

**TOWN OF
FRAMINGHAM, MASSACHUSETTS**

Annual Financial Statements

For the Year Ended June 30, 2006

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Framingham, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Framingham, Massachusetts, as of and for the year ended June 30, 2006 (except for the Framingham Contributory Retirement System which is as of and for the year ended December 31, 2005), which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Framingham's management. Our responsibility is to express an opinion 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Framingham, as of June 30, 2006 (except the Framingham Contributory Retirement System which is as of December 31, 2005), and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, appearing on the following pages, and the supplementary information, appearing in the back of this report, are not a required part 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 required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2007 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Melanson Heath + Company P.C.

Andover, Massachusetts
January 8, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Framingham, we offer readers of the Town of Framingham's financial statements this narrative overview and analysis of the financial activities of the Town of Framingham for the fiscal year ended June 30, 2006. All amounts in the Management's Discussion and Analysis, unless otherwise indicated, are expressed in thousands of dollars.

A. FINANCIAL HIGHLIGHTS

- The assets of the Town of Framingham exceeded its liabilities at the close of the most recent fiscal year by \$ 236,514 (net assets). Of this amount, \$ 70,837 constitutes unrestricted net assets some of which are available for use as of June 30, 2006.
- The government's total net assets changed by \$ 92,218 in the fiscal year.
- As of the close of the current fiscal year, the Town of Framingham's governmental funds reported combined ending fund balance change of \$ 17,216, a change of \$ 41,864 in comparison with the prior year.
- At the end of the current fiscal year, unreserved/undesignated fund balance for the general fund was \$ 2,889 or 1.5% of total general fund expenditures. Management has established an additional \$ 135 as a general fund designated fund balance.
- The Town of Framingham's total debt (bonds and bond anticipation notes) was \$ 72,564, a change of \$ (48,463) during the current fiscal year.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Framingham's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town of Framingham's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful

indicator of whether the financial position of the Town of Framingham is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Framingham that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of the Town of Framingham include general government, public safety, education, public works, health and human services, and culture and recreation. The business-type activities of the Town of Framingham include Water, Sewer and Arena activities.

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 Framingham, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Framingham can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Framingham maintains in excess of 100 individual governmental funds. Information is presented separately in the governmental fund balance

sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the High School Renovation fund, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation.

The Town of Framingham adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town of Framingham maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Framingham uses enterprise funds to account for its Water, Sewer and Arena operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town of Framingham's various functions. The Town of Framingham uses internal service funds to account for its self-insured employee health program. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Arena operations. Water and Sewer are considered to be major funds of the Town of Framingham.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Framingham's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Framingham's progress in funding its obligation to provide pension benefits to its employees.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years (in thousands).

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 76,790	\$ 51,720	\$ 26,246	\$ 22,047	\$ 103,036	\$ 73,767
Capital assets	<u>175,792</u>	<u>168,872</u>	<u>49,582</u>	<u>45,055</u>	<u>225,374</u>	<u>213,927</u>
Total assets	252,582	220,592	75,828	67,102	328,410	287,694
Long-term liabilities outstanding	48,644	51,129	16,278	11,743	64,922	62,872
Other liabilities	<u>24,321</u>	<u>76,533</u>	<u>2,653</u>	<u>3,993</u>	<u>26,974</u>	<u>80,526</u>
Total liabilities	72,965	127,662	18,931	15,736	91,896	143,398
Net assets:						
Invested in capital assets, Net of related debt	122,027	66,973	37,700	37,051	159,727	104,024
Restricted	5,950	7,622	-	-	5,950	7,622
Unrestricted	<u>51,640</u>	<u>18,335</u>	<u>19,197</u>	<u>14,315</u>	<u>70,837</u>	<u>32,650</u>
Total net assets	<u>\$ 179,617</u>	<u>\$ 92,930</u>	<u>\$ 56,897</u>	<u>\$ 51,366</u>	<u>\$ 236,514</u>	<u>\$ 144,296</u>

