

December 1, 2017

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, 2017. 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 meeting with the Chair of the Finance Committee on May 25, 2017. 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 July 5, 2017, 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 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 Town of Cape Elizabeth, Maine's financial statements are free of material misstatement, we performed tests of its 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 Findings

*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 during FY 2017. 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 estimates of depreciation expense, the net pension liability, and the other post-employment benefits liability. The depreciation expense estimate is based on historical cost and estimated useful lives of assets. The net pension and post-employment benefit liabilities are based on actuarial valuations. We evaluated the key factors and assumptions used to develop these estimates 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. The attached list of *Adjusting Journal Entries* represents misstatements detected as a result of audit procedures, some of which were material, and that were corrected by management.

#### *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 management representation letter dated December 1, 2017.

#### *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 Management's Discussion and Analysis, the Schedule of Funding Progress for the Retiree Healthcare Plan, the Schedule of Changes in the Town's Net Pension Liability and Related Ratios, the Schedule of the Town's Proportionate Share of the Net Pension Liability, and the Schedule of the Town's Contributions, 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 tables, which accompany the financial statements but are 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 use of the Town Council and management of the Town 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  
6/30/2017**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To remove the effects of revenue and expenditure controls that did not close to fund balance (client to post against control accounts).			
55-5806	THOMAS JORDAN TRUST	26,141.20	
80-4700	FUND BALANCE/BOILER PROJ.	1,244,519.18	
<b>Total</b>		<b><u>1,270,660.38</u></b>	<b><u>0.00</u></b>
<b>Adjusting Journal Entries JE # 2</b>			
To adjust due to from accounts for journal entries that did not automatically post to DTFs and to get funds and trial balance back in balance.			
1-0142	G F DUE TO/FROM SCH. CAT.	2,522.00	
1-0142	G F DUE TO/FROM SCH. CAT.	5,038.27	
1-0145	G F DUE TO/FROM TRUST	112.43	
1-0147	G F DUE TO/FROM PORT.H.LIGHT	35.44	
1-0149	G F DUE TO/FM FT WILLIAMS PARK	6,812.79	
1-R0326	MISC. REVENUES	434.89	
30-2143	SCHOOL LUNCH DUE TO/FROM GF	1,234.15	
40-4144	SEWER DUE TO/FROM G F	3,825.00	
1-0143	G F DUE TO/FROM SCHOOL LUNCH		1,234.15
1-0144	G F DUE TO/FROM SEWER		3,825.00
20-2142	SCH CATAGOR.DUE TO/FROM G F		2,522.00
20-2142	SCH CATAGOR.DUE TO/FROM G F		5,038.27
65-3149	FT WILLIAMS PARK-DUE TO/FM G F		6,812.79
70-3147	PORT.H.LIGHT-DUE TO/FROM G F		35.44
<b>Total</b>		<b><u>20,014.97</u></b>	<b><u>19,467.65</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
To bring school lunch inventory balance from PY amount to CY amount.			
30-2920	SCHOOL LUNCH / INVENTORY	4,641.97	
30-91001431	PC/MS FOOD PURCHASES		1,669.15
30-91001433	PC/MS OTHER PURCHASES		651.84
30-91001531	HS FOOD PURCHASES		1,669.15
30-91001533	HS OTHER PURCHASES		651.83
<b>Total</b>		<b><u>4,641.97</u></b>	<b><u>4,641.97</u></b>
<b>Adjusting Journal Entries JE # 4</b>			
To bring PHL inventory from PY balance to CY balance.			
70-3150	INVENTORY/PORT.H.LIGHT	13,078.12	
70-8704010	GIFT SHOP COSTS		13,078.12
<b>Total</b>		<b><u>13,078.12</u></b>	<b><u>13,078.12</u></b>
<b>Adjusting Journal Entries JE # 5</b>			
To adjust prepaid lunch to actual as of 6/30/17.			
30-2931	DEPOSITS	944.24	
30-R3311	CAFE HS MEALS		944.24
<b>Total</b>		<b><u>944.24</u></b>	<b><u>944.24</u></b>
<b>Adjusting Journal Entries JE # 6</b>			
To adjust the community services fund for prior year AJE #19 that was not posted.			
90-9900	FUND BALANCE - COMM. SERV.	9,428.45	
90-9220	PREPAID EXPENSES		9,428.45

Account	Description	Debit	Credit
<b>Total</b>		<b>9,428.45</b>	<b>9,428.45</b>

**Adjusting Journal Entries JE # 7**

To adjust the TIF fund balance for a prior year AJE that was not posted.

