

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED OCTOBER 6, 2025

Rating: See "Rating" herein.
S&P Global Ratings:

New Issue

In the opinion of Troutman Pepper Locke LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. However, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

TOWN OF NEEDHAM, MASSACHUSETTS
\$15,965,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2025 BONDS

DATED
Date of Delivery

DUE
October 15
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in the denomination of \$5,000, or any integral multiple thereof. (See "THE BONDS - Book-Entry Transfer System" herein.)

Principal of the Bonds will be payable October 15 of the years in which the Bonds mature. Interest on the Bonds will be payable April 15 and October 15, commencing October 15, 2026. Principal and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts, or its successor, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds will be subject to redemption prior to their stated maturity dates as described herein.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid and binding general obligations of the Town of Needham, Massachusetts (the "Town") and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

MATURITIES, AMOUNTS*, RATES, PRICES OR YIELDS AND CUSIPS

Due October 15	Principal Amount*	Interest Rate	Price or Yield	CUSIP 639846	Due October 15	Principal Amount*	Interest Rate	Price or Yield	CUSIP 639846
2026	\$ 2,295,000	%	%		2034	\$ 1,370,000	%	%	
2027	1,680,000				2035	1,370,000			
2028	1,380,000				2036	200,000			
2029	1,375,000				2037	200,000			
2030	1,375,000				2038	200,000			
2031	1,375,000				2039	200,000			
2032	1,375,000				2040	200,000			
2033	1,370,000								

THE BONDS ARE BEING OFFERED FOR SALE AT 11:00 A.M. (EASTERN TIME) ON WEDNESDAY, OCTOBER 15, 2025, ELECTRONICALLY, VIA PARITY, IN THE MANNER SET FORTH IN THE NOTICE OF SALE. REFERENCE IS MADE TO THE NOTICE OF SALE DATED OCTOBER 6, 2025 FOR THE CONDITIONS OF SUCH SALE.

The Bonds are offered subject to the final approving opinion of Troutman Pepper Locke LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. Hilltop Securities Inc., Boston, Massachusetts has acted as Municipal Advisor to the Town of Needham, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about October 29, 2025, against payment to the Town in federal funds.

*Preliminary, subject to change.

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale:	Wednesday, October 15, 2025, 11:00 a.m. (Eastern Time).
Location of Sale:	Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	Town of Needham, Massachusetts.
Issue:	\$15,965,000* General Obligation Municipal Purpose Loan of 2025 Bonds, see "THE BONDS Book-Entry Transfer System" herein.
Preliminary Official Statement Dated:	October 6, 2025.
Dated Date of the Bonds:	As of their date of delivery.
Principal Due:	Serially October 15, 2026 through October 15, 2040 as detailed herein.
Interest Payable:	Semi-annually April 15 and October 15 until maturity or redemption prior to maturity, commencing October 15, 2026.
Purpose and Authority:	The Bonds are authorized by the Town for various capital projects under provisions of the Massachusetts General Laws as detailed herein.
Redemption:	The Bonds will be subject to redemption prior to their stated maturity dates as detailed herein.
Security:	The Bonds are valid general obligations of the Town of Needham, Massachusetts and, except to the extent that they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.
Credit Rating:	The Town has applied to S&P Global Ratings for a rating on the Bonds.
Bond Insurance:	The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date. <u>BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$110,000.</u>
Tax Exemption:	Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion."
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate."
Bank Qualification:	The Bonds will <u>not</u> be designated by the Town as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended
Paying Agent:	U.S. Bank Trust Company, National Association, Boston, Massachusetts.
Legal Opinion:	Troutman Pepper Locke LLP, Boston, Massachusetts.
Municipal Advisor:	Hilltop Securities Inc., Boston, Massachusetts.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about October 29, 2025, against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Diane Ryan, Acting Treasurer/Collector, Town of Needham, Massachusetts, Telephone (781) 455-7500 or Lisa Driscoll, Senior Vice President, Hilltop Securities Inc., Boston, Massachusetts, Telephone (617) 619-4405.

*Preliminary, subject to change.

NOTICE OF SALE

TOWN OF NEEDHAM, MASSACHUSETTS \$15,965,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2025 BONDS

The Town of Needham, Massachusetts (the "Town") will receive electronic (as described herein) proposals until 11:00 a.m., Eastern Time, Wednesday, October 15, 2025, for the purchase of the following described General Obligation Municipal Purpose Loan of 2025 Bonds of the Town (the "Bonds"):

\$15,965,000* General Obligation Municipal Purpose Loan of 2025 Bonds payable October 15 of the years and in the amounts as follows:

Due October 15	Principal Amount *	Due October 15	Principal Amount*
2026	\$ 2,295,000	2034	\$ 1,370,000
2027	1,680,000	2035	** 1,370,000
2028	1,380,000	2036	** 200,000
2029	1,375,000	2037	** 200,000
2030	1,375,000	2038	** 200,000
2031	1,375,000	2039	** 200,000
2032	1,375,000	2040	** 200,000
2033	1,370,000		

*Preliminary, subject to change.

**Callable maturities. May be combined into not more than three term bonds as described herein.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on October 15 of the years in which the Bonds mature. Interest will be payable on April 15 and October 15, until maturity or redemption prior to maturity, commencing October 15, 2026.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants. The successful bidder for the Bonds (the "Successful Bidder"), as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as Registered Owner of the Bonds. Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

The original Bonds to be immobilized at DTC will be approved by Troutman Pepper Locke LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

The Bonds maturing on and before October 15, 2034 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after October 15, 2035 are subject to redemption prior to their stated maturity dates, at the option of the Town, on and after October 15, 2034 either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the date set for redemption.

For Bonds maturing on and after October 15, 2035, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise a maturity of term bonds, and shall be subject to mandatory redemption or mature at par, as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule (which is subject to change as described herein). Each such term bond shall be subject to mandatory redemption commencing on October 15 of the first year which has been combined to form such term bond and continuing on October 15 in each year thereafter until the stated maturity date of that Bond. The amount redeemed or paid at maturity in any year shall be equal to the principal amount for that year set forth in the schedule contained in the Notice of Sale dated October 6, 2025 relating to the Bonds, as the same may be adjusted following pricing, as described below. Bidders may specify no more than three term bonds.

Term bonds, if any, shall be subject to mandatory redemption on October 15 of the year or years immediately prior to the stated maturity of such term bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule (which is subject to change as described herein) at the principal amount thereof plus accrued interest to the redemption date, without premium.

Principal and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Bidding Parameters

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) **any coupon in excess of 5.50%. NO BID OF LESS THAN PAR PLUS A PREMIUM OF AT LEAST \$110,000 WILL BE CONSIDERED.**

The current Bond structure does not reflect receipt of any premium. The Town reserves the right to reduce the aggregate principal amount of the Bonds by the net premium to be received, after determination of the winning bid, and after allocating to each purpose its prorata share, restructure the remaining principal in each purpose to essentially mirror the current structure. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid for the Bonds by the successful bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the successful bidder for the Bonds by 4 P.M. Eastern Time on the day of the sale.

Bids must be submitted electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Municipal Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of October 29, 2025, discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued, if any, which accrued interest shall be paid by the Successful Bidder. The award of the Bonds to the Successful Bidder will not be effective until the bid has been approved by the Treasurer and the Select Board of the Town. In the event that two or more bidders submit the same lowest true interest cost for the Bonds, the Treasurer shall determine the Successful Bidder by lot from among all such proposals.

The right is reserved to reject all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The Town of Needham has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to S&P Global Ratings for the rating on the Bonds. Such fee paid to S&P Global Ratings will be borne by the Town.

In order to assist bidders in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

It shall be a condition to the obligation of the Successful Bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Troutman Pepper Locke LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated October 6, 2025, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of her knowledge and belief, as of its date and the date of sale the Preliminary Official Statement did not, and as of its date and the date of the delivery of the Bonds, the Final Official Statement did not and does not, contain any untrue statement of a material fact and did not and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form appearing as Appendix C of the Preliminary Official Statement.

Establishment of Issue Price

The Successful Bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town on the Closing Date an "issue price" or similar certificate, substantially in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Successful Bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by Hilltop Securities Inc. (the "Municipal Advisor") and any notice or report to be provided to the Town may be provided to the Municipal Advisor.

Competitive Sale Requirements. If the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) have been satisfied, the Town will furnish to the Successful Bidder on the Closing Date a certificate of the Municipal Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by contacting the Municipal Advisor, telephone (617) 619-4400, and affirming in writing via email at lisa.driscoll@hilltopsecurities.com, or in its bid submitted via Parity, that it will NOT be an "underwriter" (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an "underwriter" (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an "underwriter" that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the Successful Bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the Successful Bidder intends to reoffer the Bonds to the public, the Successful Bidder may, at its option, use the first price at which 10% of a maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The Successful Bidder shall advise the Municipal Advisor if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the Successful Bidder agrees to promptly report to the Municipal Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The Successful Bidder shall be obligated to report each sale of Bonds to the Municipal Advisor until notified in writing by the Town or the Municipal Advisor that it no longer needs to do so. If the successful bidder uses Option A the Successful Bidder shall provide to the Town on or before the closing date, the certificate attached to this Notice of Sale as Exhibit 1 – Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Successful Bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the Successful Bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Successful Bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the Successful Bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,
2. “underwriter” means (A) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A is Not Met as of the Sale Date. The Successful Bidder may, at its option, notify the Municipal Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the Successful Bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Successful Bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the Successful Bidder delivers a Hold the Price Notice to the Municipal Advisor, the Successful Bidder must provide to the Issuer on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the Successful Bidder has purchased the Bonds for its own account and will not distribute, reoffer or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the issue price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. The Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

Additional information concerning the Town of Needham and the Bonds is contained in the Preliminary Official Statement dated October 6, 2025, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 5 copies of the Final Official Statement will be available from Hilltop Securities Inc. to the Successful Bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about October 29, 2025 for settlement in federal funds.

