010	SALARY-TEACHER	-	10,606.00
01-87151010	SALARY-LIBRARIAN	-	13,148.92
01-87301010	SALARY-NURSE	-	9,105.40
01-87401500	STIPENDS-CO-CURRICULAR	-	149.68
01-87501010	SALARY-TEACHER	-	44,923.40
01-88001010	SALARY-TEACHER	-	444,363.88
01-88001510	STIPEND-TEAM LEADERS	-	5,962.76
01-88051010	SALARY-TEACHER	-	31,508.04
01-88151010	SALARY-LIBRARIAN	-	10,144.32
01-88301010	SALARY-NURSE	-	10,420.60
01-88401500	SALARIES-CO-CURR	-	2,120.12
01-88501010	SALARY-TEACHER	-	50,299.24
01-89001010	SALARY-TEACHER	-	464,310.56
01-89001010	SALARY-TEACHER	-	5,799.16
01-89051010	SALARY-TEACHER	-	43,237.56
01-89151010	SALARY-LIBRARIAN	-	8,544.00
01-89301010	SALARY-NURSE	-	10,802.16
01-89401500	STIPENDS-CO-CURR	-	10,251.72
01-89501010	SALARY-TEACHER	-	47,058.44
01-90081500	STIPENDS	-	387.68
01-90091500	STIPENDS	-	387.68
01-90101500	STIPENDS	-	775.36
01-90121180	SALARY-VOLUNTEER COORDINATOR	-	7,870.76
01-90221010	SALARY-TEACHER	-	9,016.48
01-90241010	SALARY-TEACHER	-	9,556.60
01-90261010	SALARY-SOCIAL WORKER	-	18,220.00
01-90271010	SALARY-PSYCHOLOGIST	-	13,487.64
01-90281010	SALARY-SPEECH	-	25,645.40
01-90291010	SALARY-OT	-	14,188.84
01-90301010	SALARY-TEACHER	-	5,804.80
01-90321010	SALARY-PT	-	4,697.44
01-90331010	SALARY-PT	-	2,313.64
01-90341010	SALARY-PSYCHOLOGIST	-	9,920.80
01-90351010	SALARY-SPEECH	-	12,187.08
01-90361010	SALARY-OT	-	4,460.56
01-90371010	SALARY-TEACHER	-	2,859.08
01-0280	ACCRUED PAYROLL/TEACHERS	1,783,149.15	-
20-99501030	594 SAL-SOC WORK	-	8,386.16
20-2280	ACCRUED PAYROLL - GRANTS	8,386.16	-
Total		<u>1,791,535.31</u>	<u>1,791,535.31</u>

**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2020**

Account	Description	Debit	Credit
7			
To reverse PY entry for accrued payroll for summer health insurance.			
01-87002010	BENEFITS-TEACHERS	-	96,407.66
01-87052010	BENEFITS-GUIDANCE	-	3,323.62
01-87152010	BENEFITS-LIBRARIAN	-	1,211.59
01-87502010	BENEFITS-TEACHERS	-	7,858.84
01-88002010	BENEFITS-TEACHERS	-	102,632.80
01-88052010	BENEFITS-TEACHERS	-	3,323.62
01-88052010	BENEFITS-TEACHERS	-	3,323.62
01-88302010	BENEFITS-NURSE	-	3,864.68
01-88502010	BENEFITS-TEACHERS	-	15,438.75
01-89002010	BENEFITS-TEACHERS	-	98,687.52
01-89052010	BENEFITS-GUIDANCE	-	10,310.63
01-89152010	BENEFITS-LIBRARIAN	-	1,211.59
01-89302010	BENEFITS-NURSE	-	2,144.26
01-89502010	BENEFITS-TEACHERS	-	10,589.54
01-90222010	BENEFITS-TEACHERS	-	2,144.28
01-90242010	BENEFITS-TEACHERS	-	3,323.62
01-90362010	BENEFITS-OT	-	484.62
01-90262010	BENEFITS-SOCIAL WORKER	-	3,673.45
01-90272010	BENEFITS-PSYCHOLOGIST	-	1,883.89
01-90282010	BENEFITS-SPEECH	-	6,073.67
01-90292010	BENEFITS-OT	-	726.95
01-90342010	BENEFITS-PSYCHOLOGIST	-	1,471.95
01-90352010	BENEFITS-SPEECH	-	3,323.62
01-0280	ACCRUED PAYROLL/TEACHERS	383,434.77	-
20-99501031	594 BEN-SOC WORK	-	2,144.26
20-2280	ACCRUED PAYROLL - GRANTS	2,144.26	-
Total		<u>385,579.03</u>	<u>385,579.03</u>