1-0899	TOWN UNASSIGNED FUND BALANCE	11,520.00	
52-5220	TIF DUE TO/FROM GF	11,520.00	
1-0154	DUE TO/FROM TIF FUND		11,520.00
52-5200	TIF Fund Balance		11,520.00
<b>Total</b>		<b>23,040.00</b>	<b>23,040.00</b>

**Adjusting Journal Entries JE # 8**

To book a transfer to the school categorical fund and offset the debit AP for amounts that were overspent.

1-90256100	SUPPLIES	798.00	
20-2142	SCH CATAGOR.DUE TO/FROM G F	798.00	
1-0142	G F DUE TO/FROM SCH. CAT.		798.00
20-2200	ACCOUNTS PAYABLE-SCH CATAGOR		798.00
<b>Total</b>		<b>1,596.00</b>	<b>1,596.00</b>

**Adjusting Journal Entries JE # 9**

To close remaining balances for the Community Services Fund to the General Fund.

1-0135	PREPAID EXPENDITURES	6,729.71	
1-0138	G F DUE TO/FROM COMMUNITY CTR	74,023.73	
1-0899	TOWN UNASSIGNED FUND BALANCE	32,485.00	
90-9200	DEFERRED REVENUE	113,238.44	
1-0300	DEFERRED REVENUE		113,238.44
90-9140	COMM SERV DUE TO/FM GF		74,023.73
90-9220	PREPAID EXPENSES		6,729.71
90-9900	FUND BALANCE - COMM. SERV.		32,485.00
<b>Total</b>		<b>226,476.88</b>	<b>226,476.88</b>

**Adjusting Journal Entries JE # 10**

To adjust the school department's fund balance to agree with last year's financial statements.

1-0899	TOWN UNASSIGNED FUND BALANCE	337,791.00	
1-0799	SCHOOL UNASSIGNED FUND BALANCE		337,791.00
<b>Total</b>		<b>337,791.00</b>	<b>337,791.00</b>

**Adjusting Journal Entries JE # 11**

To adjust assigned fund balance to year end actual.

1-0899	TOWN UNASSIGNED FUND BALANCE	272,780.00	
1-0800	CARRYFORWARD ACCOUNT		272,780.00
<b>Total</b>		<b>272,780.00</b>	<b>272,780.00</b>

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 12</b>			
To recognize subsidy for donated commodities.			
30-91001431	PC/MS FOOD PURCHASES	28,368.87	
30-R3314	COMMODITIES REBATE		28,368.87
<b>Total</b>		<b><u>28,368.87</u></b>	<b><u>28,368.87</u></b>
<b>Adjusting Journal Entries JE # 13</b>			
To adjust rescue receivable to actual			
75-7501	ALLOWANCE FOR DOUBTFUL ACCTS	2,000.00	
75-R0620	AMBULANCE BILLING	6,083.84	
75-7500	A/R AMBULANCE FUND		8,083.84
<b>Total</b>		<b><u>8,083.84</u></b>	<b><u>8,083.84</u></b>
<b>Adjusting Journal Entries JE # 14</b>			
To move the tax commitment and abatements to the income statement from the balance sheet.			
1-0550	TAX COMMITMENT	8,758,829.25	
1-RKO1103002	Abatements	11,658.22	
1-0404	ABATEMENTS		11,658.19
1-R0387	REAL ESTATE TAXES		8,758,829.28
<b>Total</b>		<b><u>8,770,487.47</u></b>	<b><u>8,770,487.47</u></b>
<b>Adjusting Journal Entries JE # 15</b>			
To adjust the unavailable tax revenue to the year end estimate.			
1-0300	DEFERRED REVENUE	69,000.00	
1-R0387	REAL ESTATE TAXES		69,000.00
<b>Total</b>		<b><u>69,000.00</u></b>	<b><u>69,000.00</u></b>
<b>Adjusting Journal Entries JE # 16</b>			
To adjust school lunch receivables (state subsidy and due from students) to year end actual.			
30-2910	SCHOOL LUNCH / ACCTS. REC.	12,181.32	
30-R3310	CAFE MS/PC MEALS		5,429.88
30-R3313	CAFE HS STATE SUBSIDY		932.25
30-R3315	CAFE MS/PC STATE SUBSIDY		5,819.19
<b>Total</b>		<b><u>12,181.32</u></b>	<b><u>12,181.32</u></b>
<b>Adjusting Journal Entries JE # 17</b>			
To book a transfer to offset the school lunch deficit.			
1-90749100	FUND TRANSFER	87,358.90	
30-2143	SCHOOL LUNCH DUE TO/FROM GF	87,358.90	
1-0143	G F DUE TO/FROM SCHOOL LUNCH		87,358.90
30-R3322	CAFE REVENUES/TRANSFER-FROM GENERAL PROGRAM		87,358.90
<b>Total</b>		<b><u>174,717.80</u></b>	<b><u>174,717.80</u></b>
<b>Adjusting Journal Entries JE # 18</b>			
To adjust scholarship fund to actual @ 6/30/17.			
45-5132	KEITH SLEEPER SCHOLARSHIP	15,000.00	
45-5832	K.SLEEPER SCHOLAR. TRUST		15,000.00
<b>Total</b>		<b><u>15,000.00</u></b>	<b><u>15,000.00</u></b>

