

**TOWN OF CAPE ELIZABETH, MAINE**

**Reports Required by *Government Auditing  
Standards* and OMB Circular A-133**

**For the Year Ended June 30, 2015**

**TOWN OF CAPE ELIZABETH, MAINE**  
**Reports Required by *Government Auditing Standards***  
**and OMB Circular A-133**  
**For the Year Ended June 30, 2015**

---

**Table of Contents**

<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 Program and on Internal Control Over Compliance Required by OMB Circular A-133	3-5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	8
Section II - Findings Required to be Reported Under <i>Government Auditing Standards</i>	9-11
Section III - Findings and Questioned Costs for Federal Awards	12
Section IV - Status of Prior Year Findings and Questioned Costs for Federal Awards	13

**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**

To the Town Council  
Town of Cape Elizabeth, 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, 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, 2015, and the related notes to the financial statements, which collectively comprise the Town of Cape Elizabeth, Maine's basic financial statements, and have issued our report thereon dated September 22, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Cape Elizabeth, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Cape Elizabeth, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Cape Elizabeth, Maine's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We noted other matters involving the internal control over financial reporting that we have reported in the section "Other Comments".

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Town of Cape Elizabeth, Maine’s Responses to Other Comments**

The Town of Cape Elizabeth, Maine’s responses to the “Other Comments” identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Cape Elizabeth, Maine’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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.



September 22, 2015  
South Portland, Maine

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Town Council  
Town of Cape Elizabeth, Maine

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Cape Elizabeth, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Cape Elizabeth, Maine's major federal programs for the year ended June 30, 2015. The Town of Cape Elizabeth, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Cape Elizabeth, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Cape Elizabeth, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Cape Elizabeth, Maine's compliance.

***Basis for Qualified Opinion on the Special Education Cluster***

As described in the accompanying schedule of findings and questioned costs, the Town of Cape Elizabeth, Maine did not comply with requirements regarding CFDA #84.027 Special Education Cluster as described in finding number 2015-001 for Reporting. Compliance with such requirements is necessary, in our opinion, for the Town of Cape Elizabeth, 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 OMB CIRCULAR A-133, CONTINUED**

***Qualified Opinion on the Special Education Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Town of Cape Elizabeth, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster for the year ended June 30, 2015.

***Other Matters***

Town of Cape Elizabeth, Maine's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Cape Elizabeth, Maine's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Management of the Town of Cape Elizabeth, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Cape Elizabeth, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Cape Elizabeth, Maine's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED**

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2015, and the related notes to the financial statements, which collectively comprise the Town of Cape Elizabeth, Maine's basic financial statements. We issued our report thereon dated September 22, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.



