

**Smith & Associates, CPAs**  
*A Professional Association*

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**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**Independent Auditors' Report**

Town Selectmen and Manager  
TOWN OF ARUNDEL  
Arundel, Maine

We have audited the accompanying financial statements of the governmental activities and remaining fund information, which collectively comprise the financial statements, of the Town of Arundel as of and for the year ended June 30, 2014, as listed in the table of contents, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this include 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.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of

financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major funds, and remaining fund information of the Town of Arundel, as of June 30, 2014, and the changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matter**

The Town of Arundel, Maine has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the financial statements.

**SMITH & ASSOCIATES, CPAs**  
*A Professional Association*

**Yarmouth, Maine**

**September 30, 2014**

## EXHIBIT III

**TOWN OF ARUNDEL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	General <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>			
Cash	\$ 3,122,376	\$ 1,580	\$ 3,123,956
Accounts Receivable	122,704	0	122,704
Taxes Receivable	301,858	0	301,858
Tax Liens Receivable	109,239	0	109,239
Due From Other Funds	<u>0</u>	<u>937,692</u>	<u>937,692</u>
<b>Total Assets</b>	<b><u>\$ 3,656,177</u></b>	<b><u>\$ 939,272</u></b>	<b><u>\$ 4,595,449</u></b>
<b>Liabilities &amp; Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 52,322	\$ 0	\$ 52,322
Accrued Expenses	47,397	0	47,397
Deferred Revenues	235,991	0	235,991
Due to Other Funds	<u>937,692</u>	<u>0</u>	<u>937,692</u>
<b>Total Liabilities</b>	<b><u>\$ 1,273,402</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 1,273,402</u></b>
<b>Fund Balance</b>			
<i>Reserved, Reported In:</i>			
<i>Nonspendable</i>			
Permanent Funds –			
Non-Expendable	\$ 0	\$ 700	\$ 700
<i>Restricted</i>	0	0	0
<i>Committed</i>			
Capital Project Funds	0	881,303	881,303
<i>Unreserved, Reported In:</i>			
<i>Assigned</i>			
Special Revenue Funds	0	56,389	56,389
Permanent Funds –			
Expendable	0	880	880
GF-Reduce FY14/15			
taxes	260,000	0	260,000
<i>Unassigned</i>			
General Fund	<u>2,122,775</u>	<u>0</u>	<u>2,122,775</u>
<b>Total Fund Balance</b>	<b><u>\$ 2,382,775</u></b>	<b><u>\$ 939,272</u></b>	<b><u>\$ 3,322,047</u></b>
<b>Total Liabilities &amp; Fund Balance</b>	<b><u>\$ 3,656,177</u></b>	<b><u>\$ 939,272</u></b>	<b><u>\$ 4,595,449</u></b>

**EXHIBIT V**

**TOWN OF ARUNDEL  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 6,499,158	\$ 0	\$ 6,499,158
Intergovernmental	305,843	0	305,843
Licenses, Permits & Fees	49,842	0	49,842
Charges for Services	326,073	5,298	331,371
Investment Income	8,638	1,380	10,018
Miscellaneous	<u>7,722</u>	<u>34,176</u>	<u>41,898</u>
<b>Total Revenues</b>	<b>\$ 7,197,276</b>	<b>\$ 40,854</b>	<b>\$ 7,238,130</b>
<b>Expenditures</b>			
General Government	\$ 677,919	\$ 20,749	\$ 698,668
Public Works & Sanitation	713,399	514,479	1,227,878
Public Safety	603,358	23,316	626,674
Culture & Recreation	188,880	2,504	191,384
Public Health & Welfare	75,211	9,472	84,683
Education	4,071,483	0	4,071,483
Fixed Charges	<u>272,672</u>	<u>0</u>	<u>272,672</u>
<b>Total Expenditures</b>	<b>\$ 6,602,922</b>	<b>\$ 570,520</b>	<b>\$ 7,173,442</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>			
	\$ 594,354	\$ (529,666)	\$ 64,688
<b>Other Financing Sources (Uses)</b>			
Transfers In (Out)	<u>(510,000)</u>	<u>510,000</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	<b>\$ 84,354</b>	<b>\$ (19,666)</b>	<b>\$ 64,688</b>
<b>Fund Balance-July 1, 2013</b>	<b><u>2,298,421</u></b>	<b><u>958,938</u></b>	<b><u>3,257,359</u></b>
<b>Fund Balance-June 30, 2014</b>	<b><u>\$ 2,382,775</u></b>	<b><u>\$ 939,272</u></b>	<b><u>\$ 3,322,047</u></b>

The Notes to the Financial Statements are an Integral Part of This Statement.