**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2020**

Account	Description	Debit	Credit
8			
To reverse PY entry for accrued teacher retirement.			
01-87001010	SALARY-TEACHER	-	16,233.70
01-87001510	STIPEND-TEAM LEADERS	-	222.81
01-87051010	SALARY-TEACHER	-	421.06
01-87151010	SALARY-LIBRARIAN	-	522.01
01-87301010	SALARY-NURSE	-	361.48
01-87401500	STIPENDS-CO-CURRICULAR	-	5.94
01-87501010	SALARY-TEACHER	-	1,783.46
01-88001010	SALARY-TEACHER	-	17,641.25
01-88001510	STIPEND-TEAM LEADERS	-	236.72
01-88051010	SALARY-TEACHER	-	1,250.87
01-88151010	SALARY-LIBRARIAN	-	402.73
01-88301010	SALARY-NURSE	-	413.70
01-88401500	SALARIES-CO-CURR	-	84.17
01-88501010	SALARY-TEACHER	-	1,996.88
01-89001010	SALARY-TEACHER	-	18,433.13
01-89001510	STIPEND-DEPT CHAIRS	-	230.23
01-89051010	SALARY-TEACHER	-	1,716.53
01-89151010	SALARY-LIBRARIAN	-	339.20
01-89301010	SALARY-NURSE	-	428.85
01-89401500	STIPENDS-CO-CURR	-	406.99
01-89501010	SALARY-TEACHER	-	1,868.22
01-90081500	STIPENDS	-	15.39
01-90091500	STIPENDS	-	15.39
01-90101500	STIPENDS	-	30.78
01-90121180	SALARY-VOLUNTEER COORDINATOR	-	312.47
01-90221010	SALARY-TEACHER	-	357.95
01-90241010	SALARY-TEACHER	-	379.40
01-90261010	SALARY-SOCIAL WORKER	-	723.33
01-90271010	SALARY-PSYCHOLOGIST	-	535.46
01-90281010	SALARY-SPEECH	-	1,018.12
01-90291010	SALARY-OT	-	563.30
01-90301010	SALARY-TEACHER	-	230.45
01-90321010	SALARY-PT	-	186.49
01-90331010	SALARY-PT	-	91.85
01-90341010	SALARY-PSYCHOLOGIST	-	393.86
01-90351010	SALARY-SPEECH	-	483.83
01-90361010	SALARY-OT	-	177.08
01-90371010	SALARY-TEACHER	-	113.51
01-0280	ACCRUED PAYROLL/TEACHERS	70,628.59	-
20-99501030	594 SAL-SOC WORK	-	1,312.43
20-2280	ACCRUED PAYROLL - GRANTS	1,312.43	-
Total		<u><u>71,941.02</u></u>	<u><u>71,941.02</u></u>

**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2020**

Account	Description	Debit	Credit
9			
	To reverse PY entry for accrued payroll non-teachers.		
01-87201180	SALARIES-SECRETARIES	-	1,411.55
01-88051180	SALARIES-SECRETARIES	-	761.11
01-88201180	SALARIES-SECRETARIES	-	1,237.53
01-89051180	SALARIES-SECRETARIES	-	483.11
01-89201180	SALARIES-SECRETARIES	-	1,286.45
01-90001180	SALARIES-CLERICAL	-	1,058.00
01-90001181	SAL-BUSINESS OFFICE	-	6,172.67
01-90021180	SALARIES-CUSTODIANS	-	7,562.81
01-90031180	SALARIES	-	10,208.58
01-90051180	SALARIES-MAINTENANCE	-	6,739.76
01-90201180	SALARIES-REGULAR	-	4,293.48
01-90201181	SALARIES-ADM/SCHEDULER	-	934.81
01-90251180	SALARY-SUPPORT STAFF	-	1,294.68
01-90421180	SALARIES-SECRETARY	-	653.05
01-90701041	SALARIES-SYSTEM INTEGRATOR	-	1,156.80
01-90701180	SALARIES-TECHNICIAN	-	3,204.80
01-0281	ACCRUED PAYROLL/SCHOOL	48,459.19	-
Total		<u>48,459.19</u>	<u>48,459.19</u>