September 22, 2015  
South Portland, Maine

**TOWN OF CAPE ELIZABETH, MAINE**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30, 2014	Federal revenue recognized	Other revenue	Federal expenditures recognized	Other expenditures	Balance at June 30, 2015
U. S. Department of Education, passed through Maine Department of Education:									
Title I Grants to Local Educational Agencies	84.010	3107	\$ 41,192	53	41,142	-	41,142	-	53
Special Education Grants to States	84.027	3046	404,470	(3,656)	511,822	-	508,166	-	-
Improving Teacher Quality State Grants	84.367	3042	42,452	-	30,774	-	30,774	-	-
Total U. S. Department of Education				(3,603)	583,738	-	580,082	-	53
U. S. Department of Agriculture, passed through Maine Department of Education:									
National School Lunch Program	10.555	3022/3024	N/A	(12,840)	63,553	538,479	63,553	525,353	286
Breakfast Program	10.553	3014	N/A	-	13,400	-	13,400	-	-
Food Donation	10.555	N/A	N/A	-	17,847	-	17,847	-	-
Total U. S. Department of Agriculture				(12,840)	94,800	538,479	94,800	525,353	286
U. S. Department of Commerce National Oceanic and Atmospheric Administration (NOAA), passed through State of Maine Department of Agriculture, Conservation, and Forestry									
Coastal Zone Management Administration	11.419	20140909-0898	16,500	-	-	-	16,500	1,100	(17,600)
Total U. S. Department of Commerce National Oceanic and Atmospheric Administration (NOAA)				-	-	-	16,500	1,100	(17,600)
U. S. Department of Justice, passed through the Maine Department of Health and Human Services:									
2013 Enforcing Underage Drinking Laws Program	16.727	N/A	5,800	-	4,000	-	-	-	4,000
2015 Enforcing Underage Drinking Laws Program	16.727	N/A	3,500	-	3,294	-	3,433	-	(139)
passed through the Maine Department of Public Safety, passed through the Town of Windham Police Department:									
Edward Byrne Justice Assistance Grant (JAG) 2012	16.738	CB-02-12	249	-	-	-	249	-	(249)
Edward Byrne Justice Assistance Grant (JAG) 2014	16.738	CB-02-14	368	-	368	-	368	-	-
Total U. S. Department of Justice				-	7,662	-	4,050	-	3,612
U.S. Department of Housing and Urban Development, passed through Cumberland County, Maine:									
CDBG - Family Crisis Services	14.218	N/A	N/A	-	64,533	-	64,533	-	-
Total U.S. Department of Housing and Urban Development				-	64,533	-	64,533	-	-
U.S. Department of Transportation, passed through the Maine Bureau of Highway Safety:									
2015 State and Community Highway Safety (Equipment Grant)	20.600	N/A	10,000	-	2,150	-	2,150	-	-
2014 State and Community Highway Safety (Click-it or Ticket Campaign)	20.600	OP14-037	3,000	(3,000)	2,794	-	-	-	(206)
2015 State and Community Highway Safety (Seatbelt Grant)	20.600	OP15-041	3,000	-	-	-	3,000	-	(3,000)
Total U.S. Department of Transportation				(3,000)	4,944	-	5,150	-	(3,206)
U.S. Environmental Protection Agency, passed through the Maine Department of Environmental Protection, passed through the Cumberland County Soil and Water Conservation District:									
2012 Performance Partnership grant	66.605	BG-99182904	109,000	(650)	81,264	-	80,583	-	31
Total U.S. Environmental Protection Agency				(650)	81,264	-	80,583	-	31
U.S. Department of Homeland Security, passed through the Maine Emergency Management Agency, passed through Cumberland County, Maine									
2013 Homeland Security Grant	97.067	N/A	4,950	-	4,335	-	4,933	-	(598)
Total U.S. Department of Homeland Security				-	4,335	-	4,933	-	(598)
<b>Total federal awards</b>				<b>\$ (20,093)</b>	<b>841,276</b>	<b>538,479</b>	<b>850,631</b>	<b>526,453</b>	<b>(17,422)</b>

*See accompanying notes to schedule of expenditures of federal awards.*



**TOWN OF CAPE ELIZABETH, MAINE**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2015**

---

---

**PURPOSE OF THE SCHEDULE**

---

Office of Management and Budget (OMB) Circular A-133 requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

---

**SIGNIFICANT ACCOUNTING POLICIES**

---

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the Town of Cape Elizabeth, Maine for the fiscal year ended June 30, 2015. The reporting entity is defined in Notes to Basic Financial Statements of the Town of Cape Elizabeth, Maine.
  
- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.
  - 1. Pursuant to OMB Circular A-133, 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 - OMB Circular A-133 establishes the levels of expenditures or expenses to be used in defining major federal financial award programs. Major programs for the Town of Cape Elizabeth have been identified in the attached Schedule of Findings and Questioned Costs - Summary of Auditor's Results.
  
- C. Basis of Accounting - The information presented in the Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the Town of Cape Elizabeth, Maine's fund financial statements.