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 19</b>			
To reverse last year's accrued payroll.			
1-0280	ACCRUED PAYROLL/TEACHERS	2,040.55	
1-0280	ACCRUED PAYROLL/TEACHERS	4,289.99	
1-0280	ACCRUED PAYROLL/TEACHERS	1,607,484.42	
1-87001010	SALARY-TEACHER		2,040.55
1-87001010	SALARY-TEACHER		379,569.44
1-87001510	STIPEND-TEAM LEADERS		4,427.56
1-87051010	SALARY-TEACHER		17,544.88
1-87151010	SALARY-LIBRARIAN		12,087.08
1-87301010	SALARY-NURSE		7,625.12
1-87401500	STIPENDS-CO-CURRICULAR		139.60
1-87501010	SALARY-TEACHER		47,876.40
1-87511010	SALARY-TEACHER		7,625.12
1-88001010	SALARY-TEACHER		375,698.08
1-88001510	STIPEND-TEAM LEADERS		4,027.08
1-88051010	SALARY-TEACHER		19,970.32
1-88151010	SALARY-LIBRARIAN		7,192.52
1-88151010	SALARY-LIBRARIAN		8,570.04
1-88301010	SALARY-NURSE		6,208.64
1-88401500	SALARIES-CO-CURR		2,625.52
1-88501010	SALARY-TEACHER		35,754.92
1-89001010	SALARY-TEACHER		442,006.20
1-89001510	STIPEND-DEPT CHAIRS		4,027.24
1-89011010	SALARY-TEACHER		12,172.92
1-89011060	SALARY-COORDINATOR		2,671.46
1-89051010	SALARY-TEACHER		27,159.84
1-89301010	SALARY-NURSE		9,208.24
1-89401500	STIPENDS - CO-CURR		9,802.68
1-89501010	SALARY-TEACHER		42,368.00
1-89511010	SALARY-TEACHER		6,818.72
1-90091500	STIPENDS		907.20
1-90091500	STIPENDS		2,345.99
1-90091502	SALARIES-SUPPORT TEAM		738.16
1-90101500	STIPENDS		226.80
1-90101502	SALARIES-SUPPORT TEAMS		738.16
1-90121180	SALARY-VOLUNTEER COORDINATOR		7,326.76
1-90221010	SALARY-TEACHER		810.00
1-90221010	SALARY-TEACHER		2,074.08
1-90241010	SALARY-TEACHER		4,604.12
1-90261010	SALARY-SOCIAL WORKER		16,824.12
1-90271010	SALARY-PSYCHOLOGIST		9,323.28
1-90281010	SALARY-SPEECH		19,715.00
1-90291010	SALARY-OT		15,828.36
1-90301010	SALARY- ELL TEACHER		5,032.56
1-90321010	SALARY-TEACHER		3,191.16
1-90331010	SALARY-TEACHER		2,127.44
1-90341010	SALARY-PSYCHOLOGIST		9,323.28
1-90351010	SALARY-SPEECH		9,208.24
1-90361010	SALARY-OT		5,659.52
1-90371010	SALARY-TEACHER		2,592.56
<b>Total</b>		<b><u>1,613,814.96</u></b>	<b><u>1,613,814.96</u></b>

