

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

School Committee 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, 2016, 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 September 21, 2016, which contained unmodified opinions on those financial statements.

As part of obtaining reasonable assurance about whether the Town of Cape Elizabeth's financial statements are free of 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 MEDMS 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 ensure that all accounts would properly upload to MEDMS and certain accounts were therefore, excluded.

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 MEDMS 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 *Schedule of Reconciliation of the MEDMS Financial System with Audited Financial Statements* is fairly stated in all material respects in relation to the 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.



September 21, 2016
South Portland, Maine

TOWN OF CAPE ELIZABETH, MAINE
Schedule of Reconciliation of the MEDMS Financial System with Audited Financial Statements
For the Year Ended June 30 ,2016

	General Fund	School Categorical Programs
REVENUES AND TRANSFERS IN:		
Revenues and transfers in per MEDMS	\$ 23,391,560	514,882
Reconciling items:		
Other local revenues not required to be reported on MEDMS	-	157,834
Adjusting journal entry - accounts receivable	-	37,275
Expected revenues per audited fund financial statements	23,391,560	709,991
Per audited fund financial statements (Schedules 1 and 3)	23,391,560	709,989
Immaterial differences / rounding	\$ -	2
EXPENDITURES AND TRANSFERS OUT:		
Expenditures and transfers out per MEDMS	\$ 23,139,665	97,306
Reconciling items:		
Transportation reimbursements netted against expenditures not reported	(91,485)	-
Expenditures reclassified to school categoricals	(37,275)	-
Local Entitlement expenditures not reported	-	422,947
Title IIA expenditures not reported	-	18,561
Other local expenditures not required to be reported on MEDMS	-	149,256
Expected expenditures per audited fund financial statements	23,010,905	688,070
Per audited fund financial statements (Schedules 1 and 3)	23,012,416	688,820
Immaterial differences	\$ (1,511)	(750)

See accompanying auditor's report.

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