

Audited Financial Statements and  
Other Financial Information

Town of Rome, Maine

December 31, 2017



*Proven Expertise and Integrity*

TOWN OF ROME, MAINE

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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Rome  
Rome, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Rome, Maine, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town of Rome, Maine's basic financial statements as listed in the table of contents.

### 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 includes 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.

### Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 the financial statements in order to design audit procedures that are appropriate in the circumstances, 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

3 Old Orchard Road, Buxton, Maine 04093

Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609

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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.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Rome, Maine as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rome, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the

responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2018, on our consideration of the Town of Rome, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rome, Maine's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
May 10, 2018

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017**

**(UNAUDITED)**

The following management's discussion and analysis of Town of Rome, Maine's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2017. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Rome's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have been presented for the following activity:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, education, recreation, solid waste and recycling, community center, social services and other.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Rome, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Rome are categorized as one fund type: governmental funds.

*Governmental funds:* All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Rome presents four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in

fund balances. The Town's major governmental funds are the general fund, transfer station fund, and the fire department fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position, and changes in net position of the Town's governmental activities. The Town's total net position increased by \$262,214 from \$2,354,390 to \$2,616,604.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased to a balance of \$1,217,083 at the end of this year.

**Table 1**  
**Town of Rome, Maine**  
**Net Position**  
**December 31,**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
<b>Assets:</b>		
Current Assets	\$ 1,390,867	\$ 1,365,078
Capital Assets	1,271,741	1,023,277
Total Assets	<u>2,662,608</u>	<u>2,388,355</u>
<b>Liabilities:</b>		
Current Liabilities	11,368	16,274
Total Liabilities	<u>11,368</u>	<u>16,274</u>
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	25,594	8,649
Advance Payment of LRAP Funding	9,042	9,042
Total Deferred Inflows of Resources	<u>34,636</u>	<u>17,691</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	1,271,741	1,023,277
Restricted for: General Fund	100,374	146,922
Special Revenue Funds	20,385	9,247
Permanent Funds	7,021	7,021
Unrestricted	1,217,083	1,167,923
Total Net Position	<u>\$ 2,616,604</u>	<u>\$ 2,354,390</u>

**Table 2**  
**Town of Rome, Maine**  
**Change in Net Position**  
**For the Years Ended December 31,**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 5,659	\$ 13,389
Operating grants and contributions	18,372	18,120
<i>General Revenues:</i>		
Taxes	2,858,929	2,779,252
Grants and contributions not restricted to specific programs	44,537	41,138
Miscellaneous	68,100	72,221
Total Revenues	<u>2,995,597</u>	<u>2,924,120</u>
<b>Expenses</b>		
General government	140,251	145,192
Public safety	104,711	88,324
Public works	184,714	146,900
Solid waste and recycling	44,799	39,790
Recreation	-	1,457
Cemeteries	12,720	13,530
Community center	21,338	23,312
General assistance	4,436	1,301
Education	1,784,439	1,690,061
Social services	22,538	25,087
County tax	298,358	294,924
Insurance	17,376	21,107
Other	97,703	96,781
Total Expenses	<u>2,733,383</u>	<u>2,587,766</u>
Change in Net Position	262,214	336,354
Net Position - January 1	<u>2,354,390</u>	<u>2,018,036</u>
Net Position - December 31	<u><u>\$ 2,616,604</u></u>	<u><u>\$ 2,354,390</u></u>

## Revenues and Expenses

Revenues for the Town's governmental activities increased by 2.44%, while total expenses increased by 5.63%. The main increase in revenues was in taxes. The main increase in expenses was primarily due to public works and education.

### Financial Analysis of the Town's Fund Statements

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

**Table 3**  
**Town of Rome, Maine**  
**Fund Balances - Governmental Funds**  
**December 31,**

	2017	2016
General Fund:		
Restricted	\$ 100,374	\$ 146,922
Assigned	17,011	25,362
Unassigned	789,990	734,128
Total General Fund	\$ 907,375	\$ 906,412
Other Major Funds:		
Transfer Station Fund:		
Committed	\$ 142,547	\$ 139,836
Fire Department Fund:		
Committed	66,939	51,847
Total Other Major Funds	\$ 209,486	\$ 191,683
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 20,385	\$ 9,247
Capital Projects Funds:		
Committed	53,987	28,935
Permanent Funds:		
Restricted	7,021	7,021
Total Nonmajor Funds	\$ 81,393	\$ 45,203

The general fund total fund balance increased by \$963 from the prior year. The other major funds total fund balances increased by \$17,803 from the prior year. The nonmajor funds total fund balances increased by \$36,190 from the prior year.