**TOWN OF CAPE ELIZABETH, MAINE**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2015**

---

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

**Federal Awards**

Internal Control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	yes

Identification of major programs:

<b><u>CFDA Numbers</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
84.027	Special Education Cluster

---

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

**TOWN OF CAPE ELIZABETH, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

---

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

**NONE**

**OTHER COMMENTS (NOT SIGNIFICANT DEFICIENCIES)**

**Segregation of Duties (repeat)**

Segregation of duties involves the assignment of responsibilities in such a way that different employees handle different parts of the same transaction. Anyone who records transactions or has access to assets ordinarily is in a position to perpetrate errors or irregularities. Appropriate segregation of duties helps to detect errors in a timely manner and deter improper activities. Internal accounting control is enhanced when the employee who handles the accounting for an asset, such as cash, is denied access to the asset. An example would be the Planning and Codes office, where one person collects the cash, accounts for the receipts, and prepares the deposit. Because of the small size of the accounting staff, ideal segregation of duties is not practical. Certain functions, ideally performed by separate individuals, cannot be accomplished and therefore, internal accounting controls are not as strong as they might otherwise be. Because of the limitations of the small size of the Town's staff, we suggest that cautious review of financial transactions, such as a review of bank reconciliations, be performed for all funds by responsible officials. We also recommend that monthly financial reports continue to be prepared and reviewed for all funds to identify possible financial fluctuations of unusual nature.

***Management's Response and Corrective Action Plan:***

*Management notes that this or a similar comment is included every year. Monthly financial reports continue to be reviewed for all funds. The appropriations and revenue control reports are also posted online every month and a link is provided from the monthly council agenda. The council chair and the finance chair sign all warrants.*

***Anticipated Completion Date:***

*Ongoing*

***Contact person responsible for monitoring and maintaining corrective action procedures:***

*Michael McGovern, Town Manager, 207-619-6716*

**Federal Grant Reimbursements**

During our testing of the reimbursement requests for Local Entitlement, we noted that reimbursement requests had not been filed for the entire year. If the federal program does not request reimbursement for its expenditures in a timely manner, it causes the Town to finance those expenditures. We recommend that management review grant expenditures and request reimbursements in a more timely manner; at least quarterly.

***Management's Response and Corrective Action Plan:***

*The School Business Manager will review federal expenses and file the appropriate reimbursement requests on a timely schedule.*

***Anticipated Completion Date:***

*Ongoing.*

***Contact person responsible for monitoring and maintaining corrective action procedures:***

*Catherine Messer, School Business Manager and Municipal Comptroller 207-799-2217*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

---

**Section II - Findings Required to be Reported Under *Government Auditing Standards*, Continued**

**OTHER COMMENTS (NOT SIGNIFICANT DEFICIENCIES), Continued**

**Portland Head Light Receipts (repeat)**

During our testing of cash receipts at Portland Head Light, we noted that there were thirty-five instances in which the museum report was over or short by more than \$1 and fifteen instances in which the gift shop register report was over or short by more than \$1. The net result of the differences for the time period reviewed was \$130. In some instances, there were logical explanations that we received after further inquiry, but in other instances, there were no explanations for the differences.

Although the over and shorts are not significant to the overall activity at the Light House, we've noted that management has come to expect the differences as the cashiers often ring up sales erroneously or there are manual adjustments to sales reports. The problem with differences is that management may assume the differences are errors when in fact someone is perpetuating improprieties through fraud or theft. We recommend that management better document the explanations for the differences, ideally through a daily reconciliation between the software reports and the register reports. That way the real over and shorts can be identified and appropriately addressed. In addition, we recommend that management actively pursue ways to reduce or eliminate the differences so that they are not a daily occurrence.

***Management's Response and Corrective Action Plan:***

*In order to better track this problem, the museum director will provide a monthly report to the town manager listing cash shortages and overages for each day of the previous month. The town manager and municipal comptroller will meet quarterly with the museum director to review procedures to reduce cash variances.*

***Anticipated Completion Date:***

*October 1, 2015 and ongoing.*

***Contact person responsible for monitoring and maintaining corrective action procedures:***

*Michael McGovern, Town Manager, 207-619-6716*

**Middle School Activity Funds (repeat)**

During our testing of Middle School Activity Fund disbursements, we noted several instances where sales tax was paid or reimbursed to individuals. As the Middle School is a tax-exempt entity, we discourage it from incurring these unnecessary charges.