10

To adjust teacher summer salary accrual to actual at year-end.

01-87001010	SALARY-TEACHER	426,653.72	-
01-87001510	STIPEND-TEAM LEADERS	5,632.48	-
01-87051010	SALARY-TEACHER	11,813.32	-
01-87151010	SALARY-LIBRARIAN	13,508.64	-
01-87301010	SALARY-NURSE	10,458.92	-
01-87341010	PC Co-Curricular Salaries	2,219.80	-
01-87351010	PC Speach Salaries	533.08	-
01-87401500	STIPENDS-CO-CURRICULAR	153.72	-
01-87501010	SALARY-TEACHER	46,798.64	-
01-88001010	SALARY-TEACHER	444,298.72	-
01-88001510	STIPEND-TEAM LEADERS	5,120.04	-
01-88051010	SALARY-TEACHER	32,390.20	-
01-88151010	SALARY-LIBRARIAN	10,751.76	-
01-88301010	SALARY-NURSE	10,772.48	-
01-88401500	SALARIES-CO-CURR	3,368.40	-
01-88501010	SALARY-TEACHER	53,044.28	-
01-89001010	SALARY-TEACHER	453,384.08	-
01-89001510	STIPEND-DEPT CHAIRS	5,958.16	-
01-89051010	SALARY-TEACHER	45,238.36	-
01-89151010	SALARY-LIBRARIAN	9,107.44	-
01-89301010	SALARY-NURSE	11,754.48	-
01-89341010	HS Psych Salaries	2,219.80	-
01-89401500	STIPENDS-CO-CURR	9,452.56	-
01-89501010	SALARY-TEACHER	48,548.20	-
01-90081500	STIPENDS	3,481.56	-
01-90091500	STIPENDS	1,129.52	-
01-90101500	STIPENDS	642.16	-
01-90121180	SALARY-VOLUNTEER COORDINATOR	8,087.24	-
01-90221010	SALARY-TEACHER	7,756.16	-
01-90241010	SALARY-TEACHER	10,139.24	-
01-90261010	SALARY-SOCIAL WORKER	18,194.12	-
01-90271010	SALARY-PSYCHOLOGIST	17,685.44	-
01-90281010	SALARY-SPEECH	26,055.08	-
01-90291010	SALARY-OT	15,338.72	-
01-90301010	SALARY-TEACHER	10,361.44	-
01-90321010	SALARY-PT	3,235.24	-
01-90331010	SALARY-PT	1,593.48	-
01-90341010	SALARY-PSYCHOLOGIST	8,841.32	-
01-90351010	SALARY-SPEECH	12,750.76	-
01-90361010	SALARY-OT	4,959.28	-
01-90371010	SALARY-TEACHER	2,154.36	-
01-0280	ACCRUED PAYROLL/TEACHERS	-	1,815,586.40
Total		<u>1,815,586.40</u>	<u>1,815,586.40</u>