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 10,355	\$ 10,443	\$ 29,283	\$ 25,962	\$ 39,638	\$ 36,405
Operating grants and contributions	49,816	48,524	-	-	49,816	48,524
Capital grants and contributions	1,819	2,117	-	-	1,819	2,117
General revenues:						
Property taxes	128,603	123,810	-	-	128,603	123,810
Excises	7,189	7,326	-	-	7,189	7,326
Penalties and interest	1,541	1,499	-	-	1,541	1,499
Grants and contributions not restricted to specific programs	101,152	15,028	-	-	101,152	15,028
Investment income	1,514	1,157	492	163	2,006	1,320
Miscellaneous	<u>1,817</u>	<u>1,395</u>	<u>-</u>	<u>-</u>	<u>1,817</u>	<u>1,395</u>
Total revenues	303,806	211,299	29,775	26,125	333,581	237,424
Expenses:						
General government	9,397	8,617	-	-	9,397	8,617
Public safety	23,028	22,740	-	-	23,028	22,740
Education	117,957	113,162	-	-	117,957	113,162
Public works	11,009	11,570	-	-	11,009	11,570
Human services	1,225	1,025	-	-	1,225	1,025
Culture and recreation	5,255	4,966	-	-	5,255	4,966
Employee benefits	44,137	39,246	-	-	44,137	39,246
Interest	3,426	3,999	-	-	3,426	3,999

(continued)

(continued)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Intergovernmental	3,460	3,598	-	-	3,460	3,598
Water	-	-	10,245	9,691	10,245	9,691
Sewer	-	-	11,918	11,198	11,918	11,198
Nonmajor	-	-	306	509	306	509
Total expenses	<u>218,894</u>	<u>208,923</u>	<u>22,469</u>	<u>21,398</u>	<u>241,363</u>	<u>230,321</u>
Increase in net assets before transfers	84,912	2,376	7,306	4,727	92,218	7,103
Transfers	<u>1,775</u>	<u>1,505</u>	<u>(1,775)</u>	<u>(1,505)</u>	<u>-</u>	<u>-</u>
Increase in net assets	86,687	3,881	5,531	3,222	92,218	7,103
Net assets - beginning of year	<u>92,930</u> *	<u>89,049</u>	<u>51,366</u>	<u>48,144</u>	<u>144,296</u>	<u>137,193</u>
Net assets - end of year	<u>\$ 179,617</u>	<u>\$ 92,930</u>	<u>\$ 56,897</u>	<u>\$ 51,366</u>	<u>\$ 236,514</u>	<u>\$ 144,296</u>

* Beginning net assets were restated due to retroactively restating infrastructure per GASB 34 (See Footnote 23)

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Framingham, assets exceeded liabilities by \$ 236,514 at the close of the most recent fiscal year.

The largest portion of the Town of Framingham's net assets (67.4%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Framingham uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Framingham's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Framingham's net assets (2.5%) represents resources that are subject to external restrictions on how they may be used (e.g., grants and trust funds). The remaining balance of unrestricted net assets is \$ 70,837, which includes amounts that are available for use as of June 30, 2006, and other amounts, though measurable, that will not be available until subsequent periods (e.g., unrestricted fund balances subject to appropriation, taxes and charges billed but not yet collected).

At the end of the current fiscal year, the Town of Framingham is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities for the year resulted in a change in net assets of \$ 86,687. Key elements of this change are as follows:

Excess/(deficiency) of revenues over expenditures:	
General fund operations	\$ (2,815)
Special revenue funds	(1,314) ⁽¹⁾
Internal service fund	699
General fund transfers from enterprise funds	<u>1,775</u>
Subtotal	(1,655)
Depreciation in excess of debt service principal paydown	(397)
Reimbursement from Massachusetts School Building Authority	85,829
Other	<u>2,910</u>
Total	\$ <u>86,687</u>

⁽¹⁾ Principally driven by expenditures in excess of revenue in the School Tuition and Kindergarten funds.