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 20</b>			
To reverse prior year accrued retirement and health benefits.			
1-0280	ACCRUED PAYROLL/TEACHERS	54,163.38	
1-0280	ACCRUED PAYROLL/TEACHERS	332,389.78	
1-87002010	BENEFITS-TEACHERS		90,702.02
1-87002300	RETIREMENT-STIPENDS		148.77
1-87002310	RETIREMENT-TEACHERS		12,753.53
1-87052010	BENEFITS-GUIDANCE		3,069.48
1-87052310	RETIREMENT-GUIDANCE		589.51
1-87152010	BENEFITS-LIBRARIAN		1,118.94
1-87152310	RETIREMENT-LIBRARIAN		406.13
1-87302310	RETIREMENT-NURSE		256.20
1-87402300	RETIREMENT-CO-CURR		4.69
1-87502010	BENEFITS-TEACHERS		6,710.30
1-87502310	RETIREMENT-TEACHERS		1,608.65
1-87512010	BENEFITS-TEACHERS		3,069.48
1-87512310	RETIREMENT-TEACHERS		256.20
1-88002010	BENEFITS-TEACHERS		83,909.77
1-88002300	RETIREMENT-STIPENDS		135.31
1-88002310	RETIREMENT-TEACHERS		12,623.46
1-88052010	BENEFITS-TEACHERS		4,188.41
1-88052310	RETIREMENT-GUIDANCE		671.00
1-88152010	BENEFITS-LIBRARIAN		3,069.48
1-88152310	RETIREMENT-LIBRARIAN		287.95
1-88302010	BENEFITS-NURSE		3,069.48
1-88302310	RETIREMENT-NURSE		208.61
1-88402300	RETIREMENT-STIPENDS		88.22
1-88502010	BENEFITS-TEACHERS		11,182.72
1-88502310	RETIREMENT-TEACHERS		1,201.37
1-89002010	BENEFITS-TEACHERS		88,541.62
1-89002300	RETIREMENT-STIPENDS		135.32
1-89002310	RETIREMENT-TEACHERS		14,851.41
1-89012060	BENEFITS-COORDINATOR		1,118.94
1-89012310	RETIREMENT-TEACHERS		409.01
1-89052010	BENEFITS-GUIDANCE		4,188.41
1-89052310	RETIREMENT-GUIDANCE		912.57
1-89151010	SALARY-LIBRARIAN		241.67
1-89152010	BENEFITS-LIBRARIAN		1,118.94
1-89152310	RETIREMENT-LIBRARIAN		241.67
1-89302010	BENEFITS-NURSE		1,980.28
1-89302310	RETIREMENT-NURSE		309.40
1-89402300	RETIREMENT-STIPENDS		329.37
1-89502010	BENEFITS-TEACHERS		9,779.78
1-89502310	RETIREMENT-TEACHERS		1,423.56
1-89512010	BENEFITS-TEACHERS		1,118.94
1-90092300	RETIREMENT-STIPENDS		229.11
1-90102300	RETIREMENT-STIPEND		24.80
1-90122380	RETIREMENT-COORDINATOR		24.80
1-90222310	RETIREMENT-TEACHERS		246.18
1-90242010	BENEFITS-TEACHERS		1,534.74
1-90242310	RETIREMENT-SOC.WORK 9-12		69.69
1-90262010	BENEFITS-SOCIAL WORKER		3,392.54
1-90272010	BENEFITS-PSYCHOLOGIST		1,549.61
1-90272310	RETIREMENT-PSYCH.K-8		565.29
1-90282010	BENEFITS-SPEECH		4,188.41
1-90282310	RETIREMENT-SPEECH/LAN.K-8		313.26
1-90282310	RETIREMENT-SPEECH/LAN.K-8		662.42