## Budgetary Highlights

The significant differences between the original and final budget for the general fund was the use of unassigned and restricted fund balances as well as the use of applied revenues.

The general fund actual revenues exceeded the budget by \$124,842. This was a result of all revenue categories being receipted in excess of budgeted amounts with the exception of homestead exemption.

The general fund actual expenditures were under budget by \$48,730. All expenditure categories were under budget with the exception of public safety, solid waste and recycling, general assistance and transfers to other funds.

## Capital Asset and Debt Administration

### Capital Assets

As of December 31, 2017, the net book value of capital assets recorded by the Town increased by \$248,464. This increase was a result of current year additions of \$303,799 less depreciation expense of \$55,335.

**Table 4**  
**Town of Rome, Maine**  
**Capital Assets (Net of Depreciation)**  
**December 31,**

	<u>2017</u>	<u>2016</u>
Land	\$ 293,700	\$ 293,700
Buildings and improvements	200,999	209,177
Equipment and vehicles	249,976	287,830
Infrastructure	<u>527,066</u>	<u>232,570</u>
Total	<u>\$ 1,271,741</u>	<u>\$ 1,023,277</u>

### Debt

At December 31, 2017, the Town had no outstanding debt.

## **Currently Known Facts, Decisions, or Conditions**

### **Economic Factors and Next Year's Budgets and Rates**

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately three months, while also maintaining reserve accounts for future capital and program needs.

### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at 8 Mercer Road, Rome, Maine 04963.

TOWN OF ROME, MAINE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2017

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,015,802
Investments	252,066
Accounts receivable (net of allowance for uncollectibles):	
Taxes	105,034
Liens	17,818
Other	147
Total current assets	1,390,867
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	293,700
Depreciable assets, net of accumulated depreciation	978,041
Total noncurrent assets	1,271,741
<b>TOTAL ASSETS</b>	<b>\$ 2,662,608</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 9,202
Due to other governments	2,166
Total current liabilities	11,368
<b>TOTAL LIABILITIES</b>	<b>11,368</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	25,594
Advance payment of LRAP funding	9,042
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>34,636</b>
<b>NET POSITION</b>	
Net investment in capital assets	1,271,741
Restricted for: General fund	100,374
Special revenue funds	20,385
Permanent funds	7,021
Unrestricted	1,217,083
<b>TOTAL NET POSITION</b>	<b>2,616,604</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 2,662,608</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF ROME, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 140,251	\$ 5,659	\$ -	\$ -	\$ (134,592)
Public safety	104,711	-	-	-	(104,711)
Public works	184,714	-	18,372	-	(166,342)
Solid waste and recycling	44,799	-	-	-	(44,799)
Cemeteries	12,720	-	-	-	(12,720)
Community center	21,338	-	-	-	(21,338)
General assistance	4,436	-	-	-	(4,436)
Education	1,784,439	-	-	-	(1,784,439)
Social services	22,538	-	-	-	(22,538)
County tax	298,358	-	-	-	(298,358)
Insurance	17,376	-	-	-	(17,376)
Other	97,703	-	-	-	(97,703)
Total government	<u>\$ 2,733,383</u>	<u>\$ 5,659</u>	<u>\$ 18,372</u>	<u>\$ -</u>	<u>(2,709,352)</u>

## TOWN OF ROME, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(2,709,352)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	2,644,710
Excise taxes	214,219
Grants and contributions not restricted to specific programs	44,537
Miscellaneous	<u>68,100</u>
Total general revenues	<u>2,971,566</u>
Change in net position	262,214
NET POSITION - JANUARY 1	<u>2,354,390</u>
NET POSITION - DECEMBER 31	<u><u>\$ 2,616,604</u></u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF ROME, MAINE

BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

	General Fund	Transfer Station Fund	Fire Department Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,002,287	\$ -	\$ -	\$ 13,515	\$ 1,015,802
Investments	-	142,547	69,332	40,187	252,066
Accounts receivable (net of allowance for uncollectibles):					
Taxes	105,034	-	-	-	105,034
Liens	17,818	-	-	-	17,818
Other	147	-	-	-	147
Due from other funds	3,597	-	-	29,141	32,738
<b>TOTAL ASSETS</b>	<b>\$ 1,128,883</b>	<b>\$ 142,547</b>	<b>\$ 69,332</b>	<b>\$ 82,843</b>	<b>\$ 1,423,605</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 8,956	\$ -	\$ -	\$ 246	\$ 9,202
Due to other governments	2,166	-	-	-	2,166
Due to other funds	29,141	-	2,393	1,204	32,738
<b>TOTAL LIABILITIES</b>	<b>40,263</b>	<b>-</b>	<b>2,393</b>	<b>1,450</b>	<b>44,106</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Prepaid taxes	25,594	-	-	-	25,594
Advance payment of LRAP funding	9,042	-	-	-	9,042
Deferred revenue	95,241	-	-	-	95,241
Deferred tax revenues	51,368	-	-	-	51,368
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>181,245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181,245</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	100,374	-	-	27,406	127,780
Committed	-	142,547	66,939	53,987	263,473
Assigned	17,011	-	-	-	17,011
Unassigned	789,990	-	-	-	789,990
<b>TOTAL FUND BALANCES</b>	<b>907,375</b>	<b>142,547</b>	<b>66,939</b>	<b>81,393</b>	<b>1,198,254</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,128,883</b>	<b>\$ 142,547</b>	<b>\$ 69,332</b>	<b>\$ 82,843</b>	<b>\$ 1,423,605</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF ROME, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2017

	Total Governmental Funds
Total Fund Balances	\$ 1,198,254
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	1,271,741
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	51,368
Deferred revenue	95,241
Net position of governmental activities	\$ 2,616,604

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF ROME, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Transfer Station Fund	Fire Department Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes:					
Property taxes	\$ 2,688,704	\$ -	\$ -	\$ -	\$ 2,688,704
Excise taxes	214,219	-	-	-	214,219
Intergovernmental revenues	60,121	-	-	-	60,121
Charges for services	5,659	-	-	-	5,659
Miscellaneous revenues	65,763	211	92	2,034	68,100
<b>TOTAL REVENUES</b>	<b>3,034,466</b>	<b>211</b>	<b>92</b>	<b>2,034</b>	<b>3,036,803</b>
<b>EXPENDITURES</b>					
Current:					
General government	140,251	-	-	-	140,251
Public safety	65,057	-	-	-	65,057
Public works	476,948	-	-	-	476,948
Solid waste and recycling	44,799	-	-	-	44,799
Cemeteries	12,720	-	-	-	12,720
Community center	17,222	-	-	-	17,222
General assistance	4,436	-	-	-	4,436
Education	1,784,439	-	-	-	1,784,439
Social services	22,538	-	-	-	22,538
County tax	298,358	-	-	-	298,358
Insurance	17,376	-	-	-	17,376
Other	95,835	-	-	1,868	97,703
<b>TOTAL EXPENDITURES</b>	<b>2,979,979</b>	<b>-</b>	<b>-</b>	<b>1,868</b>	<b>2,981,847</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>54,487</b>	<b>211</b>	<b>92</b>	<b>166</b>	<b>54,956</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	2,500	15,000	36,024	53,524
Transfers (out)	(53,524)	-	-	-	(53,524)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(53,524)</b>	<b>2,500</b>	<b>15,000</b>	<b>36,024</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>963</b>	<b>2,711</b>	<b>15,092</b>	<b>36,190</b>	<b>54,956</b>
<b>FUND BALANCES - JANUARY 1</b>	<b>906,412</b>	<b>139,836</b>	<b>51,847</b>	<b>45,203</b>	<b>1,143,298</b>
<b>FUND BALANCES - DECEMBER 31</b>	<b>\$ 907,375</b>	<b>\$ 142,547</b>	<b>\$ 66,939</b>	<b>\$ 81,393</b>	<b>\$ 1,198,254</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF ROME, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 54,956</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	303,799
Depreciation expense	<u>(55,335)</u>
	<u>248,464</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as revenues in governmental funds:</p>	
Deferred revenue	2,788
Deferred tax revenue	<u>(43,994)</u>
	<u>(41,206)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 262,214</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Rome was incorporated under the laws of the State of Maine. The Town operates under selectmen-treasurer form of government and provides the following services: general government services, public safety, public works, recreation, education, and solid waste and recycling.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statements No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended December 31, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*". The objective of the Statement is to improve the disclosure of information about benefits other than pensions (other postemployment benefits or OPEB) included in financial statements of state and local governments. This Statement will improve financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet specified criteria. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 80, "*Blending Requirements for Certain Component Units*". The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 82, "*Pension Issues*". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted net position; and

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Transfer Station Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment associated with the transfer station.
- c. The Fire Department Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment associated with the fire department.

Nonmajor Funds

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- f. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in governmental activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year, the Town prepares a budget for the year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

The Town of Rome does not have a formal investment policy but instead follows the State of Maine Statutes.