TOWN OF NEEDHAM, MASSACHUSETTS
/s/ Diane Ryan, Acting Treasurer/Collector

October 6, 2025

**Issue Price Certificate for Use If the Competitive
Sale Requirements Are Met
\$15,965,000*
Town of Needham, Massachusetts
General Obligation Municipal Purpose Loan of 2025 Bonds Dated October 29, 2025**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the Town of Needham, Massachusetts (the "Issuer").

1. Reasonably Expected Initial Offering Prices.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 15, 2025.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt.

The Successful Bidder hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Bonds, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Troutman Pepper Locke LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2025

Successful Bidder

By: _____

Name:

Title:

*Preliminary, subject to change.

SCHEDULE A
EXPECTED OFFERING PRICES
(To be Attached)

SCHEDULE B
COPY OF SUCCESSFUL BIDDER'S BID
(To Be Attached)

**Issue Price Certificate for Use If the Competitive Sale Requirements Are
Not Met and the 10% Test to Apply
\$15,965,000*
Town of Needham, Massachusetts
General Obligation Municipal Purpose Loan of 2025 Bonds Dated October 29, 2025
ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of _____ (the [Successful Bidder][Representative]), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) by the Town of Needham, Massachusetts (the “Issuer”).

1. **Sale of the Bonds.** As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until at least 10% of each such Maturity of the Bonds is sold to the Public (the “10% Test”) or all of the Bonds are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s Municipal Advisor, Hilltop Securities Inc. (the “Municipal Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% Test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Municipal Advisor until notified by email or in writing by the Issuer or the Municipal Advisor that it no longer needs to do so.

2. **Defined Terms.**

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative] that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. **Receipt.** The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Troutman Pepper Locke LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2025

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____

Name:

Title:

*Preliminary, subject to change.

**SALE PRICES
(To Be Attached)**

SCHEDULE A

**Issue Price Certificate for Use If the Competitive Sale Requirements Are
Not Met and the Hold the Price Rule Is Used
\$15,965,000***
**TOWN OF NEEDHAM, MASSACHUSETTS
GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2025 BONDS**

DATED OCTOBER 29, 2025

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the (“[Successful Bidder]”[Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Town of Needham, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met as of the Sale Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder] [Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the Public until the earlier of (i) _____, 2025 or (ii) the date on which the “Successful Bidder” [Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

2. Defined Terms.

(a) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) Underwriter means (i) any person, including the [Successful Bidder] [Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder] [Representative] hereby acknowledges receipt from the Issuer of the bonds of the Issue and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the [Successful Bidder] [Representative], before or simultaneously with the delivery of such bonds of the Issue, which certificates, opinions and other documents are satisfactory to the [Successful Bidder] [Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder’s] [Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Troutman Pepper Locke LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2025

[SUCCESSFUL BIDDER] [REPRESENTATIVE]

By: _____

Name:

Title:

*Preliminary, subject to change.

SCHEDULE A

SALE PRICES

(To be Attached)

PRELIMINARY OFFICIAL STATEMENT

TOWN OF NEEDHAM, MASSACHUSETTS

\$15,965,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2025 BONDS

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the Town of Needham, Massachusetts (the "Town") in connection with the sale of \$15,965,000* stated principal amount of its General Obligation Municipal Purpose Loan of 2025 Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another source.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest payable semiannually on April 15 and October 15, commencing October 15, 2026 until maturity or redemption prior to maturity, each maturity at the rate of interest determined upon their sale in accordance with the Notice of Sale dated October 6, 2025. The Bonds shall mature on October 15 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable only in fully registered form registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or Registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal of and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts or its successor as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Redemption Provisions

Optional Redemption

Bonds maturing on or prior to October 15, 2034 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after October 15, 2035 shall be subject to redemption prior to maturity, at the option of the Town, on or after October 15, 2034, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

Mandatory Redemption

If the Successful Bidder designated principal amounts of the Bonds to be combined into one, two or three term bonds (which may be done only for principal amounts in consecutive years and only with respect to Bonds maturing on and after October 15, 2035), each such term bond shall be subject to mandatory redemption commencing on October 15 of the first year which has been combined to form such term bond and continuing on October 15 in each year thereafter until the stated maturity date of that Bond. The amount redeemed or paid at maturity in any year shall be equal to the principal amount for that year set forth in the schedule contained in the Notice of Sale dated October 6, 2025 relating to the Bonds, as the same may be adjusted following pricing, in accordance with the terms of the Notice of Sale dated October 6, 2025. Principal amounts to be redeemed in any year by mandatory redemption shall be redeemed at par (without premium), plus accrued interest to the redemption date, and shall be selected by lot from among the Bonds then subject to redemption. The Town Treasurer may credit against any mandatory redemption requirement term bonds which have been purchased and cancelled by the Town or have been redeemed and not therefore applied as a credit against any mandatory redemption requirement.

*Preliminary, subject to change.

Notice of Redemption

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed or sent in any other manner acceptable to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest is the last business day of the month preceding the interest payment date provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The issuer of such securities may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Authorization of the Bonds and Use of Proceeds

The following table sets forth the principal amounts, purposes, amounts originally authorized, bond anticipation notes outstanding, statutory references, dates of approval, and article numbers for the current offering of Bonds. Bond proceeds may be transferred or re-appropriated to other capital projects or otherwise as permitted by Chapter 44 of the General Laws and applicable Federal law.

This Issue*	Purpose	Original Bond Authorization	Bond Anticipation Notes Outstanding (1)	Statutory Reference	Dates of Authorization	Article
\$ 1,600,000	Water Distribution Improvements	\$ 4,500,000	\$ 1,550,000 (2)	Ch. 44, s. 8(5)	5/6/2019	41
6,100,000 (5)	Emery Grover Building Addition and Renovation	14,150,000	6,191,135 (3)	Ch. 44, s. 7(1) or 44B	5/4/2022	21
1,565,000	South Street Water System Distribution Improvements	4,000,000	-	Ch. 44, s. 8	5/1/2023	32
4,200,000	Broadmeadow and Eliot School Rooftop Unit Replacement	9,000,000	2,200,000	Ch. 44, s. 7(1)	5/1/2023	27
2,500,000	Claxton Field Renovation	3,600,000	2,900,000 (4)	Ch. 44, s. 7(1)	5/6/2024	27
<u>\$ 15,965,000 *</u>			<u>\$ 12,841,135</u>			

*Preliminary, subject to change.

(1) Payable October 30, 2025. To be retired with the proceeds of the Bonds, except as noted below.

(2) Payable October 30, 2025. To be retired, in part, with \$31,000 revenue funds and the proceeds of the Bonds.

(3) Payable October 30, 2025. To be retired, in part, with \$226,000 revenue funds and the proceeds of the Bonds.

(4) Payable October 30, 2025. To be retired, in part, with \$465,000 revenue funds and the proceeds of the Bonds.

(5) Final pricing will include \$6,100,135 of proceeds before resizing.

Principal Payments by Purpose

Maturity Year	General*	Water*	CPA*	TOTAL*
2026	\$ 1,765,550	\$ 320,000	\$ 209,450	\$ 2,295,000
2027	1,155,000	320,000	205,000	1,680,000
2028	855,000	320,000	205,000	1,380,000
2029	855,000	315,000	205,000	1,375,000
2030	855,000	315,000	205,000	1,375,000
2031	855,000	315,000	205,000	1,375,000
2032	855,000	315,000	205,000	1,375,000
2033	855,000	315,000	200,000	1,370,000
2034	855,000	315,000	200,000	1,370,000
2035	855,000	315,000	200,000	1,370,000
2036	-	-	200,000	200,000
2037	-	-	200,000	200,000
2038	-	-	200,000	200,000
2039	-	-	200,000	200,000
2040	-	-	200,000	200,000
Totals	<u>\$ 9,760,550</u>	<u>\$ 3,165,000</u>	<u>\$ 3,039,450</u>	<u>\$ 15,965,000</u> *

*Preliminary, subject to change.

Tax Exemption

In the opinion of Troutman Pepper Locke LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. However, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "*Serial Bonds and Notes*" under "INDEBTEDNESS-TYPES OF OBLIGATIONS" below) and setoffs of state distributions as described below (see "*State Distributions*" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "*Tax Limitations*" under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “DEBT LIMITS” below.) Upon certification by the city solicitor or town council that no appeal can or will be taken, or as otherwise required by a municipality’s charter, ordinances or bylaws, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made. Any such payments shall be reported to the city or town’s assessors by the city or town’s auditor or accountant (or other officer having similar duties). The assessors shall include amounts of such payments in the aggregate appropriations assessed in the determination of the next subsequent annual tax rate.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See “*Tax Limitations*” under “PROPERTY TAXATION” below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter, passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing and related purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges for such activity. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately held property in the city or town for certain energy conservation and renewable energy projects and may borrow to establish such fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “INDEBTEDNESS-TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to The Commonwealth of Massachusetts (the “Commonwealth”) or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”) if the city or town is within the territory served by the MWRA, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not currently authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Opinion of Bond Counsel

The Successful Bidder will be furnished the legal opinion of the firm of Troutman Pepper Locke LLP, Boston, Massachusetts ("Bond Counsel"). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the Successful Bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Rating

The Town has applied to S&P Global Ratings for a rating on the Bonds. If obtained, such rating will reflect only the rating agency's views and will be subject to revision or withdrawal, which could affect the price and marketability of the Bonds.