Account	Description	Debit	Credit
1-90292010	BENEFITS-OT		1,118.94
1-90292310	RETIREMENT-OT K-8		531.83
1-90302310	RETIREMENT-TEACH.K-8		169.09
1-90322310	RETIREMENT-PT K-8		107.22
1-90332310	RETIREMENT-PT 9-12		71.48
1-90342010	BENEFITS-PSYCHOLOGIST		1,549.61
1-90342310	RETIREMENT-PSYCH.9-12		313.26
1-90352010	BENEFITS-SPEECH		1,118.94
1-90352310	RETIREMENT-SPEECH 9-12		309.40
1-90362310	RETIREMENT-OT 9-12		190.16
1-90372310	RETIREMENT-TEACH.9-12		87.11
<b>Total</b>		<b>386,553.16</b>	<b>386,553.16</b>

### Adjusting Journal Entries JE # 21

To reverse prior year accrued hourly wages - Town and School.

1-0281	ACCRUED PAYROLL/SCHOOL	3,401.99	
1-0281	ACCRUED PAYROLL/SCHOOL	5,269.74	
1-0281	ACCRUED PAYROLL/SCHOOL	15,899.77	
1-0281	ACCRUED PAYROLL/SCHOOL	81,499.75	
1-0282	ACCRUED PAYROLL/TOWN	417.60	
1-0282	ACCRUED PAYROLL/TOWN	707.52	
1-0282	ACCRUED PAYROLL/TOWN	3,034.33	
1-0282	ACCRUED PAYROLL/TOWN	51,584.57	
30-2143	SCHOOL LUNCH DUE TO/FROM GF	5,269.74	
40-4144	SEWER DUE TO/FROM G F	707.52	
50-5150	RIVERSIDE PERP CARE TO/FM GF	417.60	
70-3147	PORT.H.LIGHT-DUE TO/FROM G F	3,034.33	
1-01101001	FULLTIME-PAYROLL		6,044.05
1-01201001	FULL TIME PAYROLL		5,411.20
1-01401002	PART TIME PAYROLL		20.00
1-0143	G F DUE TO/FROM SCHOOL LUNCH		5,269.74
1-0144	G F DUE TO/FROM SEWER		707.52
1-0145	G F DUE TO/FROM TRUST		417.60
1-0147	G F DUE TO/FROM PORT.H.LIGHT		3,034.33
1-01501002	PART TIME PAYROLL		264.71
1-02101001	FULL TIME PAYROLL		13,349.58
1-02101002	PART TIME PAYROLL		110.00
1-02101003	OVERTIME PAYROLL		2,646.51
1-02101010	SPECIAL ASSIGNMENTS		428.18
1-02301001	FULL TIME PAYROLL		1,261.44
1-03101001	FULL TIME PAYROLL		11,661.44
1-03101003	OVERTIME PAYROLL		338.85
1-03201001	FULL TIME PAYROLL		456.12
1-03201002	PART TIME PAYROLL		267.89
1-05101001	FULL TIME PAYROLL		3,665.04
1-05101002	PART TIME PAYROLL		2,753.00
1-05301002	PART TIME PAYROLL		45.12
1-05301005	CABLE TV BULLETIN BRD STIPEND		214.06
1-06331001	FULL TIME PAYROLL		73.54
1-06331001	FULL TIME PAYROLL		4,785.02
1-06341002	PART TIME PAYROLL		1,034.80
1-06351001	ADMINISTRATIVE PAYROLL (SALARI		2,585.76
1-06351002	PART TIME PAYROLL		72.00
1-06361002	PART TIME PAYROLL		328.00
1-06371002	PART TIME PAYROLL		5,365.00
1-06381002	PART TIME PAYROLL		1,655.65