Business-type activities. Business-type activities for the year resulted in a change in net assets of \$ 5,531. Key elements of this change are as follows (in thousands):

Water operations	\$ 3,914 ⁽²⁾
Sewer operations	1,467
Nonmajor fund	<u>150</u>
Total	\$ <u>5,531</u>

⁽²⁾ Principally driven by the Doeskin Assessments.

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Town of Framingham uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balance of \$ 17,216, a change of \$ 41,864 in comparison with the prior year.

A portion of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period \$ 4,927 and (2) to be used as a funding source for the subsequent budget \$ 3,474.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved undesignated fund balance of the general fund was \$ 2,889 while total fund balance was \$ 8,166. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 1.5% of total general fund expenditures, while total fund balance represents 4.3% of that same amount. Management has established \$ 135 of the general fund balance to pay the debt service on the current notes payable. The following table highlights the change in our General fund balance accounts (in thousands):

	<u>Unreserved</u>	<u>Reserves</u>	<u>Designations</u>	<u>Total</u>
Beginning of year	\$ 4,104	\$ 4,627	\$ 369	\$ 9,100
Use of fund balance	(3,709)	-	(369)	(4,078)
Raising of prior deficits	585	-	-	585
Revenues in excess of budget	1,119	-	-	1,119
Expenditures under budget	1,324	-	-	1,324
Other	116	-	-	116
Transfers	(650)	<u>515</u>	<u>135</u>	<u>-</u>
End of Year	\$ <u>2,889</u>	\$ <u>5,142</u>	\$ <u>135</u>	\$ <u>8,166</u>

Proprietary funds. The Town of Framingham's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$ 19,197. The total growth in net assets was \$ 5,531. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Framingham's business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a change in appropriations of \$ 839, primarily due to a change in education of \$ (77), Public Works of \$ 976, Human Services of \$ (72), Culture and Recreation of \$ 63, and Employee Benefits of \$ (36). The additional appropriations were funded by a transfers from other funds and use of free cash.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town of Framingham's investment in capital assets for its governmental and business-type activities as of June 30, 2006 amounts to \$ 225,374 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways and bridges.

A major capital asset event for the Town of Framingham is the retroactive capitalization of infrastructure, creating a restatement to capital assets for infrastructure acquisitions between 1981 and 2001, in the amount of \$ 22,344. The Town used the historical cost method for all roads built by developers and accepted by the Town. The Town indexed back the current price of road construction per linear foot to each year of acquisition, and multiplied by linear feet of every road accepted by the Town. Capital Asset additions during the current fiscal year included the following:

- Completion of construction of the Framingham High School had been extended to the summer of 2006. To meet additional cost needs, in October 2004, the Town appropriated an additional \$ 5,237 for the renovation, addition and equipping of the Framingham High School. This appropriation is in addition to the initial appropriation of \$ 54,000. Total architectural design and construction costs are now estimated at \$ 59,237. This project is being financed through the issuance of debt that was excluded from the limits of Proposition 2 ½ by voter referendum. The project has been approved for 90% reimbursement from the Commonwealth of Massachusetts under the guidelines for school building projects in districts with approved Racial Balance plans. The Massachusetts School Building Authority has instituted a "pay as you build" Progress Payment System which was designed to decrease a municipality's need from having to issue debt to finance the Authority's share of projects costs. In June, Framingham entered into a Project Funding Agreement and has received \$ 50,780 in reimbursement which was used to pay-off bond anticipation notes.
- In October 2003, Town Meeting authorized \$ 1,800 in borrowing to purchase an existing building and convert it into a Senior Center. These funds combined with an additional \$ 1,800 in donations were used to purchase land and building in July 2004. The Senior Center was opened the summer of 2005. At the 2005 Annual Town Meeting, the Town authorized an additional \$ 372 for renovations on the second floor which is now projected to be completed by the spring of 2007 and a function room to be completed in 2008.
- During fiscal 2006, the Department of Public Works continued its policy on repairing or replacing water mains. Projects include Edmands Road which included the cleaning and lining of over 8,000 feet of water mains as well as multiple hydrants, valves and service connections and the Grove Street and

Lavelle Road intersection where approximately 200 feet of new sewer line were installed.