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$147 for the year ended December 31, 2017. The allowance for uncollectible accounts is estimated to be \$0 as of December 31, 2017.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. At December 31, 2017, the Town had no long-term obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred tax revenues and deferred revenues, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, these items are reported in the governmental funds balance sheet. Prepaid taxes and advance payment of LRAP funding also qualify for reporting in this category. These items are reported in both the statement of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied May 30, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due on October 31, 2017. Interest on unpaid taxes commenced on November 1, 2017 at 7% per annum.

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$52,882 for the year ended December 31, 2017.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at year-end. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town follows state statutes for the investment of funds, which authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These apply to all Town funds.

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At December 31, 2017, the Town's cash balance of \$1,015,802 was comprised of bank deposits amounting to \$1,052,772. \$491,703 of bank deposits was insured by federal depository insurance with the remaining bank deposits of \$561,069 collateralized with an irrevocable stand-by letter of credit, resulting in no bank deposits exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 241,703
Savings accounts	811,069
	<u>\$ 1,052,772</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

The Town's investments in certificates of deposit of \$252,066 were collateralized with an irrevocable stand-by letter of credit and not exposed to custodial credit risk.

At December 31, 2017, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>&lt; 1 Year</u>	<u>1 - 5 Years</u>
Certificates of deposit	\$ 252,066	\$ -	\$ 252,066	\$ -
	<u>\$ 252,066</u>	<u>\$ -</u>	<u>\$ 252,066</u>	<u>\$ -</u>

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2017 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 3,597	\$ 29,141
Fire Department Fund	-	2,393
Nonmajor Special Revenue Funds	14,141	-
Nonmajor Capital Projects Funds	15,000	1,200
Nonmajor Permanent Funds	-	4
	<u>\$ 32,738</u>	<u>\$ 32,738</u>

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2017:

	Balance, 1/1/17	Additions	Disposals	Balance, 12/31/17
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 293,700	\$ -	\$ -	\$ 293,700
	<u>293,700</u>	<u>-</u>	<u>-</u>	<u>293,700</u>
Depreciated assets:				
Buildings and improvements	640,599	-	-	640,599
Machinery and equipment	157,149	-	-	157,149
Vehicles	498,029	-	-	498,029
Infrastructure	232,570	303,799	-	536,369
	<u>1,528,347</u>	<u>303,799</u>	<u>-</u>	<u>1,832,146</u>
Less: accumulated depreciation	<u>(798,770)</u>	<u>(55,335)</u>	<u>-</u>	<u>(854,105)</u>
	<u>729,577</u>	<u>248,464</u>	<u>-</u>	<u>978,041</u>
Net capital assets	<u>\$ 1,023,277</u>	<u>\$ 248,464</u>	<u>\$ -</u>	<u>\$ 1,271,741</u>
<u>Current year depreciation</u>				
Community center				\$ 4,116
Public works				11,565
Public safety				39,654
Total depreciation expense				<u>\$ 55,335</u>

NOTE 5 - RESTRICTED FUND BALANCES

The Town has the following restricted fund balances at December 31, 2017:

General Fund:	
Education	\$ 68,345
County Tax	22,280
Local road assistance program	9,749
Nonmajor Special Revenue Funds (See Schedule D)	20,385
Nonmajor Permanent Funds (See Schedule H)	7,021
	<u>\$ 127,780</u>

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 6 - COMMITTED FUND BALANCES

The Town has the following committed fund balances at December 31, 2017:

Transfer Station Fund	\$ 142,547
Fire Department Fund	66,939
Nonmajor Capital Projects Funds (See Schedule F)	53,987
	<u>\$ 263,473</u>

NOTE 7 - ASSIGNED FUND BALANCES

The Town has the following assigned fund balances at December 31, 2017:

General Fund:	
Dogs	\$ 2,166
Campership	482
Global Towers Legal	75
Contingency	14,288
	<u>\$ 17,011</u>

NOTE 8 - OVERSPENT APPROPRIATIONS

The following departmental balances were overspent at December 31, 2017:

Fire	\$ 8,227
Sand and salt shed	2,343
Roads and bridges	10,788
Solid waste and recycling	3,799
General assistance	1,436
Bank Charges	60
Overlay	5,858
Transfers to other funds	7,514
	<u>\$ 40,025</u>

NOTE 9 - CONTINGENCIES

The Town is responsible for its proportionate share of any defaulted debt by entities of which it is a member. As of December 31, 2017, the County of Kennebec had no outstanding debt. The Town's share of school debt was approximately:

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 9 - CONTINGENCIES (CONTINUED)

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU No. 18	\$ 10,243,047	8.21%	<u>\$ 840,510</u>

NOTE 10 - JOINT VENTURE

The Town has entered into a joint venture with a number of other Towns. This joint venture is considered to be a separate reporting entity and has not been included within the financial statements of the Town of Rome. A brief description of the joint venture, FirstPark, follows:

FirstPark

Kennebec Regional Development Authority (FirstPark) was formed in 1998 through an act of the Maine State Legislature. Its primary purposes, according to the act, were to strengthen the financial condition of local governments within the geographic territory of the Authority, while combining resources and sharing costs for meeting regional and economic development needs and challenges; to promote and develop infrastructure and programs for employment and economic development opportunities; and other conditions to positively affect regional development. The intent was that the members would fund the startup costs and then jointly benefit from the tax revenues generated later on. There are currently 24 local governments who are members of the Authority, including the Town of Rome.