Municipal Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts serves as Municipal Advisor to the Town.

Continuing Disclosure

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, as amended (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Other than the Town, there are no obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

In the past five years, the Town believes it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

TOWN OF NEEDHAM, MASSACHUSETTS

General

The Town is located in Norfolk County, 10 miles southwest of Boston. It is bordered on the west and northwest by the Town of Wellesley, on the north and northeast by the City of Newton, on the east by the West Roxbury section of the City of Boston, on the southeast by the Town of Dedham, and on the south by the Towns of Westwood and Dover. Needham has a population of approximately 32,091 (based on the 2020 Federal Census) and occupies a land area of 12.6 square miles. Established as a town in 1711, Needham is governed by a representative form of town meeting and by a five-member Select Board. School affairs are administered by a seven-member School Committee and a Superintendent of Schools.

PRINCIPAL TOWN OFFICIALS

Title	Name	Selection/Term	Term Expires
Select Board, Chair	Heidi R. Frail	Elected	2028
Select Board, Vice Chair	Catherine Reid Dowd	Elected	2026
Select Board, Clerk	Joshua W. Levy	Elected	2027
Select Board	Marianne B. Cooley	Elected	2026
Select Board	Kevin J. Keane	Elected	2027
Town Manager	Kathleen King	Appointed	2028
Deputy Town Manager/Director of Finance	David Davison	Appointed	Indefinite
Superintendent of Schools	Daniel E. Gutekanst	Appointed	2027
Town Accountant	Michelle Vaillancourt	Appointed	Indefinite
Town Clerk	Louise L. Miller	Elected	2028
Town Counsel	Harrington Heep LLP	Appointed	Indefinite
Acting Treasurer/Collector	Diane Ryan	Appointed	Indefinite

Corona Virus (COVID-19)

COVID-19 is a respiratory disease caused by a novel coronavirus not previously seen in humans. On March 10, 2020, the Governor of the Commonwealth declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. The state of emergency in the Commonwealth expired on June 15, 2021.

The Town received notice from the Commonwealth that it was entitled to approximately \$2,755,065 through the federal Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), drew down \$2,755,064 and has incurred \$2,755,064 in CARES Act-eligible expenses.

Another action at the federal level was the American Rescue Plan Act of 2021 ("ARPA"). Among other provisions, ARPA provided \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. The Town received a total of \$9,199,185 of which \$5,913,849 was from Norfolk County and \$3,285,337 was from the Commonwealth. To date, the Town has spent \$2,927,875 in ARPA funds. The funds are being used for several public health initiatives, to assist small businesses and artists impacted by the COVID shutdown, technology improvements, and approximately \$7 million for water, sewer, and drains infrastructure.

The Town's fiscal year 2020 through 2024 results were not materially affected by the COVID-19 pandemic.

Municipal Services

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, collection, disposal, and recycling of solid waste, public education in grades kindergarten through twelve, water, sewers, streets and recreation. Technical education in grades 9 through 12 is provided by the Minuteman Regional Vocational Technical School District.

The Town has implemented a mandatory recycling program in accordance with Section 8H of Chapter 40 of the Massachusetts General Laws. Under this program, begun in fiscal 1991, the Town recycles newspaper, mixed paper, glass, corrugated cardboard, aluminum and steel cans, returnable bottles, clothing, used motor oil, plastic containers and yard waste. The Town's practice has been to introduce new items to the recycling program each year in order to reduce the flow of solid waste tonnage.

Gas and electric services are provided by established private utilities.

The Town's Public Works Department provides water supply, treatment and distribution and sewage collection, to substantially all commercial, industrial and residential users in the Town. In addition, certain water and sewer services are provided by the Massachusetts Water Resources Authority (the "MWRA"). See "INDEBTEDNESS - Overlapping Debt".

The principal services provided by Norfolk County are a jail and house of correction and registry of deeds. For additional information on Counties see "INDEBTEDNESS - Overlapping Debt".

Education

The Town operates one pre-school, five elementary schools, two middle schools (High Rock and Pollard), and a senior high school. The Town began constructing a new elementary school in the late fall of 2017 which opened in September 2019. The new building replaced one of the existing elementary schools. The debt for the new elementary school is excluded from the limits of Proposition 2 ½ and a portion of the project was paid by the Massachusetts School Building Authority.

PUBLIC SCHOOL ENROLLMENTS - OCTOBER 1,

	Actual				
	2020	2021	2022	2023	2024
Elementary (Pre-K and K-5)	2,518	2,568	2,616	2,592	2,553
Middle/Junior High(6-8)	1,295	1,278	1,264	1,327	1,311
Senior High(9-12)	1,670	1,669	1,645	1,622	1,648
Totals	5,483	5,515	5,525	5,541	5,512

The Town is a member of the Minuteman Regional Vocational Technical School District, which is located in Lexington, and includes 10 member towns. A new school for the District was completed and opened in September 2019.

Industry and Commerce

The Town is a residential suburb of Boston, located within the Boston Standard Metropolitan Statistical Area. As the table below indicates, the Town's economy has a diverse mix of manufacturing, services, and commercial trades.

Industry	Calendar Year Average				
	2020	2021	2022	2023	2024
Construction	791	958	902	1,059	1,064
Manufacturing	788	806	791	807	767
Trade, Transportation and Utilities	2,681	2,918	2,897	3,031	3,154
Information	877	830	869	782	741
Financial Activities	1,410	1,371	1,395	1,286	1,296
Professional and Business Services	5,201	5,524	5,230	5,032	7,419
Education and Health Services	6,258	6,483	6,570	6,901	7,164
Leisure and Hospitality	883	995	1,087	1,189	1,280
Other Services	1,062	709	1,240	791	745
Total Employment	19,951	20,594	20,981	21,368	21,368
Number of Establishments	1,543	1,618	1,646	1,614	1,543
Average Weekly Wages	\$ 2,105	\$ 2,262	\$ 2,342	\$ 2,403	\$ 2,436
Total Wages	\$ 2,183,370,050	\$ 2,474,594,872	\$ 2,555,372,091	\$ 2,670,527,389	\$ 3,055,820,374

Source: Massachusetts Executive Office of Labor and Workforce Development. Data based upon place of employment, not place of residence.

Transportation

The principal highways serving the Town are State Routes 9, 135 and 128 (I-95). There are four exits off Interstate 95 that provide direct access to Needham. A project to widen Route 128 through Needham was completed in 2019. The Massachusetts Bay Transportation Authority ("MBTA") provides commuter rail service on a regular basis to Boston. There are four commuter rail stops physically located in Needham: Needham Heights, Needham Center, Needham Junction and Hersey. The MBTA also provides bus service between Needham and Watertown Square. Established trucking lines provide competitive service locally and to long distance points. The Town is within commuting distance of the airport facilities of Boston's Logan International Airport, the Norwood Municipal Airport, and Hanscom Field in Bedford, Massachusetts.

Climate Change

The Town has undertaken several ad hoc climate mitigation and resiliency efforts. These include the lease of land for a solar array at the capped landfill, solar installation at the Sunita Williams School, and proposed solar installation at the Jack Cogswell building. In addition, the Sunita Williams School and Library are LEED certified buildings, and the Town's Public Services Administration Building has geothermal heating. Three of the Town's buildings are fully electric, including the Center at the Heights, Rosemary Recreation Complex, and Memorial Park Field House. The Emery Grover Building, currently under renovation, will also be fully electric and designed to be net zero ready. The Town's Building Maintenance Division has been implementing energy efficiency measures for more than a decade, and in February 2020 the Massachusetts Department of Energy Resources designated the Town as a Green Community. The Town has invested in several publicly accessible electric vehicle charging stations at the Rosemary Recreation Complex, Sunita Williams School, Public Services Administration Building, and Chestnut Street, in addition to electric charging stations for Town-fleet vehicles at Dedham Street. The Town continues to grow the number of plug-in and electric vehicles in its fleet as well. The Select Board established a Climate Action Plan Committee ("CAPC") to guide the Town in developing a plan that meets or exceeds the State's climate mitigation and resilience goals. The Committee will make recommendations to the Select Board on approval of a Climate Action Plan ("CAP"). The CAPC will:

- Review the Town's climate-related data;
- Seek guidance and establish a program to create a Green House Gas ("GHG") inventory for the entire Town, including pass through traffic, residential, commercial, and municipal;
- Recommend for adoption to the Select Board long-term climate action goals that focus on reducing GHG emissions and building resilience within and across the Town's residential, commercial, and municipal sectors, including roadmaps of steps to achieve goals;
- Recommend for adoption to the Select Board target dates, benchmarks, and/or annual/interannual climate mitigation goals to achieve climate action goals;
- Plan and prioritize cross-sector efforts to reduce Town's GHG emissions and build climate resilience;
- Recommend to the Select Board programs and policies to implement GHG reduction goals and climate resilience planning; and
- Develop a CAP for the Select Board's review.

The CAP is set to go in front of the Select Board for approval this Spring. Additionally, in October 2023, the Town passed the opt-in specialized energy code to go into effect July 1, 2024. In December 2023, the Town hired its first Sustainability Manager to assist in the implementation of the CAP as well as other climate mitigation and resiliency initiatives throughout the Town.