- The Department of Public Works completed designs and funding applications for three appropriated sewer projects for FY07 as follows: Water Street \$ 7,295, Gregory Road \$ 745 and Fenwick Pump Station \$ 3,500. Each Project has been approved for partial funding via a 2% Clean Water State Revolving Fund loan program from the Bureau of Resource Protection.
- The Town continued the replacement of the water and sewer mains under Franklin Street. The roadway, sidewalk and traffic signal reconstruction is scheduled to begin in the spring of 2007. The appropriation for phase 1 was \$ 2,436. Phase 2 of the project was approved at the annual town meeting which added an additional \$ 1,420 of funding. Portions of the funding for this project was received from the MWRA's local pipeline assistance program loans which provide interest free loans to be paid over a ten year term.

The following is a summary of the Town's Capital Assets for the current and prior fiscal years (in thousands):

CAPITAL ASSETS
(net of depreciation)
June 30, 2006 and 2005

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 18,087	\$ 17,985	\$ 640	\$ 640	\$ 18,727	\$ 18,625
Buildings and improvements	68,332	69,826	2,097	1,689	70,429	71,515
Machinery and equipment	3,811	3,808	885	863	4,696	4,671
Vehicles	4,880	3,399	1,606	1,572	6,486	4,971
Infrastructure	22,222	22,344	36,195	36,075	58,417	58,419
Construction in progress	<u>58,460</u>	<u>51,510</u>	<u>8,159</u>	<u>4,216</u>	<u>66,619</u>	<u>55,726</u>
Total	<u>\$ 175,792</u>	<u>\$ 168,872</u>	<u>\$ 49,582</u>	<u>\$ 45,055</u>	<u>\$ 225,374</u>	<u>\$ 213,927</u>

Additional information on the Town of Framingham's capital assets can be found in the footnotes to the financial statements.

Long-term and short-term debt. At the end of the current fiscal year, the Town of Framingham had total bonded debt and anticipation notes outstanding of \$ 72,564, all of which was debt backed by the full faith and credit of the government.

The following is a summary of the Town's Outstanding Debt for the current and prior fiscal years (in thousands):

OUTSTANDING DEBT
General Obligation Bonds and Anticipation Notes
June 30, 2006 and 2005

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation bonds	\$ 53,244	\$ 55,560	\$ 17,940	\$ 12,892	\$ 71,184	\$ 68,452
Bond anticipation notes	<u>1,380</u>	<u>51,491</u>	<u>-</u>	<u>1,084</u>	<u>1,380</u>	<u>52,575</u>
Total	<u>\$ 54,624</u>	<u>\$ 107,051</u>	<u>\$ 17,940</u>	<u>\$ 13,976</u>	<u>\$ 72,564</u>	<u>\$ 121,027</u>

The Town of Framingham maintains an "Aa3" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation. The current debt limitation for the Town of Framingham is \$ 465,456, which is significantly in excess of the Town of Framingham's outstanding general obligation debt. Additional information on the Town of Framingham's long-term debt can be found in the footnotes to the financial statements.