This statute states that the Town may be responsible for liabilities it incurs during its membership that may not have been paid for. It may withdraw its membership at any time with one year's warning to the corporation and the sale of its stake. An amount for any contingent liabilities at this time cannot be determined.

The Authority derives the bulk of its revenue from the participants, but also receives some grant revenues from the State of Maine and tenant's rental income. In fiscal year 2017, the Town of Rome contributed \$28,071. Complete financial statements may be obtained from Kennebec Regional Development Authority/First Park at P.O. Box 246, Oakland, Maine 04963.

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 11 - RISK MANAGEMENT (CONTINUED)

Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations, and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at December 31, 2017.

The Town is a member of the Maine Municipal Association – Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a “claims made” form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association – Worker Compensation Trust Fund (“Fund”). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund’s membership, obtain lower costs for worker’s compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker’s compensation coverage. The Town’s agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies’ reinsurance contracts, coverage for claims in excess of \$1,000,000.

The Town is also a member of the Maine Municipal Association – Unemployment Compensation Group Fund (“MMA UC Fund”). The MMA UC Fund was created to assist in meeting members’ obligations under the Employment Security Act in an efficient and cost effective manner. The Fund is composed of individual municipalities and other public and related non-profit entities that are individually self-insured but administered as a group. Within the Fund, each member has a separate account. As such, the Town makes quarterly payments into their account, based on rates developed by MMA’s consulting actuary. Claims, if any, are paid out of the Town’s own account. The Maine Department of Labor classifies MMA’s UC Fund members as Direct

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 11 - RISK MANAGEMENT (CONTINUED)

Reimbursement Employers. In other words, the Fund reimburses the Maine DOL on the Town's behalf only when the Town has unemployment claims from present or former employees.

Occasionally, the Town may have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the Town's account, the UC Fund continues to pay the Town's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the Town.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of December 31, 2017. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 12 - COMMITMENTS

The Town of Rome, Maine, has entered into a contract for snow removal services with Pavement Plus, Inc. The contract term is for one year for the 2017 - 2018 winter season. The annual contract cost for these services are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Snow</u> <u>Removal</u>
2018	\$ 67,723

For the twelve months ended December 31, 2017, the Town paid \$64,633 for snow removal services. All future contract amounts are subject to annual appropriation by the Town of Rome.

NOTE 13 - RELATED PARTIES

The Town's road commissioner provides mowing and road maintenance services to the Town as an independent contractor. The contracts were awarded by sealed bids. Payments to this individual for these services for the year ended December 31, 2017 totaled \$27,884.

NOTE 14 - COLLATERALIZATION

At December 31, 2017, the Town has an outstanding irrevocable stand-by letter of credit issued by the Federal Home Loan Bank of Boston serving as collateral for its deposits held at Camden National Bank. This letter of credit, which expires at the close

TOWN OF ROME, MAINE

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 14 - COLLATERALIZATION (CONTINUED)

of business on January 17, 2018, authorizes one draw only up to the amount of \$1,500,000. There were no draws for the year ended December 31, 2017.