Cybersecurity

The Town recognizes, like so many companies, governments (local, regional, state and federal), and organizations that it is exposed to a variety of operational, transactional, information and technology risks. Information Security frameworks such as ISO, NIST, GDPR, CIS, and many state, and federal requirements have come up with a set of standards surrounding best practices for information technology. These standards recommend implementation of a comprehensive written information technology program that includes administrative, technical, and physical safeguards appropriate to the size and complexity of the organization and the nature and scope of its activities. This allows a uniform set of information technology expectations to be followed throughout the different areas of the organization, and provides a consistent, repeatable set of documentation to create procedures and processes. The Town recently had an information technology program review done by outside experts whose work will help shape the Town's technology policies and procedures.

LARGEST EMPLOYERS

The following table sets forth the largest employers in Needham, exclusive of the Town itself.

Name	Product/Function	No. of Employees Approximate
Tripadvisor	Travel Agency	640
Advisor360	Wealth Management Solutions	500
NBC Universal	Broadcasting	345
Beth Israel Deaconess Hospital	Health Care	250-499
Charles River Center	Assisted Living	250-499
Clark's Shoes	Retail Manufacturing	250-499
Coca Cola Bottling	Beverage Distribution	250-499
Dialogic Inc.	Wireless Communication	250-499
International Data Group (IDG)	Techonology	250-499
North Hill Living Center	Retirement Center	250-499
SharkNinja	Household Appliances	250-499
WCVB Channel 5	Television	250-499
Briarwood Healthcare	Health Care	100-250
Olin College of Engineering	Education	100-250
VNA Care Network	Ambulatory Health Care	100-250
Walker Home & School	Mental Health	100-250
Wellington Management	Financial Services	100-250

SOURCE: Individual Employers listed.

Needham Crossing is one of Greater Boston's premier business parks located approximately 2.5 miles northeast of downtown Needham. The business park offers proximity to Interstate 95 (MA-128), Interstate 90 (Mass Pike), US 1 and State Route 9 along with the natural resources such as Cutler Lake Park and the Charles River. The commuter rail service is less than 2 miles away and the transit bus service located throughout the park offers many transit options for both employees and residents.

Over the past 10 years substantial redevelopment of the area has given way to a diversified portfolio of companies and uses. These major improvements coincided with the widening of and additional access from Interstate 95 (MA-128). These improvements have had overall positive economic benefit for the Town and for Needham Crossing. When originally envisioned, the business park would contain primarily warehouses and offices. Now, almost 40 years later, through more dense land use, redevelopment opportunities and zoning changes, Needham Crossing has a mix of residential, office, high tech and other commercial uses that has generated interest from businesses that would like to locate there. Currently under construction is a 5-story Boston Children's Hospital and Surgery Center allowing Needham Crossing to continually evolve land uses for the current market needs.

Currently, the Needham Crossing area boasts long-term occupants such as Coca Cola, FedEx, and a Sheraton Hotel. Newer tenants include the world headquarters for Tripadvisor (stock: TRIP), Shark Ninja (stock: SN), life science company Verastem Oncology (stock: VSTM) and the regional headquarters for NBC Universal. The Marriott Residence Inn Homewood Suites operate hotel flags and the Kendrick and Charles River Landing provide luxury housing for residents. Smaller companies such as Big Belly Solar Inc., a maker of "green" trash cans, has doubled the size of its headquarters since moving to the park. Workbar has a large facility that has been expanded to support the roles of many different tenants that need office space on a smaller permanent basis that allows for rotation of space for remote workers.

In March 2025, Advisor360°, a leading provider of integrated technology solutions for wealth management firms, announced that it had relocated its corporate headquarters to 400 First Avenue in Needham. Approximately 60% of Advisor360°'s 500-person workforce will be based in the new headquarters.

The Town has a TIF agreement with TripAdvisor, 13 years in total, currently at a 76% exemption that declined to a 1% exemption effective 2021. The Town also has a TIF agreement with NBC Universal, 10 years in total, with a 70% exemption for the first 4 years that declines to 5% in year 5, and then 1% for years 6 through 10. The exemptions apply only on the new growth value.

Building Permits

The following table sets forth the number of building permits issued and the estimated dollar value of new construction and alterations for calendar years 2020 through 2025. Permits are filed for both private construction as well as for Town projects.

BUILDING PERMITS

Calendar Year	New Construction				Additions/Alterations				Totals	
	Residential		Non-Residential		Residential		Non-Residential		No.	Value
	No.	Value	No.	Value	No.	Value	No.	Value		
2025 (1)	31	\$ 27,892,185	-	\$ -	475	\$ 33,122,596	63	\$ 17,538,278	569	\$ 78,553,059
2024	85	80,314,178	-	-	1,420	60,883,472	89	34,799,630	1,594	175,997,280
2023	67	61,503,195	3	199,500,000 (2)	993	51,999,732	107	45,160,602	1,170	358,163,529
2022	86	76,260,846	1	782,000	1,193	66,067,372	118	76,862,712	1,398	219,972,930
2021	106	83,481,065	-	-	1,353	59,852,432	118	26,672,668	1,577	170,006,165 (3)
2020	67	44,614,400	3	24,578,350	757	40,316,155	62	21,430,214	889	130,939,119

SOURCE: Report of the Building Inspector.

(1) Issued through June 30, 2025.

(2) Includes permit issued for the construction of a new Children's Hospital facility in Needham Crossing.

(3) Excludes 100 permits for demolitions with an aggregate value of \$1,143,250.

Labor Force, Employment and Unemployment

In June 2025, the Town had a total labor force of 17,028 of which 16,325 were employed and 703 or 4.1% were unemployed as compared with 4.8% for the Commonwealth. The following table sets forth the Town's average labor force and unemployment rates for the following calendar years.

UNEMPLOYMENT RATES

Calendar Year	Town of Needham				Massachusetts		United States	
	Labor Force	Employment	Unemployment Rate		Unemployment Rate		Unemployment Rate	
2024	16,755	16,179	3.4	%	4.0	%	4.0	%
2023	16,657	16,218	3.6		3.4		3.6	
2022	16,513	16,073	2.7		3.8		3.6	
2021	16,305	15,692	3.8		5.7		5.4	
2020	15,637	14,742	5.7		8.9		8.1	

SOURCE: Massachusetts Executive Office of Labor and Workforce Development. Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment. Monthly data for Town are unadjusted.

Population and Income

The table below illustrates the Town's changes in median age, median family income, and per capita income and that of the Commonwealth and the Country as a whole for the same period according to the federal census.

POPULATION AND INCOME

	<u>Needham</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2020	43.4	39.4	38.3
2010	43.0	39.1	37.2
2000	40.8	36.5	35.3
1990	38.6	33.6	32.9
Median Family Income:			
2020	182,813	81,215	62,843
2010	114,365	81,165	51,144
2000	107,570	61,664	50,046
1990	69,515	44,367	35,225
Per Capita Income:			
2020	87,067	43,761	34,103
2010	57,716	33,966	27,334
2000	44,549	25,952	21,587
1990	27,935	17,224	14,420

SOURCE: Federal Bureau of the Census.

POPULATION TRENDS

<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
32,091	28,886	28,911	27,557	27,901

SOURCE: Federal Census.

PROPERTY TAXATION

Tax Levy Computation

The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" below) no reserve is generally provided for uncollectible real property taxes. Because some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" below).

The table below illustrates the manner in which the tax levy was determined for the following fiscal years.

TAX LEVY COMPUTATION

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Total Appropriations(1)	\$ 212,871,580	\$ 225,645,370	\$ 244,168,129	\$ 252,472,676	\$ 272,647,456
Additions:					
State & County Assessments	1,485,423	1,581,893	1,588,201	1,607,096	1,658,272
Overlay Reserve	1,407,265	2,553,011	2,610,471	2,606,953	2,922,569
Other Additions	336,704	653,450	408,975	83,420	159,934
Total Additions	<u>3,229,392</u>	<u>4,788,354</u>	<u>4,607,647</u>	<u>4,297,469</u>	<u>4,740,775</u>
Gross Amount to be Raised	<u>216,100,972</u>	<u>230,433,724</u>	<u>248,775,776</u>	<u>256,770,145</u>	<u>277,388,231</u>
Deductions:					
Local Estimated Receipts: (2)	30,611,425	32,786,568	36,104,998	39,390,146	45,891,961
State Aid:					
Current Year	13,695,326	13,961,831	15,221,089	15,540,802	16,175,722
Available Funds (3)	<u>9,355,420</u>	<u>12,851,426</u>	<u>18,556,775</u>	<u>17,273,274</u>	<u>22,895,326</u>
Total Deductions	<u>53,662,171</u>	<u>59,599,825</u>	<u>69,882,862</u>	<u>72,204,222</u>	<u>84,963,009</u>
Net Amount to be Raised	<u>\$ 162,438,801</u>	<u>\$ 170,833,899</u>	<u>\$ 178,892,914</u>	<u>\$ 184,565,923</u>	<u>\$ 192,425,222</u>

(1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.

(2) Includes CPA surcharge tax and state matching funds.

(3) Transfers from other available funds, generally made as an offset to a particular appropriation item.

Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created four classes of taxable property: (1) residential real property, (2) open space land, (3) commercial and (4) industrial. Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 35 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property.

A revaluation of all real and personal property in the Town to full and fair cash value was completed for use in fiscal year 2025.

The following table sets forth the trend in the Town's assessed valuations, tax levies, and tax levies per capita.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Levy	Tax Levy Per Capita (1)
2025 (2)	\$ 15,676,728,700	\$ 429,826,950	\$ 16,106,555,650	\$ 192,425,222	\$ 5,996
2024	12,742,699,636	403,098,540	13,145,798,176	184,565,923	5,751
2023	11,867,419,986	380,448,340	12,247,868,326	178,892,914	5,575
2022	10,922,692,504	388,986,460	11,311,678,964	170,833,899	5,323
2021	10,742,368,779	303,361,700	11,045,730,479	162,438,801	5,062

(1) 2020 Federal Census.