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unadjusted unemployment rate for the Town of Framingham is currently 3.9% (annual), which is the same rate as year ago. This compares to the State's unemployment rate of 4.7% and the national rate of 4.6%
- Inflationary trends in the region compare favorably to national indices.
- The above factors were considered in preparing the Town of Framingham's budget for the 2007 fiscal year.
- During the current fiscal year, unreserved fund balance in the general fund decreased to \$ (2,889). In addition, the Town of Framingham has appropriated \$ 2,822 of "free cash" to finance the FY07 general fund operating budget; \$ 202 for capital items and \$150 to create an open space acquisition stabilization fund. The Town voted to transfer a net \$ 551 to the Stabilization fund during FY07.
- The \$ 2,644 of "free cash" certified by the Massachusetts Department of Revenue as of July 1, 2006, is available, subject to appropriation, to finance FY07 and FY 08 expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Framingham's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town Accountant
Town of Framingham
Memorial Building
150 Concord Street
Framingham, Massachusetts 01702

TOWN OF FRAMINGHAM, MASSACHUSETTS

Statement of Net Assets

June 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and short-term investments	\$ 22,750,135	\$ 16,004,722	\$ 38,754,857
Investments	7,933,620	-	7,933,620
Receivables, net of allowance for uncollectibles:			
Property taxes	1,582,989	-	1,582,989
Motor vehicle excise	848,173	-	848,173
User fees	161,253	7,939,736	8,100,989
Departmental and other	60,485	-	60,485
Intergovernmental	8,227,509	-	8,227,509
Assessments	-	211,854	211,854
Other assets	94,085	22,910	116,995
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	2,913,499	-	2,913,499
Departmental and other	287,684	-	287,684
Intergovernmental	31,694,568	-	31,694,568
Assessments	-	1,906,681	1,906,681
Other assets	236,586	160,368	396,954
Land and construction in progress	76,546,576	8,798,951	85,345,527
Other capital assets, net of accumulated depreciation	<u>99,244,972</u>	<u>40,782,982</u>	<u>140,027,954</u>
TOTAL ASSETS	252,582,134	75,828,204	328,410,338
LIABILITIES			
Current:			
Warrants payable	3,163,973	562,924	3,726,897
Accounts payable	2,096,169	43,165	2,139,334
Retainage payable	1,262,476	-	1,262,476
Accrued liabilities	6,783,503	152,550	6,936,053
Tax refunds payable	1,822,735	-	1,822,735
Notes payable	1,380,000	-	1,380,000
Other liabilities	113,323	-	113,323
Current portion of long-term liabilities:			
Bonds payable	5,681,048	1,781,019	7,462,067
Compensated absences	1,838,636	98,154	1,936,790
Capital leases	179,283	-	179,283
Other liabilities	-	16,208	16,208
Noncurrent:			
Bonds payable	47,563,181	16,158,561	63,721,742
Compensated absences	998,572	5,148	1,003,720
Capital leases	82,367	-	82,367
Other liabilities	<u>-</u>	<u>113,455</u>	<u>113,455</u>
TOTAL LIABILITIES	72,965,266	18,931,184	91,896,450
NET ASSETS			
Invested in capital assets, net of related debt	122,026,759	37,699,623	159,726,382
Restricted for:			
Grants and other statutory restrictions	5,485,435	-	5,485,435
Permanent funds	464,790	-	464,790
Unrestricted	<u>51,639,884</u>	<u>19,197,397</u>	<u>70,837,281</u>
TOTAL NET ASSETS	\$ <u>179,616,868</u>	\$ <u>56,897,020</u>	\$ <u>236,513,888</u>

See notes to financial statements.

