

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
MAINE STATE STATUTE REQUIREMENTS

School Board and Management  
Cape Elizabeth School Department  
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 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Cape Elizabeth's basic financial statements. We issued our report thereon dated January 14, 2020, which contained unmodified opinions on those financial statements.

As part of obtaining reasonable assurance about whether the Town of Cape Elizabeth, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

In connection with that audit, we:

1. Considered whether the School Department has complied with budget content requirements of section 15693.
2. Considered whether the School Department has complied with transfer limitations between budget cost centers pursuant to section 1485.
3. Considered whether the School Department has exceeded its authority to expend funds.
4. Considered whether the School Department has complied with the applicable provisions of the unexpended balances requirements established under section 15004.
5. Reviewed the annual financial data submitted to the Maine Department of Education and reconciled it to the audited financial statement totals (see attached *Schedule of Reconciliation of the NEO Financial System with Audited Financial Statements*).
6. Considered whether the School Department was in compliance with applicable provisions of the Essential Programs and Services Funding Act.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. Other known matters of noncompliance relating to the above listed items (items #1 - #6) are as follows:

- The School Department did not make budgetary transfers of up to 5% as allowed by section 1485 and, as a result, did have a cost center with actual expenditures in excess of budgeted amounts. However, in total the School Department did not exceed its authority to spend funds.
- The School Department excluded the school lunch program and the school capital project funds from the NEO financial system uploads.
- The School Department did not upload all revenues and expenditures from certain federal grants to the NEO system.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying *Schedule of Reconciliation of the NEO Financial System with Audited Financial Statements* is presented for purposes of additional analysis as required by regulation of the Maine Department of Education 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and regulations of the Maine Department of Education in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.



January 14, 2020  
South Portland, Maine

**TOWN OF CAPE ELIZABETH, MAINE**  
**Schedule of Reconciliation of the NEO Financial System with Audited Financial Statements**  
**For the Year Ended June 30, 2019**

	General Fund	School Categorical Programs
<b>REVENUES AND TRANSFERS IN:</b>		
Revenues and transfers in per NEO	\$ 25,354,466	484,655
Reconciling items:		
Budgeted use of fund balance not on financial statements	(344,558)	-
Adjustments to accounts receivable	-	(58,194)
Title IV revenues not reported in NEO	-	9,856
Local grants and donations not reported in NEO	-	99,911
Expected revenues per audited fund financial statements	25,009,908	536,228
Per audited fund financial statements (Schedules 1 and 2)	25,009,908	536,228
<b>Immaterial differences</b>	<b>\$ -</b>	<b>-</b>
<b>EXPENDITURES AND TRANSFERS OUT:</b>		
Expenditures and transfers out per NEO	\$ 24,770,942	472,954
Reconciling items:		
Adjustments to accounts payable	(5,840)	(5,670)
Adjustments to accrued payroll	135,246	(26,449)
Transfer of MLTI expenditures to the General Fund	5,640	(5,640)
Transition grant (division 9956) expenditures not reported in NEO	-	20,674
Title IIA (division 9915) expenditures not reported in NEO	-	26,186
Local grants and donations not reported in NEO	-	84,342
Expected expenditures per audited fund financial statements	24,905,988	566,397
Per audited fund financial statements (Schedules 1 and 2)	24,906,457	566,868
<b>Immaterial differences</b>	<b>\$ (469)</b>	<b>(471)</b>

*See accompanying auditor's report.*

*Note: This schedule excludes agency and trust funds, the School Lunch Program, and the school capital projects, which were also excluded from the NEO data submitted to the State Department of Education.*