**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2020**

Account	Description	Debit	Credit
11			
	To adjust non teacher accrual to actual at year end.		
01-87201180	SALARIES-SECRETARIES	2,021.60	-
01-87501020	SALARY-ED TECH	3,120.72	-
01-88051180	SALARIES-SECRETARIES	1,317.25	-
01-88201180	SALARIES-SECRETARIES	1,250.55	-
01-89051180	SALARIES-SECRETARIES	1,522.55	-
01-89201180	SALARIES-SECRETARIES	1,792.18	-
01-90001180	SALARIES-CLERICAL	1,510.88	-
01-90001180	SALARIES-CLERICAL	9,073.62	-
01-90021180	SALARIES-CUSTODIANS	9,392.89	-
01-90031180	SALARIES	11,255.96	-
01-90051180	SALARIES-MAINTENANCE	14,980.71	-
01-90201180	SALARIES-REGULAR	7,878.52	-
01-90201181	SALARIES-ADM/SCHEDULER	1,332.80	-
01-90251180	SALARY-SUPPORT STAFF	1,266.16	-
01-90421180	SALARIES-SECRETARY	777.10	-
01-90701041	SALARIES-SYSTEM INTEGRATOR	1,652.00	-
01-90701180	SALARIES-TECHNICIAN	7,074.64	-
01-0281	ACCRUED PAYROLL/SCHOOL	-	77,220.13
Total		<u><u>77,220.13</u></u>	<u><u>77,220.13</u></u>
12			
	To adjust teacher retirement accrual to actual at year end.		
01-87002310	RETIREMENT-TEACHERS	17,748.79	-
01-87002300	RETIREMENT-STIPENDS	234.31	-
01-87052310	RETIREMENT-GUIDANCE	491.43	-
01-87152310	RETIREMENT-LIBRARIAN	561.96	-
01-87302310	RETIREMENT-NURSE	435.09	-
01-87342310	PC Co-Curricular Salaries	92.34	-
01-87352310	PC Speach Salaries	22.18	-
01-87402300	RETIREMENT-CO-CURR	6.39	-
01-87502310	RETIREMENT-TEACHERS	1,946.82	-
01-88002310	RETIREMENT-TEACHERS	18,482.83	-
01-88002300	RETIREMENT-STIPENDS	212.99	-
01-88052310	RETIREMENT-GUIDANCE	1,347.43	-
01-88152310	RETIREMENT-LIBRARIAN	447.27	-
01-88302310	RETIREMENT-NURSE	448.14	-
01-88402300	RETIREMENT-STIPENDS	140.13	-
01-88502310	RETIREMENT-TEACHERS	2,206.64	-
01-89002310	RETIREMENT-TEACHERS	18,860.78	-
01-89002300	RETIREMENT-STIPENDS	247.86	-
01-89052310	RETIREMENT-GUIDANCE	1,881.92	-
01-89152310	RETIREMENT-LIBRARIAN	378.87	-
01-89302310	RETIREMENT-NURSE	488.99	-
01-89342310	HS Psych Salaries	92.34	-
01-89402300	RETIREMENT-STIPENDS	393.23	-
01-89502310	RETIREMENT-TEACHERS	2,019.61	-
01-90082300	RETIREMENT-STIPENDS	144.83	-
01-90092300	RETIREMENT-STIPENDS	46.99	-
01-90102300	RETIREMENT-STIPEND	26.71	-
01-90122380	RETIREMENT-COORDINATOR	336.43	-
01-90222310	RETIREMENT-TEACHERS	322.66	-
01-90242310	RETIREMENT-TEACHER	421.79	-
01-90262310	RETIREMENT-SOCIAL WORKER	756.88	-
01-90272310	RETIREMENT-PSYCHOLOGIST	735.71	-
01-90282310	RETIREMENT-SPEECH	1,083.89	-
01-90292310	RETIREMENT-OT	638.09	-
01-90302310	RETIREMENT-TEACHER	431.04	-
01-90322310	RETIREMENT-PT	134.59	-
01-90332310	RETIREMENT-PT	66.29	-
01-90342310	RETIREMENT-PSYCHOLOGIST	367.80	-
01-90352310	RETIREMENT-SPEECH	530.43	-
01-90362310	RETIREMENT-OT	206.31	-
01-90372310	RETIREMENT-TEACHER	89.61	-
01-0283	ACCRUED PAYROLL/TCH RETIREMENT	-	75,528.39
Total		<u><u>75,528.39</u></u>	<u><u>75,528.39</u></u>