Account	Description	Debit	Credit
1-06451002	PART TIME PAYROLL		1,735.20
1-07254446	FY16 PD OPP.ALL/COMPLIANCE		730.32
1-07254448	FY16 PD UNDERAGE DRINKING		181.86
1-87001230	SALARY-SUBSTITUTES		661.21
1-87151020	SALARY-ED TECH		358.32
1-87201180	SALARIES-SECRETARIES		2,864.72
1-87501020	SALARY-ED TECH		46.40
1-87501230	SALARY-SUBSTITUTES		160.00
1-88051180	SALARIES-SECRETARIES		1,439.28
1-88201180	SALARIES-SECRETARIES		3,205.51
1-88501230	SALARY-SUBSTITUTES		421.20
1-89001230	SALARY-SUBSTITUTES		315.90
1-89051180	SALARIES-SECRETARIES		1,479.00
1-89201180	SALARIES-SECRETARIES		3,253.24
1-90001040	SALARIES-ADMIN		1,442.31
1-90001180	SALARIES-CLERICAL		1,946.84
1-90001181	SAL-BUSINESS OFFICE		5,591.52
1-90021180	SALARIES-CUSTODIANS		14,056.15
1-90031180	SALARIES		8,547.77
1-90051180	SALARIES-MAINTENANCE		8,331.13
1-90081500	STIPENDS		1,279.80
1-90091500	STIPENDS		842.40
1-90091500	STIPENDS		3,401.99
1-90101500	STIPENDS		411.60
1-90201180	SALARIES-REGULAR		10,661.76
1-90201181	SALARIES-ADM/SCHEDULER		1,491.67
1-90201182	SALARIES-VAN		36.27
1-90223300	PROFESSIONAL ED SERVICES		178.20
1-90311010	SALARY-TEACHER		1,500.72
1-90381020	SALARY-ED TECH		602.70
1-90411500	SALARIES-HS COACHES		2,638.20
1-90421180	SALARIES-SECRETARY		1,526.93
1-90701041	SALARIES-SYSTEM INTEGRATOR		852.20
1-90701180	SALARIES - TECHNICIAN		5,356.80
30-91001420	PC/MS SALARIES		4,758.98
30-91001430	HS SALARIES		510.76
40-8151001	FULL TIME PAYROLL		707.52
50-8601002	PART TIME PAYROLL		417.60
70-8701001	FULL TIME PAYROLL		975.36
70-8701002	PART TIME PAYROLL		2,058.97
<b>Total</b>		<b>171,244.46</b>	<b>171,244.46</b>

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 23</b>			
To move TIF revenues to the TIF fund.			
1-R0387	REAL ESTATE TAXES	11,811.00	
52-5220	TIF DUE TO/FROM GF	11,811.00	
1-0154	DUE TO/FROM TIF FUND		11,811.00
52-R0570	TIF TAXES		11,811.00
<b>Total</b>		<b><u>23,622.00</u></b>	<b><u>23,622.00</u></b>
<b>Adjusting Journal Entries JE # 24</b>			
To move an amount booked to use of surplus.			
1-R0333	USE OF SURPLUS	1,293.63	
1-R0326	MISC. REVENUES		1,293.63
<b>Total</b>		<b><u>1,293.63</u></b>	<b><u>1,293.63</u></b>
<b>Adjusting Journal Entries JE # 25</b>			
To reverse the prepaid balance for Community Services from the prior year.			
1-06353006	MISCELLANEOUS SUPPLIES	6,729.71	
1-0135	PREPAID EXPENDITURES		6,729.71
<b>Total</b>		<b><u>6,729.71</u></b>	<b><u>6,729.71</u></b>
<b>Adjusting Journal Entries JE # 26</b>			
To adjust the cash balance to agree with the bank reconciliation within a trivial amount.			
1-0010	CASH REGULAR CHECKING ACCOUNT	3,491.74	
1-R0326	MISC. REVENUES		3,491.74
<b>Total</b>		<b><u>3,491.74</u></b>	<b><u>3,491.74</u></b>
<b>Adjusting Journal Entries JE # 27</b>			
To accrue additional amounts for the Town accrued wages.			
1-0139	G F DUE TO/FROM AMBULANCE FUND	17,204.45	
1-02251002	PART TIME PAYROLL	516.63	
1-02301002	PART TIME PAYROLL	11,057.06	
1-02351002	PART TIME PAYROLL	1,574.25	
75-7351002	PART TIME PAYROLL	17,204.45	
1-0282	ACCRUED PAYROLL/TOWN		13,147.94
1-0282	ACCRUED PAYROLL/TOWN		17,204.45
75-7550	DUE TO/FROM AMBULANCE FUND		17,204.45
<b>Total</b>		<b><u>47,556.84</u></b>	<b><u>47,556.84</u></b>