NOTE 15 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund

## TOWN OF ROME, MAINE

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, January 1	\$ 906,412	\$ 906,412	\$ 906,412	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	2,641,411	2,641,411	2,688,704	47,293
Excise taxes	196,000	196,000	214,219	18,219
Intergovernmental revenues:				
State revenue sharing	15,000	15,000	15,000	-
Homestead exemption	23,207	23,207	21,323	(1,884)
Local road assistance program	-	18,120	18,372	252
Other	-	5,425	5,426	1
Interest income	-	-	10,006	10,006
Interest/cost on liens	-	5,106	12,943	7,837
Charges for services	-	974	5,659	4,685
Miscellaneous revenues	-	4,381	42,814	38,433
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>3,782,030</u>	<u>3,816,036</u>	<u>3,940,878</u>	<u>124,842</u>
Charges to Appropriations (Outflows):				
General government	153,908	161,712	140,251	21,461
Public safety	64,382	64,382	65,057	(675)
Public works	463,430	481,550	476,948	4,602
Solid waste and recycling	41,000	41,000	44,799	(3,799)
Cemeteries	15,000	15,000	12,720	2,280
Community center	20,000	20,000	17,222	2,778
General assistance	3,000	3,000	4,436	(1,436)
Education	1,796,000	1,796,000	1,784,439	11,561
Social services	22,538	22,538	22,538	-
County tax	299,000	299,000	298,358	642
Insurance	26,000	26,000	17,376	8,624
Other	88,328	106,041	95,835	10,206
Transfers to other funds	42,500	46,010	53,524	(7,514)
Total Charges to Appropriations	<u>3,035,086</u>	<u>3,082,233</u>	<u>3,033,503</u>	<u>48,730</u>
Budgetary Fund Balance, December 31	<u>\$ 746,944</u>	<u>\$ 733,803</u>	<u>\$ 907,375</u>	<u>\$ 173,572</u>
Utilization of unassigned fund balance	\$ 90,000	\$ 100,275	\$ -	\$ (100,275)
Utilization of restricted fund balance	68,500	71,366	-	(71,366)
	<u>\$ 158,500</u>	<u>\$ 171,641</u>	<u>\$ -</u>	<u>\$ (171,641)</u>

See accompanying independent auditors' report and notes to financial statements.

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF ROME, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General Government -					
Salaries and wages	\$ 97,873	\$ -	\$ 97,873	\$ 82,853	\$ 15,020
Payroll taxes	9,500	-	9,500	7,510	1,990
Assessing	22,000	-	22,000	22,000	-
Administration	22,520	7,804	30,324	25,873	4,451
MMA dues	2,015	-	2,015	2,015	-
Subtotal General Government	<u>153,908</u>	<u>7,804</u>	<u>161,712</u>	<u>140,251</u>	<u>21,461</u>
Public Safety -					
Fire	38,300	-	38,300	46,527	(8,227)
Dispatch	10,932	-	10,932	10,410	522
Rescue	11,950	-	11,950	5,776	6,174
Emergency preparedness	200	-	200	-	200
Street lights	3,000	-	3,000	2,344	656
Subtotal Public Safety	<u>64,382</u>	<u>-</u>	<u>64,382</u>	<u>65,057</u>	<u>(675)</u>
Public Works -					
Paving	300,000	-	300,000	300,000	-
Snow removal	65,750	-	65,750	64,633	1,117
Sand/salt	50,580	-	50,580	44,748	5,832
Sand and salt shed	2,500	-	2,500	4,843	(2,343)
Roads and bridges	30,000	-	30,000	40,788	(10,788)
Local road assistance	-	18,120	18,120	8,371	9,749
Other	14,600	-	14,600	13,565	1,035
Subtotal Public Works	<u>463,430</u>	<u>18,120</u>	<u>481,550</u>	<u>476,948</u>	<u>4,602</u>
Solid Waste and Recycling	<u>41,000</u>	<u>-</u>	<u>41,000</u>	<u>44,799</u>	<u>(3,799)</u>
Cemeteries	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>12,720</u>	<u>2,280</u>

TOWN OF ROME, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Community Center	20,000	-	20,000	17,222	2,778
General Assistance	3,000	-	3,000	4,436	(1,436)
Education	1,796,000	-	1,796,000	1,784,439	11,561
Social Services	22,538	-	22,538	22,538	-
County Tax	299,000	-	299,000	298,358	642
Insurance	26,000	-	26,000	17,376	8,624
Other -					
Legal	-	7,492	7,492	1,896	5,596
First Park	28,468	-	28,468	28,071	397
Animal shelter	1,478	-	1,478	-	1,478
Contingency	-	9,536	9,536	2,397	7,139
Snowmobile club	-	271	271	271	-
Campership donations	-	414	414	-	414
Notary	500	-	500	500	-
Audit	5,000	-	5,000	3,900	1,100
Bank charges	-	-	-	60	(60)
Overlay	52,882	-	52,882	58,740	(5,858)
Subtotal Other	88,328	17,713	106,041	95,835	10,206
Transfers to Other Funds -					
Capital projects funds:					
Transfer station fund	2,500	-	2,500	2,500	-
Community center reserve	10,000	-	10,000	10,000	-
Fire department fund	15,000	-	15,000	15,000	-
Rescue reserve	10,000	-	10,000	10,000	-
Legal reserve	5,000	-	5,000	5,000	-
Special revenue funds:					
Rescue donations	-	750	750	1,200	(450)
Fire department donations	-	2,760	2,760	2,560	200
Fire department account	-	-	-	5,375	(5,375)
Recreation committee	-	-	-	1,889	(1,889)
Subtotal Transfers to Other Funds	42,500	3,510	46,010	53,524	(7,514)
TOTAL DEPARTMENTAL OPERATIONS	\$ 3,035,086	\$ 47,147	\$ 3,082,233	\$ 3,033,503	\$ 48,730