**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2020**

Account	Description	Debit	Credit
13			
To adjust accrued health insurance to actual at y/e.			
01-87002010	BENEFITS-TEACHERS	104,720.67	-
01-87052010	BENEFITS-GUIDANCE	5,838.59	-
01-87152010	BENEFITS-LIBRARIAN	1,293.73	-
01-87352010	Teacher-Benefits	2,289.63	-
01-87502010	BENEFITS-TEACHERS	8,391.66	-
01-88002010	BENEFITS-TEACHERS	107,041.44	-
01-88052010	BENEFITS-TEACHERS	6,499.19	-
01-88152010	BENEFITS-LIBRARIAN	3,548.96	-
01-88502010	BENEFITS-TEACHERS	14,195.85	-
01-89002010	BENEFITS-TEACHERS	106,270.71	-
01-89052010	BENEFITS-GUIDANCE	10,681.29	-
01-89152010	BENEFITS-LIBRARIAN	1,293.73	-
01-89302010	BENEFITS-NURSE	1,293.73	-
01-89342010	BENEFITS-TEACHERS	1,293.73	-
01-89502010	BENEFITS-TEACHERS	11,307.49	-
01-90222010	BENEFITS-TEACHERS	1,293.73	-
01-90242010	BENEFITS-TEACHERS	3,548.96	-
01-90262010	BENEFITS-SOCIAL WORKER	1,632.86	-
01-90272010	BENEFITS-PSYCHOLOGIST	2,289.63	-
01-90282010	BENEFITS-SPEECH	4,195.83	-
01-90292010	BENEFITS-OT	2,587.46	-
01-90352010	BENEFITS-SPEECH	3,548.97	-
01-0284	ACCRUED PAYROLL/TCH HLTH INS	-	405,057.84
Total		<u>405,057.84</u>	<u>405,057.84</u>
14			
To adjust donated commodities to year end actual.			
30-91001431	PC/MS FOOD PURCHASES	22,466.94	-
30-R3314	COMMODITIES REBATE	-	22,466.94
Total		<u>22,466.94</u>	<u>22,466.94</u>
15			
To adjust fund 30 to actual at year end for school student accounts receivable.			
30-R3310	CAFE MS/PC MEALS	5,226.14	-
30-2910	ACCTS REC - FUND 30 SCHL NUTRI	-	5,226.14
Total		<u>5,226.14</u>	<u>5,226.14</u>
16			
To accrue salaries, benefits, and MPERS for an Ed Tech and Social Worker in Fund 20.			
20-99461020	604 SAL-ED TECH	8,790.12	-
20-99461030	594 SAL-SOC WORK	10,139.24	-
20-99461022	604 RET-ED TECH	992.41	-
20-99461032	594 RET-SOC WORK	1,144.73	-
20-99461021	604 BEN-ED TECH	2,436.76	-
20-99461031	594 BEN-SOCI WORK	1,219.58	-
20-2280	ACCRUED PAYROLL - GRANTS	-	24,722.84
Total		<u>24,722.84</u>	<u>24,722.84</u>
17			
To add accrued payroll reimbursement to fund 20 in AR (netted against expenditures for client purposes but posted to revenue for audit purposes).			
20-R2006	LOCAL ENTITLEMENT	-	24,722.84
20-2100	ACCTS REC - FUND 20 - SCHL CAT	24,722.84	-
Total		<u>24,722.84</u>	<u>24,722.84</u>