TOWN OF FRAMINGHAM, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2006

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General government	\$ 9,397,122	\$ 1,015,318	\$ 672,014	\$ (6,112,697)	\$ -	\$ (6,112,697)
Public safety	23,027,567	762,114	-	(18,525,290)	-	(18,525,290)
Education	117,956,892	38,096,707	-	(75,810,421)	-	(75,810,421)
Public works	11,008,557	-	1,146,522	(9,475,065)	-	(9,475,065)
Health and human services	1,224,869	976,444	-	(115,548)	-	(115,548)
Culture and recreation	5,254,963	461,273	-	(4,345,427)	-	(4,345,427)
Employee benefits	44,137,493	8,504,520	-	(35,632,973)	-	(35,632,973)
Interest	3,426,327	-	-	(3,426,327)	-	(3,426,327)
Intergovernmental	3,460,047	-	-	(3,460,047)	-	(3,460,047)
Total Governmental Activities	218,893,837	49,816,376	1,818,536	(156,903,795)	-	(156,903,795)
Business-Type Activities:						
Water services	10,245,323	-	-	-	4,709,047	4,709,047
Sewer services	11,917,598	-	-	-	2,021,851	2,021,851
Nonmajor services	305,846	-	-	-	83,675	83,675
Total Business-type Activities	22,468,767	-	-	-	6,814,573	6,814,573
Total Primary Government	\$ 241,362,604	\$ 49,816,376	\$ 1,818,536	(156,903,795)	6,814,573	(150,089,222)
General Revenues and transfers:						
Property taxes				128,603,664	-	128,603,664
Motor vehicle and other excise taxes				7,188,786	-	7,188,786
Penalties and interest on taxes				1,541,296	-	1,541,296
Grants and contributions not restricted to specific programs				101,151,534	-	101,151,534
Investment income				1,514,259	491,671	2,005,930
Miscellaneous				1,816,397	-	1,816,397
Transfers, net				1,774,825	(1,774,825)	-
Total general revenues and transfers				243,590,761	(1,283,154)	242,307,607
Change in Net Assets				86,686,966	5,531,419	92,218,385
Net Assets:						
Beginning of Year, restated				92,929,902	51,365,601	144,295,503
End of Year				\$ 179,616,868	\$ 56,897,020	\$ 236,513,888

TOWN OF FRAMINGHAM, MASSACHUSETTS

Governmental Funds

Balance Sheet

June 30, 2006

	<u>General</u>	<u>High School Renovation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and short-term investments	\$ 10,972,425	\$ 423,991	\$ 8,905,015	\$ 20,301,431
Investments	6,379,058	-	1,554,562	7,933,620
Receivables:				
Property taxes	6,285,243	-	-	6,285,243
Motor vehicle excise	1,671,826	-	-	1,671,826
User fees	-	-	161,253	161,253
Departmental and other	36,304	-	24,181	60,485
Intergovernmental	-	-	5,161,531	5,161,531
Other assets	60,287	-	-	60,287
TOTAL ASSETS	<u>\$ 25,405,143</u>	<u>\$ 423,991</u>	<u>\$ 15,806,542</u>	<u>\$ 41,635,676</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Warrants payable	\$ 2,130,687	\$ 313,591	\$ 719,414	\$ 3,163,692
Accounts payable	5,612	-	59,235	64,847
Retainage payable	-	1,262,477	-	1,262,477
Due to other funds	-	-	365,637	365,637
Accrued liabilities	5,609,802	-	426,471	6,036,273
Tax refunds payable	1,822,735	-	-	1,822,735
Deferred revenues	7,557,293	-	2,653,520	10,210,813
Other liabilities	113,323	-	-	113,323
Notes payable	-	1,300,150	79,850	1,380,000
TOTAL LIABILITIES	<u>17,239,452</u>	<u>2,876,218</u>	<u>4,304,127</u>	<u>24,419,797</u>
Fund Balances:				
Reserved for:				
Encumbrances and continuing appropriations	1,866,786	1,445,919	1,614,172	4,926,877
Expenditures	3,274,922	-	198,958	3,473,880
Perpetual funds	-	-	464,790	464,790
Unreserved:				
Designated	134,813	-	-	134,813
Undesignated, reported in:				
General fund	2,889,170	-	-	2,889,170
Special revenue funds	-	-	8,134,636	8,134,636
Capital projects funds	-	(3,898,146)	1,089,859	(2,808,287)
TOTAL FUND BALANCES	<u>8,165,691</u>	<u>(2,452,227)</u>	<u>11,502,415</u>	<u>17,215,879</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,405,143</u>	<u>\$ 423,991</u>	<u>\$ 15,806,542</u>	<u>\$ 41,635,676</u>

See notes to financial statements.