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROME, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,490	\$ -	\$ 7,025	\$ 13,515
Investments	-	40,187	-	40,187
Due from other funds	14,141	15,000	-	29,141
<b>TOTAL ASSETS</b>	<u>\$ 20,631</u>	<u>\$ 55,187</u>	<u>\$ 7,025</u>	<u>\$ 82,843</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 246	\$ -	\$ -	\$ 246
Due to other funds	-	1,200	4	1,204
<b>TOTAL LIABILITIES</b>	<u>246</u>	<u>1,200</u>	<u>4</u>	<u>1,450</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	20,385	-	7,021	27,406
Committed	-	53,987	-	53,987
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>20,385</u>	<u>53,987</u>	<u>7,021</u>	<u>81,393</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 20,631</u>	<u>\$ 55,187</u>	<u>\$ 7,025</u>	<u>\$ 82,843</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF ROME, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Interest income	\$ -	\$ 52	\$ -	\$ 52
Other	1,982	-	-	1,982
TOTAL REVENUES	<u>1,982</u>	<u>52</u>	<u>-</u>	<u>2,034</u>
EXPENDITURES				
Other	1,868	-	-	1,868
TOTAL EXPENDITURES	<u>1,868</u>	<u>-</u>	<u>-</u>	<u>1,868</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>114</u>	<u>52</u>	<u>-</u>	<u>166</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,024	25,000	-	36,024
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>11,024</u>	<u>25,000</u>	<u>-</u>	<u>36,024</u>
NET CHANGE IN FUND BALANCES	11,138	25,052	-	36,190
FUND BALANCES, JANUARY 1	<u>9,247</u>	<u>28,935</u>	<u>7,021</u>	<u>45,203</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 20,385</u></u>	<u><u>\$ 53,987</u></u>	<u><u>\$ 7,021</u></u>	<u><u>\$ 81,393</u></u>

See accompanying independent auditors' report and notes to financial statements.

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

## TOWN OF ROME, MAINE

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2017

	Fire Department Account	Fire Department Donations	Rescue Donations	Recreation Committee	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,490	\$ -	\$ -	\$ -	\$ 6,490
Due from other funds	8,621	2,960	1,200	1,360	14,141
<b>TOTAL ASSETS</b>	<u>\$ 15,111</u>	<u>\$ 2,960</u>	<u>\$ 1,200</u>	<u>\$ 1,360</u>	<u>\$ 20,631</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 246	\$ 246
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246</u>	<u>246</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	15,111	2,960	1,200	1,114	20,385
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>15,111</u>	<u>2,960</u>	<u>1,200</u>	<u>1,114</u>	<u>20,385</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 15,111</u>	<u>\$ 2,960</u>	<u>\$ 1,200</u>	<u>\$ 1,360</u>	<u>\$ 20,631</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF ROME, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Fire Department Account	Fire Department Donations	Rescue Donations	Recreation Committee	Total
<b>REVENUES</b>					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Other	1,122	400	-	460	1,982
<b>TOTAL REVENUES</b>	<u>1,122</u>	<u>400</u>	<u>-</u>	<u>460</u>	<u>1,982</u>
<b>EXPENDITURES</b>					
Other	633	-	-	1,235	1,868
<b>TOTAL EXPENDITURES</b>	<u>633</u>	<u>-</u>	<u>-</u>	<u>1,235</u>	<u>1,868</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>489</u>	<u>400</u>	<u>-</u>	<u>(775)</u>	<u>114</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	5,375	2,560	1,200	1,889	11,024
Transfers (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>5,375</u>	<u>2,560</u>	<u>1,200</u>	<u>1,889</u>	<u>11,024</u>
<b>NET CHANGE IN FUND BALANCES</b>	5,864	2,960	1,200	1,114	11,138
<b>FUND BALANCES, JANUARY 1</b>	<u>9,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,247</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 15,111</u>	<u>\$ 2,960</u>	<u>\$ 1,200</u>	<u>\$ 1,114</u>	<u>\$ 20,385</u>

See accompanying independent auditors' report and notes to financial statements.

