

To the City Council  
City of Sanford  
Sanford, Maine

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanford (the City), for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you, dated May 11, 2016. Professional standards also require that we communicate to you the following information related to 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 City of Sanford are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, one new accounting policy was adopted by the City: the provision of Government Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Other than this, the application of existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by the City 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 the accrued compensated absences, which is based on prior service performed and the contracts with the employees. We evaluated the key factors and assumptions used to develop the compensated absences accrual in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of on-behalf payments, which is based on the percentage rate of contributions from the Maine State Retirement System based on eligible wages. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability was based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation expense allocated to functions and programs in the statement of activities, which is based on management's estimate of the use of the assets within each function and program. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.



Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. We did not consider any disclosures to be sensitive and significant to the financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no 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 schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in aggregate, to the financial statements as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion, unit's 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 auditors' 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 13, 2016.

#### ***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 City's financial statements or a determination of the type of auditors' 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 may have discussed a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to selection as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our selection.

#### **Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Funding Progress – Other Post-Employment Benefits, the Schedule of Proportionate Share of Net Pension Liability, and the Schedule of 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 Statements for the Nonmajor Governmental Funds, Nonmajor Special Revenue Funds, Nonmajor Capital Project Funds, Nonmajor Permanent Funds and Fiduciary Funds 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.

**Restriction on Use**

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

*Macpage LLC*

South Portland, Maine  
December 13, 2016

City of Sanford  
6/30/16

Summary of Uncorrected Financial Statement Misstatements

Account Title and Description	Type see below**	workpaper	Assets	Liabilities	Revenues	Expenditures	Excess of Revenue Over Expenditures/ Change in Net Assets	Beginning of Year Fund Balance/ Net Assets	End of Year Fund Balance/ Net Assets
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Debit / (Credit)

CY:  
None

PY:

AP Expense	1	PY7400.20				(137,546)	(137,546)	137,546	
2 Excluded invoices from AP at 6/30/15									

\$	-	\$	-	\$	-	\$	(137,546)	\$	(137,546)	\$	137,546	\$	-
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Governmental Fund Statements

\$	25,407,134	\$	(12,729,341)	\$	(71,075,412)	\$	75,793,347	\$	(417,663)	\$	(12,260,130)	\$	(12,677,793)
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Governmental Fund Financial Statement  
% effect on Government Wide Financial Statement  
Financial Statement, if adjustment(s) were posted

	0.00%		0.00%		0.00%		-0.18%		32.93%		-1.12%		0.00%
\$	25,407,134	\$	(12,729,341)	\$	(71,075,412)	\$	75,655,801	\$	(555,209)	\$	(12,122,584)	\$	(12,677,793)