(2) Revaluation year.

The table below sets forth the trend of the Town's tax rates for different classes of property for the following fiscal years:

Fiscal Year	Tax Rate per \$1,000 Valuation	
	Residential Property	Commercial, Industrial & Personal Property
2025	\$10.60	\$20.91
2024	12.52	24.57
2023	13.04	25.56
2022	13.37	26.43
2021	13.03	25.74

Classification of Property

The following is a breakdown of the Town's assessed valuation in fiscal years 2023, 2024 and 2025.

Property Type	2023		2024		2025 (1)	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$10,715,862,649	87.5 %	\$11,487,662,900	87.4 %	\$14,002,216,972	86.9 %
Commercial	1,026,136,613	8.4	1,122,346,066	8.5	1,499,785,024	9.3
Industrial	125,420,724	1.0	132,690,670	1.0	174,726,704	1.1
Personal	380,448,340	3.1	403,098,540	3.1	429,826,950	2.7
Total Real Estate	<u>\$12,247,868,326</u>	<u>100.0 %</u>	<u>\$13,145,798,176</u>	<u>100.0 %</u>	<u>\$16,106,555,650</u>	<u>100.0 %</u>

(1) Revaluation year.

LARGEST TAXPAYERS

The following table lists the ten largest taxpayers in the Town based upon assessed valuation for fiscal year 2025. All are current in their tax payments to the Town.

Name	Nature of Business	Total Assessed Valuation for Fiscal 2025	% of Total Assessed Value
Nstar Electric Company	Electric Utility Company	\$207,030,800	1.29 %
Needham Residential LLC	Data Storage Facility	118,510,300	0.74
Lofts At Charles River Landing LLC	Apartments	105,752,600	0.66
Babson College C/O North Hill Needham	Residential Apartment Complex	99,550,600	0.62
CHB Properties Inc C/O Boston Childrens Hospital	Travel Agency	90,635,000	0.56
Needham Travel Property LLC	Gas Utility Company	87,114,700	0.54
BP 140 Kendrick Street Property LLC	Software Design	74,998,500	0.47
Digital 128 First Avenue LLC	Lab & Office Building	91,129,800	0.57
MCPF-Needham LLC	Real Estate Developer	66,322,100	0.41
Coca Cola Bottling Company	Food & Beverage Distribution	53,535,700	0.33
Total		<u>\$994,580,100</u>	<u>6.18 %</u>

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value".

The following table sets forth the trend in equalized valuations of the Town.

January 1,	State Equalized Valuation	% Change
2024	\$ 14,275,936,100	16.0 %
2022	12,307,796,200	6.3
2020	11,580,160,100	11.9
2018	10,352,941,600	7.0
2016	9,675,551,500	16.7

Abatements and Overlay

The Town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the resultant "overlay deficit" is required to be added to the next tax levy. An abatement granted after a tax payment has been made is accounted for as a refund on the books of the Town. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the amount of the overlay reserve for the last five fiscal years and the amounts of abatements and exemptions granted as of June 30, 2025.

Fiscal Year	Net Tax Levy (1)	Overlay Reserve		As a % of Net Levy	Abatements and Exemptions Granted As of June 30, 2025
		Dollar Amount			
2025	\$ 189,502,653	\$ 2,922,569		1.54 %	\$ 1,950,797 (2)
2024	181,958,970	2,606,953		1.43	811,584
2023	176,282,443	2,610,471		1.48	360,427
2022	168,280,888	2,553,011		1.52	400,336
2021	161,031,536	1,407,265		0.87	467,516

(1) Tax levy prior to addition of overlay reserve.

(2) A required five-year recertification process of all property values took place in FY25. As a result, there were significant increases in assessed values and consequently the abatements and exemptions granted for FY25.

Tax Collections

The Town has accepted a statute providing for quarterly tax payments. Under that statute, preliminary tax payments are due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

The following table compares the Town's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the previous five fiscal years, exclusive of the surcharge of property tax levied under the CPA.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable (1)		Collections as of 6/30/2025 (2)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2025	\$192,425,222	\$2,922,569	\$189,502,653	\$189,092,411	99.8 %	\$189,092,411	99.8 %
2024	184,565,923	2,606,953	181,958,970	181,681,652	99.8	183,035,703	100.6
2023	178,892,914	2,610,471	176,282,443	175,930,183	99.8	177,652,500	100.8
2022	170,833,899	2,553,011	168,280,888	168,146,235	99.9	169,908,750	101.0
2021	162,438,801	1,407,265	161,031,536	161,696,759	100.4	161,947,516	100.6

(1) Actual dollar collections, net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits.

(2) Exclusive of the property tax levied under the Community Preservation Act.

Tax Titles and Possessions

Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non payment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within 12 months (which may be extended in the case of certain installment payments) it can be foreclosed by petition to the Land Court.

Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. . The municipality must notify the former property owner of its intent to retain possession of or sell the property, as well as any "excess equity" (i.e., any remaining surplus amount above taxes, fees, and charges owed to or incurred by the municipality) the former owner may be entitled to in either case. The former owner may submit a claim for return of any excess equity within 18 months of being notified. Any excess equity not yet returned to the former owner must be held in a separate interest-bearing account.

Former owners of property foreclosed upon on or before May 24, 2021 are not eligible to submit claims for return of excess equity. At this time, it is not clear whether such owners may be able to make constitutional claims for return of excess equity outside of the statutory scheme concerning property foreclosed upon before May 24, 2021.

Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of tax and charging surplus.

The table below sets forth the amount of tax titles and possessions and deferred taxes outstanding at the end of the following fiscal years.

Fiscal Year	Total Tax Titles and Possessions	Deferred Taxes
2025	\$ 673,845	\$ 688,846
2024	673,844	813,849
2023	813,926	736,809
2022	1,316,015	609,587
2021	1,447,559	575,068

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk. The Town does not expect to utilize this option at the present time.

Taxation to Meet Deficits

As noted elsewhere (see "Abatements and Overlay" above) overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g., civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as “Proposition 2½”, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town’s apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality’s sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year’s assessments and (b) “any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option”. Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district’s governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

The Town has been in full compliance with Proposition 2½ since its inception. The Town has voted to override Proposition 2½ for operating purposes and to exclude debt service on several occasions for capital projects. Most recently, the Town approved general overrides in 2003 (\$2,459,318), 2006 (\$597,370), 2007 (\$1,128,670) and 2009 (\$1,887,929). In addition, the Town voted to exclude \$15,700,000 principal and the interest thereon for library renovation and expansion, \$62,000,000 principal and the interest thereon for high school renovation and expansion, \$21,000,000 principal and the interest thereon for the High Rock and Pollard School projects, \$27,412,128 principal and the interest thereon for the Newman School renovation project, \$762,500, \$7,000,000 and \$57,542,500 principal and the interest thereon for site acquisition and construction of the Sunita L. Williams School, and \$69,995,000 for the design, construction of a new Police/Fire complex and Fire Station #2 (less any applicable grants from the Massachusetts School Building Authority).

Unused Levy Capacity (1)

	Fiscal Year				
	2025	2024	2023	2022	2021
Primary Levy Limit (2)	\$ 402,663,891	\$ 328,644,954	\$ 306,196,708	\$ 282,791,974	\$ 276,143,262
Prior Fiscal Year Levy Limit	176,147,802	166,984,404	159,034,818	150,539,475	142,426,994
2.5% Levy Growth	4,403,695	4,174,610	3,975,993	3,763,487	3,560,675
New Growth (3)	5,854,748	4,988,788	3,968,707	4,731,856	4,551,806
Amended New Growth	-	-	4,886	-	-
Overrides	-	-	-	-	-
Growth Levy Limit	186,406,245	176,147,802	166,984,404	159,034,818	150,539,475
Debt Exclusions	9,723,195	10,584,979	13,084,416	12,402,899	13,657,093
Capital Expenditure Exclusions	-	-	-	-	-
Other Adjustments	-	-	-	-	-
Tax Levy Limit	196,129,440	186,732,781	180,068,820	171,437,717	164,196,568
Tax Levy	192,425,222	184,565,923	178,892,914	170,833,899	162,438,801
Unused Levy Capacity (4)	3,704,218	2,166,858	1,175,906	603,818	1,757,767
Unused Primary Levy Capacity (5)	\$ 216,257,646	\$ 152,497,152	\$ 139,212,304	\$ 123,757,156	\$ 125,603,787

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations (or required reduction) - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and community housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy and any other revenue dedicated pursuant to the CPA. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes, the amounts of other dedicated revenues and the amounts received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for community housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and other dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town has accepted the Act and set the surcharge rate at 2%. The Town implemented the program in fiscal year 2006 and is utilizing revenues to pay for a variety of municipal projects.

Community Preservation Fund Revenues

<u>Fiscal Year</u>	<u>Property Tax (1)</u>	<u>State Contribution</u>	<u>Total</u>
2025	\$ 3,445,700	\$ 585,212	\$ 4,030,912
2024	3,223,294	656,397	3,879,691
2023	3,107,298	1,131,787	4,239,085
2022	2,920,964	1,238,965	4,159,929
2021	2,827,425	754,080	3,581,505

(1) Reflects actual collections.