**Town of Cape Elizabeth
Adjusting Journal Entries
6/30/2020**

Account	Description	Debit	Credit
18			
To correct invoices posting to the wrong funds in payables (already posted by client).			
75-7560	A/P RESCUE FUND	-	0.34
20-2200	ACCOUNTS PAYABLE - SCHOOL CATA	4,990.00	-
20-99186100	SUPPLIES	-	4,990.00
30-2250	ACCOUNTS PAYABLE - SCHOOL LUNC	650.00	-
30-91001533	HS OTHER PURCHASES	-	650.00
75-07353006	MISCELLANEOUS SUPPLIES	0.34	-
01-0900	ACCOUNTS PAYABLE-TOWN	40.54	-
01-01103008	MISC EXP	-	40.54
Total		<u>5,680.88</u>	<u>5,680.88</u>
19			
To adjust school lunch student balances to year end actual.			
30-2931	DEPOSITS	3,790.51	-
30-R3310	CAFE MS/PC MEALS	-	3,790.51
Total		<u>3,790.51</u>	<u>3,790.51</u>
20			
To adjust school lunch inventory to year end actual.			
30-2920	SCHOOL LUNCH / INVENTORY	5,321.05	-
30-91001431	PC/MS FOOD PURCHASES	-	2,187.35
30-91001433	PC/MS OTHER PURCHASES	-	423.05
30-91001531	HS FOOD PURCHASES	-	3,639.16
30-91001533	HS OTHER PURCHASES	928.51	-
Total		<u>6,249.56</u>	<u>6,249.56</u>
21			
To adjust fund balance categories to agree with the financial statements.			
01-9976	Nonspendable Fund Balance	-	3,234.00
01-9850	RESTRICTED FUND BAL - SCHOOL	-	1,302,583.00
01-9900	CARRY FORWARD BALANCE	2,952,579.00	-
01-9900	CARRY FORWARD BALANCE	-	2,019,100.00
01-9950	APPROPRIATED FUND BALANCE	375,000.00	-
01-9975	UNASSIGNED FUND BAL - TOWN	-	2,662.00
Total		<u>3,327,579.00</u>	<u>3,327,579.00</u>
22			
To adjust health insurance accrual at year end.			
20-2280	ACCRUED PAYROLL - GRANTS	3,656.34	-
20-99112010	BENEFITS-TEACHERS	-	3,656.34
Total		<u>3,656.34</u>	<u>3,656.34</u>

**Town of Cape Elizabeth
Passed Adjustments
6/30/2020**

Account	Description	Debit	Credit
200			
	To adjust the TB to the actual receivable received from PWD.		
40-R0352	PWD - MISC ADJUSTMENTS	2,295.89	-
40-4170	ACCTS REC - FUND 40 - PWD	-	2,295.89
Total		<u>2,295.89</u>	<u>2,295.89</u>
201			
	To adjust the Anthem accrual to actual at year end.		
01-0337	SCHOOL HEALTH INSURANCE	-	20,412.56
04-87002010	BENEFITS-TEACHERS	20,412.56	-
Total		<u>20,412.56</u>	<u>20,412.56</u>
GRAND TOTAL		<u>22,708.45</u>	<u>22,708.45</u>

Town of Cape Elizabeth
Passed Adjustment - Entity Wide
6/30/2020

	<u>Debit</u>	<u>Credit</u>
Net position	100,290.00	
Debt Service		100,290.00
Net position	41,185.00	
Debt Service		41,185.00
	<u>141,475.00</u>	<u>141,475.00</u>

*To recognize finance purchase agreements (leases) for
school technology not recognized in prior years.*



TOWN OF CAPE ELIZABETH

Finance Office
P.O. Box 6260
320 Ocean House Road
Cape Elizabeth, Maine 04107-0060

Phone 207-767-2273 – ext. 259
John.Quartararo@capeelizabeth.org

January 22, 2021

Runyon Kersteen Ouellette
20 Long Creek Drive
South Portland, ME 04016

This representation letter is provided in connection with your audit of the financial statements of the Town of Cape Elizabeth, Maine, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related disclosures (collectively the financial statements), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 22, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 2, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and responses.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Town Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Town and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Town financial statements communicated by employees, former employees, regulators, or others.
- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the names of the Town's related parties and all the related party relationships and transactions, including any side agreements.

Government specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have a process to track the status of audit findings and recommendations
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The Town has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with the preparation of the financial statements and disclosures and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of federal awards.
- 30) The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The Town has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements include all fiduciary activities required by GASBS No. 84.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 44) We have appropriately disclosed the Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.
- 45) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 47) With respect to the combining and individual fund financial statements:
 - a) We acknowledge our responsibility for presenting the combining and individual fund financial statements in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund financial statements, including its form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the combining and individual fund statements are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Maui & Sigis

Signed

Town Manager

Title

[Signature]

Signed

Finance Director

Title

Maui Waka

Signed

Business Manager

Title