

To the City Council and Management  
City of Sanford  
Sanford, Maine

In planning and performing our audit of 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) as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Sanford's internal control over financial reporting (internal control) as a basis for designing our auditing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The following summarizes our comment and suggestion concerning the matter. This letter does not affect our report, dated December 13, 2016, on the financial statements of the City of Sanford.

### **Escrow Accounts**

As part of our audit procedures on escrow accounts held by City Planning and Public Works Departments for projects in process, we indentified an escrow deposit from a contractor that dates back to 2003 for which it was unknown as to whether the funds should be returned to the contractor or remain with the City. There appears to be no formal policies and procedures in place to periodically review the status of the escrow accounts and determine if conditions have been met to transfer the funds to a City account or to return the deposits the respective party. We recommend that the escrow accounts payable detail be reviewed bi-annually to determine the status of the escrow accounts to determine the status of the individual projects and how the remaining funds should be utilized.

We will review the status of this comment and suggestion during our next audit engagement. We already have discussed this comment and suggestion with various City personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

This communication is intended solely for the information and use of the City Council, management, and others within the City 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

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