The balance available for projects in the CPA Fund as of June 30, 2024 was \$14,359,099 and the balance available for projects in the CPA Fund as of June 30, 2025 was \$4,236,670. The decline in fund balance from prior years was a result of several higher dollar appropriations, including more than \$6 million for housing projects.

Pledged Taxes

Taxes on the increased value certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See “Tax Increment Financing for Development Districts” under “TOWN FINANCES” below).

TOWN FINANCES

Budget and Appropriation Process

Town Meeting: The annual appropriations of the Town are ordinarily made at the annual meeting, which takes place in May. Appropriations may also be voted at special meetings. The Town has a finance committee, which submits reports and recommendations on proposed expenditures at town meetings.

The school budget is limited to the total amount appropriated by the city council or town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. In each fiscal year, the Town has appropriated at least the minimum expenditure requirement imposed by the Act.

The Town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

Enterprises: Beginning with the fiscal 1996 budget, water and sewer operations are accounted for in separate enterprise accounts. Beginning with the fiscal 1999 budget solid waste operations are accounted for in a separate enterprise account. Effective for FY2020, the Solid Waste Disposal and Recycling Operations changed from an Enterprise Fund to General Fund appropriation.

Mandatory Items: Mandatory items, such as state and county assessments, the overlay for abatements, abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget.

Revenues: Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION--Tax Levy Computation".)

Budget Trends

The following table sets forth the trend in operating budgets for fiscal years 2022 through 2026, as voted at the town meeting. As such, said budgets reflect neither revenues nor certain mandatory items.

BUDGET COMPARISON (1)

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
General Government	\$5,590,044	\$5,918,317	\$6,228,432	\$4,927,678	\$5,148,022
Land Use and Development	525,642	552,799	613,707	627,296	679,009
Public Safety	17,704,018	18,634,363	20,339,032	22,474,352	23,090,970
Education(2)	84,833,684	88,645,537	93,796,434	101,245,986	106,821,104
Public Works & Facilities	21,994,439	23,617,662	26,506,526	28,134,773	28,977,758
Health & Human Services	2,355,437	2,422,342	2,550,302	2,772,979	3,075,387
Culture & Recreation	3,204,954	3,421,863	3,720,287	3,843,647	4,066,047
Employee Benefits(3)	35,134,466	38,390,141	39,056,637	40,768,065	43,984,540
Other Operating Expenses	1,616,900	2,166,728	1,920,490	1,853,560	1,461,826
Debt Service(4)	20,764,142	20,198,294	17,543,250	17,503,332	16,836,849
Reserve Fund	2,077,091	2,052,091	2,000,000	2,000,000	1,784,395
Total Expenditures	<u>\$195,800,817</u>	<u>\$206,020,137</u>	<u>\$214,275,097</u>	<u>\$226,151,668</u>	<u>\$235,925,907</u>

(1) Budgets reflect only the amount appropriated by Town Meeting and thus do not include county and state assessments and overlay reserve.

(2) Includes regional vocational school assessment.

(3) Includes pension and OPEB funding.

(4) Includes debt excluded from Proposition 2½ as well as estimated debt service on authorized and unissued debt.

Revenues

Property Taxes: Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION-- Tax Limitations" above. The table below sets forth the amount of property tax revenue for the following fiscal years:

<u>Fiscal Year</u>	<u>Property Taxes</u>
2025	\$ 191,762,052
2024	181,679,426
2023	177,689,636
2022	170,002,186
2021	161,136,736

State Aid: The Town's state aid entitlement is based upon a number of different formulas, and while such formulas might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid but actual payments may vary from the estimate. The table below sets forth the amount of state aid revenue for the following fiscal years:

<u>Fiscal Year</u>	<u>State Aid</u>
2025	\$16,182,504
2024	15,529,405
2023	15,339,195
2022	13,811,712
2021	13,599,910

Motor Vehicle Excise: An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles. The state annually estimates state aid but actual payments may vary from the estimate. The table below sets forth the amount of motor vehicle excise revenue for the following fiscal years:

<u>Fiscal Year</u>	<u>Motor Vehicle Excise</u>
2025	\$ 8,103,827
2024	7,316,406
2023	6,779,778
2022	5,837,070
2021	5,129,306

Water and Sewer Rates and Services: The Town's Public Works Department provides water and sewer services, accounted for as enterprise funds, to all commercial, industrial and residential users within the Town and charges them on the basis of metered consumption. Water and sewer rates are set by the Select Board. The Town has an ascending block rate schedule ranging from \$3.47 to \$5.73 per 100 cubic feet for water and from \$11.13 to \$14.45 per 100 cubic feet for sewer. Water irrigation rates range from \$5.89 to \$9.38 per 100 cubic feet for water. The rates were effective July 1, 2025.

In fiscal year 2023, water and sewer revenues totaled \$16,956,798 which included \$782,928 in general fund receipts, and expenditures totaled \$15,422,867 including debt service, retirement costs and overhead.

In fiscal year 2024, water and sewer revenues totaled \$14,684,061 which included \$810,358 in general fund receipts, and expenditures totaled \$18,782,514 including debt service, retirement costs and overhead.

In fiscal year 2025, water and sewer revenues totaled \$19,342,844 which included \$849,751 in general fund receipts, and expenditures totaled \$16,706,237 including debt service, retirement costs and overhead.

Local Options Meals Tax: On November 2, 2009, the Town adopted the local meals excise tax to be effective January 1, 2010. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The table below sets forth the amount of local option meals tax revenue for the following fiscal years:

<u>Fiscal Year</u>	<u>Local Option Meals Tax</u>
2025	\$ 646,012
2024	638,249
2023	599,284
2022	501,340
2021	329,495

As a result the reduction in economic activity associated with the COVID-19 pandemic, the revenues from this source declined in fiscal year 2021.

Room Occupancy Tax: Under this tax, local governments may tax the provision of hotel, motel lodging house rooms and bed and breakfast rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. The table below sets forth the amount of room occupancy tax revenue for the following fiscal years:

<u>Fiscal Year</u>	<u>Room Occupancy Tax</u>
2025	\$ 1,815,356
2024	1,580,395
2023	1,368,285
2022	914,419
2021	313,986

As a result, the reduction in economic activity associated with the COVID-19 pandemic, the revenues from this source declined in fiscal year 2021.

Interest and Dividends: The table below sets forth the amount of interest and dividends revenue for the following fiscal years:

<u>Fiscal Year</u>	<u>Interest & Dividends</u>
2025	\$ 2,919,568
2024	3,014,707
2023	1,520,839
2022	194,651
2021	228,969

State Distributions

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, legislation was enacted placing limits on the growth of state tax revenues. In essence, the growth in state tax revenue is limited to the average rate of growth in wages and salaries in the Commonwealth over the previous three calendar years. The effect of this legislation could be to restrict the amount of state tax revenue available to provide state financial assistance to the Commonwealth's cities, towns and regional school districts.

State School Building Assistance Program

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

The range of reimbursement rates for new project grant applications submitted to the Authority is between 31% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, §55. That statute permits investments of available revenue funds and bond and note proceeds in 1) term deposits and certificates of deposits of banks and trust companies with a maturity date from date of purchase of up to three years; 2) obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year; 3) repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities; 4) participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or; 5) shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the MMDT's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

MMDT funds, unless otherwise provided by the donor, may be invested in accordance with §54 of Chapter 44, which permits a broader range of investments than §55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by §54 and §55 do not apply to city and town retirement systems.

A breakdown of the Town's investments may be obtained from the Town Treasurer.

Annual Audits

The Town's financial statements have been audited annually, most recently by CBIZ CPAs P.C. of Boston, Massachusetts. Copies of audit reports are available at the office of the Town Accountant of the Town.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years ended June 30, 2024, June 30, 2023 and June 30, 2022 and the Statement of Revenues, Expenditures and Changes in Fund Balance for the fiscal years ended June 30, 2024 through June 30, 2020. All said financial statements have been extracted from the Town's audited financial statements.

Estimated Fiscal 2025 Year End Results

The Town anticipates similar results to the prior year, and does not anticipate a general fund, sewer or water enterprise fund deficit.

TOWN OF NEEDHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024 (1)

	General Fund	Community Preservation Fund	Town Federal Grants Fund	Emery Grover Building Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 69,372,135	\$ 2,401,267	\$ 4,846,760	\$ -	\$ 25,110,283	\$101,730,445
Investments	11,495,388	11,957,833	-	-	3,290,098	26,743,319
Receivables:						
Property taxes	4,421,531	80,044	-	-	-	4,501,575
Excise	734,690	-	-	-	-	734,690
Departmental	1,364,915	-	-	-	686,208	2,051,123
Intergovernmental	-	-	36,216	-	402,630	438,846
Other	383,484	-	-	-	-	383,484
Due from other funds	912,457	-	-	-	-	912,457
TOTAL ASSETS	\$ 88,684,600	\$ 14,439,144	\$ 4,882,976	\$ -	\$ 29,489,219	\$137,495,939
LIABILITIES						
Warrants and accounts payable	\$ 2,576,902	\$ -	\$ 39,202	\$ 113,316	\$ 1,898,096	\$ 4,627,516
Unearned revenue	-	-	3,687,055	-	1,832,244	5,519,299
Accrued liabilities	5,652,170	-	9,160	2,096,166	2,154,063	9,911,559
Notes payable	-	-	-	4,517,350	2,015,000	6,532,350
Refunds payable	83,334	-	-	-	-	83,334
Due to other funds	-	-	-	912,457	-	912,457
Other liabilities	994,775	-	-	-	94,455	1,089,230
TOTAL LIABILITIES	9,307,181	-	3,735,417	7,639,289	7,993,858	28,675,745
Deferred Inflows of Resources						
Unavailable revenue	6,912,195	80,044	36,216	-	1,087,042	8,115,497
Taxes paid in advance	87,497	-	-	-	-	87,497
TOTAL DEFERRED INFLOWS OF RESOURCES	6,999,692	80,044	36,216	-	1,087,042	8,202,994
Fund Balances:						
Nonspendable	-	-	-	-	262,277	262,277
Restricted	505,815	14,359,100	1,156,388	-	12,709,799	28,731,102
Committed	27,654,247	-	-	-	12,014,838	39,669,085
Assigned	10,445,461	-	-	-	-	10,445,461
Unassigned	33,772,204	-	(45,045)	(7,639,289)	(4,578,595)	21,509,275
TOTAL FUND BALANCES	72,377,727	14,359,100	1,111,343	(7,639,289)	20,408,319	100,617,200
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 88,684,600	\$ 14,439,144	\$ 4,882,976	\$ -	\$ 29,489,219	\$137,495,939

(1) Extracted from the Town's audited financial statements.