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

## TOWN OF ROME, MAINE

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2017

	Rescue Reserve	Community Center Reserve	Legal Reserve	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	40,187	-	-	40,187
Due from other funds	-	10,000	5,000	15,000
TOTAL ASSETS	<u>\$ 40,187</u>	<u>\$ 10,000</u>	<u>\$ 5,000</u>	<u>\$ 55,187</u>
LIABILITIES				
Due to other funds	\$ 1,200	\$ -	\$ -	\$ 1,200
TOTAL LIABILITIES	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	38,987	10,000	5,000	53,987
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>38,987</u>	<u>10,000</u>	<u>5,000</u>	<u>53,987</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 40,187</u>	<u>\$ 10,000</u>	<u>\$ 5,000</u>	<u>\$ 55,187</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF ROME, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Rescue Reserve	Community Center Reserve	Legal Reserve	Total
REVENUES				
Interest income	\$ 52	\$ -	\$ -	\$ 52
TOTAL REVENUES	<u>52</u>	<u>-</u>	<u>-</u>	<u>52</u>
EXPENDITURES				
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>52</u>	<u>-</u>	<u>-</u>	<u>52</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	5,000	25,000
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>10,000</u>	<u>5,000</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCES	10,052	10,000	5,000	25,052
FUND BALANCES, JANUARY 1	<u>28,935</u>	<u>-</u>	<u>-</u>	<u>28,935</u>
FUND BALANCES, DECEMBER 31	<u>\$ 38,987</u>	<u>\$ 10,000</u>	<u>\$ 5,000</u>	<u>\$ 53,987</u>

See accompanying independent auditors' report and notes to financial statements.

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Rome, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of the cemeteries.

TOWN OF ROME, MAINE

COMBINING BALANCE SHEET – NONMAJOR PERMANENT FUNDS  
DECEMBER 31, 2017

	<u>Cemetery Trust</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,025	\$ 7,025
Due from other funds	-	-
<b>TOTAL ASSETS</b>	<u>\$ 7,025</u>	<u>\$ 7,025</u>
<b>LIABILITIES</b>		
Due to other funds	<u>\$ 4</u>	<u>\$ 4</u>
<b>TOTAL LIABILITIES</b>	<u>4</u>	<u>4</u>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted	7,021	7,021
Committed	-	-
Assigned	-	-
Unassigned	-	-
<b>TOTAL FUND BALANCES</b>	<u>7,021</u>	<u>7,021</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 7,025</u>	<u>\$ 7,025</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF ROME, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Cemetery Trust	Total
	<u>          </u>	<u>          </u>
REVENUES		
Interest income	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES		
Other	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-
FUND BALANCES, JANUARY 1	<u>7,021</u>	<u>7,021</u>
FUND BALANCES, DECEMBER 31	<u>\$ 7,021</u>	<u>\$ 7,021</u>

See accompanying independent auditors' report and notes to financial statements.

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF ROME, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
DECEMBER 31, 2017

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Town-wide	\$ 278,900	\$ -	\$ 15,000	\$ -	\$ 293,900
Community Center	-	421,399	48,350	-	469,749
Public Works	-	113,100	-	536,369	649,469
Public Safety	14,800	106,100	591,828	-	712,728
Total General Capital Assets	293,700	640,599	655,178	536,369	2,125,846
Less: Accumulated Depreciation	-	(439,600)	(405,202)	(9,303)	(854,105)
Net General Capital Assets	<u>\$ 293,700</u>	<u>\$ 200,999</u>	<u>\$ 249,976</u>	<u>\$ 527,066</u>	<u>\$ 1,271,741</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF ROME, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Capital Assets 1/1/17	Additions	Disposals	General Capital Assets 12/31/17
Town-wide	\$ 293,900	\$ -	\$ -	\$ 293,900
Community Center	469,749	-	-	469,749
Public Works	345,670	303,799	-	649,469
Public Safety	712,728	-	-	712,728
Total General Capital Assets	1,822,047	303,799	-	2,125,846
Less: Accumulated Depreciation	(798,770)	(55,335)	-	(854,105)
Net General Capital Assets	<u>\$ 1,023,277</u>	<u>\$ 248,464</u>	<u>\$ -</u>	<u>\$ 1,271,741</u>

See accompanying independent auditors' report and notes to financial statements.



*Proven Expertise and Integrity*

INDEPENDENT AUDITORS' 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

Board of Selectmen  
Town of Rome  
Rome, 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 Rome, Maine as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town of Rome, Maine's basic financial statements, and have issued our report thereon dated May 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Rome, 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 Rome, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Rome, 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.

3 Old Orchard Road, Buxton, Maine 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
[www.rhrsmith.com](http://www.rhrsmith.com)

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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Rome, 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*.

#### 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.

*RHR Smith & Company*

Buxton, Maine  
May 10, 2018