***Management's Response and Corrective Action Plan:***

*The School Business Manager will review all processes for school activity funds.*

***Anticipated Completion Date:***

*December 31, 2015*

***Contact person responsible for monitoring and maintaining corrective action procedures:***

*Catherine Messer, School Business Manager and Municipal Comptroller 207-799-2217*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

---

**Section II - Findings Required to be Reported Under *Government Auditing Standards*, Continued**

**OTHER COMMENTS (NOT SIGNIFICANT DEFICIENCIES), Continued**

**Capital Assets (repeat)**

Statement of Governmental Accounting Standards (GASB Statement) No. 34 - *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* – requires municipalities to keep and maintain accurate capital asset and depreciation schedules for presentation in its annual financial statements. During the audit, we noted that the Town only updates its schedule of capital assets and depreciation once a year, which is a time-consuming process. While reviewing the listing, we found multiple capital asset additions during the year that were not included on the list and numerous disposals, which were not properly removed from the list. By keeping up-to-date records, the Town would save time at year-end and improve the accuracy of its records. We recommend that the Town update its capital asset records on a regular basis during the year, and take extra care at year-end to ensure the accuracy of both the beginning and ending totals.

***Management's Response and Corrective Action Plan:***

*All capital purchases will be reviewed quarterly to ensure that the capital asset list is updated.*

***Anticipated Completion Date:***

*Ongoing.*

***Contact person responsible for monitoring and maintaining corrective action procedures:***

*Catherine Messer, School Business Manager and Municipal Comptroller 207-799-2217*

**Credit Card Transactions**

During our testing of credit card transactions, we noted two instances in which the supporting documentation was insufficient. In one instance, the disbursement was supported by a packing slip; in another instance, there was no support for the purchase. We also noted a few instances in which the Town paid sales tax on its purchases; one purchase alone had \$56.78 in sales tax. On further inquiry, we determined that the Town does not have procedures to review for the payment of sales tax. We recommend that the Town implement procedures to minimize the instances in which it pays sales tax and to track when the Town does pay sales tax so that someone may investigate and possibly request a refund.

***Management's Response and Corrective Action Plan:***

*The Town Manager will review all credit card transactions for backup and for payments of sales tax.*

***Anticipated Completion Date:***

*Ongoing.*

***Contact person responsible for monitoring and maintaining corrective action procedures:***

*Michael McGovern, Town Manager, 207-619-6716*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

---

**Section III – Findings and Questioned Costs for Federal Awards**

**2015-001 – U.S. Department of Education, for the Period July 1, 2014 through June 30, 2015, CFDA #84.027**  
**Special Education Cluster**

Statement of Condition: The aforementioned program reported expenditures in the FY 2014 year-end report that were significantly less than the expenditures incurred during the grant year.

Criteria: The State of Maine Department of Education requires the year-end report for Local Entitlement to include all grant expenditures incurred through the end of the grant year.

Effect: The State of Maine Department of Education may not be able to properly monitor the status of the program.

Cause: The grant's Program Director did not utilize general ledger reports when completing the year-end report.

Recommendation: The Program Director should request general ledger reports through the end of the grant year to verify the activity reported on the year-end report are correct. Large or unusual discrepancies should be investigated and remedied.

Questioned Costs: None

***Management's Response and Corrective Action Plan:***

*School Business Manager will work with the Program Director to verify expenses reported on the year-end report to the State.*

***Person responsible for corrective action of all findings:***

*Catherine Messer, School Business Manager and Municipal Comptroller 207-799-2217*

***Anticipated completion date for corrective action of all findings:***

*Ongoing.*

**TOWN OF CAPE ELIZABETH, MAINE**  
**Schedule of Findings and Questioned Costs, Continued**

---

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

**NONE**