**TOWN OF NEEDHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023 (1)**

	General Fund	Community Preservation Fund	Town]Federal Grants Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 60,141,601	\$ 3,847,853	\$ 3,143,158	\$ 27,978,524	\$ 95,111,136
Investments	11,619,850	8,087,620	-	3,211,479	22,918,949
Receivables:					
Property taxes	3,693,372	42,210	-	-	3,735,582
Excise	924,652	-	-	-	924,652
Departmental	1,419,548	-	-	594,212	2,013,760
Intergovernmental	-	-	83,581	138,742	222,323
Other	179,285	-	-	-	179,285
TOTAL ASSETS	\$ 77,978,308	\$ 11,977,683	\$ 3,226,739	\$ 31,922,957	\$ 125,105,687
LIABILITIES					
Warrants and accounts payable	\$ 1,681,933	\$ -	\$ 33,954	\$ 2,535,550	\$ 4,251,437
Unearned revenue	-	-	2,179,721	1,778,239	3,957,960
Accrued liabilities	4,961,968	322	10,855	29,462	5,002,607
Notes payable	-	-	-	420,000	420,000
Refunds payable	77,916	-	-	-	77,916
Other liabilities	1,218,675	-	-	132,975	1,351,650
TOTAL LIABILITIES	7,940,492	322	2,224,530	4,896,226	15,061,570
Deferred Inflows of Resources					
Unavailable revenue	5,354,141	42,210	83,581	731,158	6,211,090
Taxes paid in advance	79,326	-	-	-	79,326
TOTAL DEFERRED INFLOWS OF RESOURCES	5,433,467	42,210	83,581	731,158	6,290,416
Fund Balances:					
Nonspendable	-	-	-	204,780	204,780
Restricted	565,811	11,935,151	1,011,043	11,942,620	25,454,625
Committed	20,984,813	-	-	15,826,630	36,811,443
Assigned	7,326,169	-	-	-	7,326,169
Unassigned	35,727,556	-	(92,415)	(1,678,457)	33,956,684
TOTAL FUND BALANCES	64,604,349	11,935,151	918,628	26,295,573	103,753,701
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 77,978,308	\$ 11,977,683	\$ 3,226,739	\$ 31,922,957	\$ 125,105,687

(1) Extracted from the Town's audited financial statements.

**TOWN OF NEEDHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022 (1)**

	General Fund	Community Preservation Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 53,173,820	\$ 2,435,413	\$ 27,464,136	\$ 83,073,369
Investments	12,359,560	8,180,898	3,125,707	23,666,165
Receivables:				
Property taxes	4,669,916	30,150	-	4,700,066
Excise	901,181	-	-	901,181
Departmental	1,412,396	-	333,851	1,746,247
Intergovernmental	695,148	-	574,157	1,269,305
Other	202,543	-	-	202,543
TOTAL ASSETS	\$ 73,414,564	\$ 10,646,461	\$ 31,497,851	\$ 115,558,876
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Warrants and accounts payable	\$ 2,408,220	\$ 56,642	\$ 1,104,960	\$ 3,569,822
Unearned revenue	-	-	2,609,048	2,609,048
Accrued liabilities	5,328,081	667	113,398	5,442,146
Refunds payable	683,964	-	-	683,964
Other liabilities	1,354,199	-	126,454	1,480,653
TOTAL LIABILITIES	9,774,464	57,309	3,953,860	13,785,633
Deferred Inflows of Resources				
Unavailable revenue	7,037,464	30,150	905,972	7,973,586
Taxes paid in advance	254,277	-	-	254,277
TOTAL DEFERRED INFLOWS OF RESOURCES	7,291,741	30,150	905,972	8,227,863
Fund Balances:				
Nonspendable	-	-	113,326	113,326
Restricted	733,044	10,559,002	30,580,019	41,872,065
Committed	9,881,008	-	-	9,881,008
Assigned	16,350,767	-	-	16,350,767
Unassigned	29,383,540	-	(4,055,326)	25,328,214
TOTAL FUND BALANCES	56,348,359	10,559,002	26,638,019	93,545,380
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 73,414,564	\$ 10,646,461	\$ 31,497,851	\$ 115,558,876

(1) Extracted from the Town's audited financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024 (1)

	General Fund	Community Preservation	Town Federal Grants Fund	Emery Grover Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Property taxes	\$ 182,678,092	\$ 3,223,294	\$ -	\$ -	\$ -	\$ 185,901,386
Excises	7,316,406	-	-	-	-	7,316,406
Penalties, interest, and other taxes	2,799,072	5,693	-	-	-	2,804,765
Charges for services	5,126,648	-	-	-	8,147,406	13,274,054
Departmental	949,520	-	-	-	-	949,520
Licenses and permits	2,737,881	-	-	-	-	2,737,881
Intergovernmental	30,805,749	656,397	1,899,871	-	12,225,057	45,587,074
Investment income	3,639,716	225,041	-	-	418,529	4,283,286
Fines and forfeitures	83,831	-	-	-	-	83,831
Contributions	-	-	-	-	365,936	365,936
Other	551,288	-	-	-	226,398	777,686
Total Revenues	<u>\$ 236,688,203</u>	<u>\$ 4,110,425</u>	<u>\$ 1,899,871</u>	<u>\$ -</u>	<u>\$ 21,383,326</u>	<u>\$ 264,081,825</u>
Expenditures:						
Current:						
General government	9,381,377	607,845	778,277	-	238,528	11,006,027
Public safety	25,822,171	-	4,028	-	1,738,736	27,564,935
Education	131,490,229	-	-	-	15,578,927	147,069,156
Public works	27,098,269	-	256,760	-	89,096	27,444,125
Building design and construction	243,772	-	-	-	-	243,772
Health and human services	3,309,801	-	351,217	-	1,212,140	4,873,158
Culture and recreation	4,123,838	-	-	-	866,677	4,990,515
Employee benefits	1,076,077	-	-	-	-	1,076,077
Other	870,055	-	-	-	-	870,055
Capital outlay	-	-	-	11,967,429	14,446,976	26,414,405
Debt Service						
Principal	10,685,000	-	-	-	-	10,685,000
Interest	4,035,124	-	-	-	-	4,035,124
Intergovernmental	1,642,017	-	-	-	-	1,642,017
Total Expenditures	<u>219,777,730</u>	<u>607,845</u>	<u>1,390,282</u>	<u>11,967,429</u>	<u>34,171,080</u>	<u>267,914,366</u>
Excess (deficiency) of Revenues Over Under) Expenditures	\$ 16,910,473	\$ 3,502,580	\$ 509,589	\$ (11,967,429)	\$ (12,787,754)	\$ (3,832,541)
Other Financing Sources (Uses):						
Transfers in	3,373,578	-	-	2,682,650	9,399,865	15,456,093
Transfers out	(12,510,673)	(1,078,631)	(316,874)	-	(853,875)	(14,760,053)
Total other financing sources and (uses)	<u>(9,137,095)</u>	<u>(1,078,631)</u>	<u>(316,874)</u>	<u>2,682,650</u>	<u>8,545,990</u>	<u>696,040</u>
Change in Fund Balances	7,773,378	2,423,949	192,715	(9,284,779)	(4,241,764)	(3,136,501)
Fund Balances at Beginning of Year as previously reported	64,604,349	11,935,151	918,628	-	26,295,573	103,753,701
Adjustment - change from nonmajor to major fund	-	-	-	1,645,490	(1,645,490)	-
Fund Balances at End of Year	<u>\$ 72,377,727</u>	<u>\$ 14,359,100</u>	<u>\$ 1,111,343</u>	<u>\$ (7,639,289)</u>	<u>\$ 20,408,319</u>	<u>\$ 100,617,200</u>

(1) Extracted from the Town's audited financial statements.