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 28</b>			
To move an amount booked in school lunch transfers that was a reclassification of expenditures.			
1-90745800	TRAVEL	2,162.74	
1-90749100	FUND TRANSFER		2,162.74
<b>Total</b>		<b><u>2,162.74</u></b>	<b><u>2,162.74</u></b>
<b>Adjusting Journal Entries JE # 29</b>			
To adjust unearned community service revenue to actual			
1-R0369	PREPAID SUMMER PROG.	42,318.22	
1-0300	DEFERRED REVENUE		42,318.22
<b>Total</b>		<b><u>42,318.22</u></b>	<b><u>42,318.22</u></b>
<b>Adjusting Journal Entries JE # 30</b>			
To reverse prior year receivables for the Town			
1-R0529	HOMESTEAD REVENUE	50,297.26	
1-0129	ACCTS. RECEIVABLE/TOWN		50,297.26
<b>Total</b>		<b><u>50,297.26</u></b>	<b><u>50,297.26</u></b>
<b>Adjusting Journal Entries JE # 31</b>			
To book additional receivables related to the school grants for the accrued payroll amounts to be reimbursed in August.			
20-2100	A/R SCHOOL CATEGORICALS	35,100.40	
20-R2006	LOCAL ENTITLEMENT		26,126.56
20-R2009	TITLE I-DISADVANTAGED		8,973.84
<b>Total</b>		<b><u>35,100.40</u></b>	<b><u>35,100.40</u></b>
<b>Adjusting Journal Entries JE # 32</b>			
To remove a couple of old encumbrances.			
1-89505500	SUPPLIES	195.00	
1-90086000	SUPPLIES	69.00	
1-90771033	84025 PRO-ED		69.00
1-90771034	84030 COLLEGE BOUND SENIORS RE		195.00
<b>Total</b>		<b><u>264.00</u></b>	<b><u>264.00</u></b>
<b>Adjusting Journal Entries JE # 33</b>			
To book an additional adjustment to unavailable taxes based on actual outstanding taxes as of 8/31/17.			
1-0300	DEFERRED REVENUE	40,000.00	
1-R0387	REAL ESTATE TAXES		40,000.00
<b>Total</b>		<b><u>40,000.00</u></b>	<b><u>40,000.00</u></b>



# TOWN OF CAPE ELIZABETH

P.O. BOX 6260  
320 OCEAN HOUSE ROAD  
CAPE ELIZABETH, MAINE 04107-0060

MATTHEW E. STURGIS  
*Town Manager*

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Website: [www.capeelizabeth.com](http://www.capeelizabeth.com)

December 1, 2017

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, 2017, and the respective changes in financial position for the year then ended, and the related notes to 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 December 1, 2017, 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 July 5, 2017, 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 questioned costs.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

**Information Provided**

- 10) 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, 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.
- 11) 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.
- 12) 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.

- 13) 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.
- 14) 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.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the Town's related parties and all the related party relationships and transactions of which we are aware.

**Government specific**

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) 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.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The Town has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) 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.

- 25) 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.
- 26) We have identified and disclosed to you all instances, which 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.
- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements 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 preparation of the financial statements and related notes, including the adjustments to convert the financial statements to the entity-wide statements. In addition, you also assisted with the calculations for unearned revenue-taxes and the OPEB liability. 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 related notes, including the calculations and adjustments for those financial statements.
- 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 as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.



- 34) 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.
- 35) 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.
- 36) Investments, derivative instruments, and land and other real estate held by other endowments are properly valued
- 37) Provisions for uncollectible receivables have been properly identified and recorded.
- 38) 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.
- 39) 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.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 43) 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 is available and have determined that net position is properly recognized under the policy.
- 44) 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.
- 45) 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.

- 46) With respect to the combining and individual fund statements and schedules:
- a) We acknowledge our responsibility for presenting the combining and individual fund statements in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund statements, including their 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.

Mark & Stacie  
Signed

Catherine Messmer  
Signed

Town Manager  
Title

Town Comptroller  
Title