

TOWN OF FRAMINGHAM, MASSACHUSETTS

Financial Statements

For the Year Ended June 30, 1999

(With Independent Auditors' Report Thereon)

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MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

377 Main Street • Suite 2
Greenfield, MA 01301-2546
Tel (413) 772-2546 • Fax (413) 772-2547

INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Framingham, Massachusetts

We have audited the accompanying general purpose financial statements of the Town of Framingham, Massachusetts, as of and for the year ended June 30, 1999 (December 31, 1998 for the Contributory Retirement System), as listed in the table of contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Town prepares its general purpose financial statements using accounting principles which are in conformity with the Uniform Municipal Accounting System promulgated by the Commonwealth of Massachusetts Department of Revenue. These accounting principles differ in certain respects from generally accepted accounting principles, primarily in the areas of accounting for fixed assets and recording of the expense and liability related to compensated absences. The effects of these differences on the accompanying general purpose financial statements have not been quantified.

The Town has established a separate Ice Arena Enterprise Fund. However, certain assets, such as inventories of supplies and fixed assets, and certain expenses, such as depreciation, have not been recorded as required by generally accepted accounting principles for enterprise funds. The Town has also established separate

Water and Sewer Enterprise Funds. However, certain assets, such as inventory and capital projects, and certain accrued liabilities, such as compensated absences, have not been recorded as required by generally accepted accounting principles for enterprise funds.

In our opinion, except for the effects of the items described in the third and fourth paragraphs, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Framingham, Massachusetts, as of June 30, 1999 (and December 31, 1998 for the Contributory Retirement System), and the results of its operations and cash flows of its proprietary fund types for the year(s) then ended in conformity with generally accepted accounting principles.

The supplementary schedules presented on pages 31 and 32 are presented for the purpose of additional analysis and are not required part of the general purpose financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The year 2000 supplementary information on page 33 and the supplementary pension information on page 34 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Town is or will become year 2000 compliant, that the Town's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 1999 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Melanson, Heath + Company, P.C.

Greenfield, Massachusetts
November 12, 1999