**TOWN OF NEEDHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023 (1)**

	General Fund	Community Preservation	Town Federal Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 179,124,962	\$ 3,107,298	\$ -	\$ -	\$ 182,232,260
Excises	6,779,778	-	-	-	6,779,778
Penalties, interest, and other taxes	2,948,504	6,187	-	-	2,954,691
Charges for services	4,742,161	-	-	6,454,263	11,196,424
Departmental	932,565	-	-	-	932,565
Licenses and permits	5,099,563	-	-	-	5,099,563
Intergovernmental	30,683,167	1,131,787	1,344,840	11,391,389	44,551,183
Investment income	1,886,145	305,643	-	402,011	2,593,799
Fines and forfeitures	101,457	-	-	-	101,457
Contributions	-	-	-	429,790	429,790
Other	822,164	-	-	32,144	854,308
Total Revenues	<u>\$ 233,120,466</u>	<u>\$ 4,550,915</u>	<u>\$ 1,344,840</u>	<u>\$ 18,709,597</u>	<u>\$ 257,725,818</u>
Expenditures:					
Current:					
General government	8,610,711	2,205,134	588,616	279,427	11,683,888
Public safety	24,765,986	-	7,536	1,468,121	26,241,643
Education	122,778,849	-	-	13,836,069	136,614,918
Public works	27,757,727	-	30,176	161,737	27,949,640
Building design and construction	223,038	-	-	-	223,038
Health and human services	3,319,995	-	465,534	746,137	4,531,666
Culture and recreation	3,983,868	-	-	584,373	4,568,241
Employee benefits	823,474	-	-	-	823,474
Other	802,155	-	-	-	802,155
Capital outlay	-	-	-	14,197,463	14,197,463
Debt Service					
Principal	13,500,000	-	-	-	13,500,000
Interest	4,491,943	-	-	-	4,491,943
Intergovernmental	1,555,971	-	-	-	1,555,971
Total Expenditures	<u>212,613,717</u>	<u>2,205,134</u>	<u>1,091,862</u>	<u>31,273,327</u>	<u>247,184,040</u>
Excess (deficiency) of Revenues Over Under) Expenditures	\$ 20,506,749	\$ 2,345,781	\$ 252,978	\$ (12,563,730)	\$ 10,541,778
Other Financing Sources (Uses):					
Transfers in	2,719,542	-	-	14,089,991	16,809,533
Transfers out	(14,970,301)	(969,632)	(277,260)	(925,797)	(17,142,990)
Total other financing sources and (uses)	<u>(12,250,759)</u>	<u>(969,632)</u>	<u>(277,260)</u>	<u>13,164,194</u>	<u>(333,457)</u>
Change in Fund Balances	8,255,990	1,376,149	(24,282)	600,464	10,208,321
Fund Balances at Beginning of Year	<u>56,348,359</u>	<u>10,559,002</u>	<u>942,910</u>	<u>25,695,109</u>	<u>93,545,380</u>
Fund Balances at End of Year	<u>\$ 64,604,349</u>	<u>\$ 11,935,151</u>	<u>\$ 918,628</u>	<u>\$ 26,295,573</u>	<u>\$ 103,753,701</u>

(1) Extracted from the Town's audited financials.

**TOWN OF NEEDHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022 (1)**

	General Fund	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 170,417,731	\$ 2,920,964	\$ -	\$ 173,338,695
Excises	5,837,070	-	-	5,837,070
Penalties, interest, and other taxes	2,079,140	5,390	-	2,084,530
Charges for services	3,671,477	-	6,199,280	9,870,757
Departmental	1,236,064	-	-	1,236,064
Licenses and permits	2,771,497	-	-	2,771,497
Intergovernmental	26,804,304	1,238,965	14,068,346	42,111,615
Investment income (loss)	271,659	129,647	(295,066)	106,240
Fines and forfeitures	102,347	-	-	102,347
Contributions	-	-	348,106	348,106
Other	312,446	-	51,467	363,913
Total Revenues	<u>\$ 213,503,735</u>	<u>\$ 4,294,966</u>	<u>\$ 20,372,133</u>	<u>\$ 238,170,834</u>
Expenditures:				
Current:				
General government	7,365,968	453,571	1,011,998	8,831,537
Public safety	23,030,382	-	1,957,681	24,988,063
Education	115,733,212	-	13,246,169	128,979,381
Public works	25,986,861	-	272,425	26,259,286
Building design and construction	336,197	-	-	336,197
Health and human services	3,028,634	-	294,018	3,322,652
Culture and recreation	3,568,710	-	717,397	4,286,107
Employee benefits	897,640	-	-	897,640
Other	715,777	-	-	715,777
Capital outlay	-	1,497	19,826,172	19,827,669
Debt Service				
Principal	13,654,000	-	-	13,654,000
Interest and fiscal charges	4,498,497	-	-	4,498,497
Intergovernmental	1,572,207	-	-	1,572,207
Total Expenditures	<u>200,388,085</u>	<u>455,068</u>	<u>37,325,860</u>	<u>238,169,013</u>
Excess (deficiency) of Revenues Over Under) Expenditures	\$ 13,115,650	\$ 3,839,898	\$ (16,953,727)	\$ 1,821
Other Financing Sources (Uses):				
Issuance of bonds	-	-	9,970,000	9,970,000
Premium on bonds	-	-	734,564	734,564
Transfers in	5,484,304	548,878	14,403,489	20,436,671
Transfers out	(14,628,400)	(3,021,397)	(2,242,827)	(19,892,624)
Total other financing sources and (uses)	<u>(9,144,096)</u>	<u>(2,472,519)</u>	<u>22,865,226</u>	<u>11,248,611</u>
Net Change in Fund Balances	3,971,554	1,367,379	5,911,499	11,250,432
Fund Balances at Beginning of Year	<u>52,376,805</u>	<u>9,191,623</u>	<u>20,726,520</u>	<u>82,294,948</u>
Fund Balances at End of Year	<u>\$ 56,348,359</u>	<u>\$ 10,559,002</u>	<u>\$ 26,638,019</u>	<u>\$ 93,545,380</u>

(1) Extracted from the Town's audited financials.

TOWN OF NEEDHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021 (1)

	General Fund	Community Preservation	Public Safety Building	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 161,661,687	\$ 2,827,425	\$ -	\$ -	\$ 164,489,112
Excises	5,129,306	-	-	-	5,129,306
Penalties, interest, and other taxes	1,282,028	6,203	-	-	1,288,231
Charges for services	4,080,388	-	-	4,227,594	8,307,982
Departmental	1,141,220	-	-	-	1,141,220
Licenses and permits	2,068,299	-	-	-	2,068,299
Intergovernmental	24,623,021	754,080	-	11,461,566	36,838,667
Investment income	366,542	111,711	-	682,449	1,160,702
Fines and forfeitures	60,974	-	-	-	60,974
Contributions	-	-	-	794,229	794,229
Other	596,281	-	-	44,321	640,602
Total Revenues	<u>\$ 201,009,746</u>	<u>\$ 3,699,419</u>	<u>\$ -</u>	<u>\$ 17,210,159</u>	<u>\$ 221,919,324</u>
Expenditures:					
Current:					
General government	7,716,310	395,952	-	1,615,881	9,728,143
Public safety	21,652,212	-	-	2,447,010	24,099,222
Education	110,087,932	-	-	10,196,625	120,284,557
Public works	25,345,822	-	-	62,409	25,408,231
Building design and construction	576,958	-	-	-	576,958
Health and human services	2,919,012	-	-	291,031	3,210,043
Culture and recreation	3,198,287	3,000	-	470,730	3,672,017
Employee benefits	1,062,733	-	-	-	1,062,733
Other	667,584	-	-	-	667,584
Capital outlay	-	-	20,577,691	5,117,998	25,695,689
Debt Service:					
Principal	13,374,000	-	-	-	13,374,000
Interest and fiscal charges	4,625,560	-	-	-	4,625,560
Intergovernmental	1,521,825	-	-	-	1,521,825
Total Expenditures	<u>192,748,235</u>	<u>398,952</u>	<u>20,577,691</u>	<u>20,201,684</u>	<u>233,926,562</u>
Excess (deficiency) of Revenues Over Under) Expenditures	\$ 8,261,511	\$ 3,300,467	\$ (20,577,691)	\$ (2,991,525)	\$ (12,007,238)
Other Financing Sources (Uses):					
Issuance of bonds	-	-	19,160,000	247,000	19,407,000
Issuance of refunding bonds	-	-	-	4,668,000	4,668,000
Premium on bonds	-	-	1,583,000	10,000	1,593,000
Premium on refunding bonds	-	-	-	687,000	687,000
Deposit to refunding escrow	-	-	-	(5,355,000)	(5,355,000)
Transfers in	3,074,432	-	1,600,000	5,464,633	10,139,065
Transfers out	(7,609,338)	(1,518,734)	-	(27,411)	(9,155,483)
Total other financing sources and (uses)	<u>(4,534,906)</u>	<u>(1,518,734)</u>	<u>22,343,000</u>	<u>5,694,222</u>	<u>21,983,582</u>
Net change in fund balances	3,726,605	1,781,733	1,765,309	2,702,697	9,976,344
Fund Balances at Beginning of Year	<u>48,650,200</u>	<u>7,409,890</u>	<u>1,729,430</u>	<u>14,529,084</u>	<u>72,318,604</u>
Fund Balances at End of Year	<u>\$ 52,376,805</u>	<u>\$ 9,191,623</u>	<u>\$ 3,494,739</u>	<u>\$ 17,231,781</u>	<u>\$ 82,294,948</u>

(1) Extracted from the Town's audited financials.

TOWN OF NEEDHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020 (1)

	General Fund	Community Preservation	Public Safety Building	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 150,349,498	\$ 2,609,353	\$ -	\$ -	\$ 152,958,851
Excises taxes	5,679,213	-	-	-	5,679,213
Penalties, interest, and other taxes	2,050,592	3,019	-	-	2,053,611
Charges for services	2,812,847	-	-	5,630,247	8,443,094
Departmental	1,585,175	-	-	-	1,585,175
Licenses and permits	2,376,998	-	-	-	2,376,998
Intergovernmental	23,176,245	592,379	-	9,101,388	32,870,012
Investment income (loss)	1,105,210	110,497	-	113,745	1,329,452
Fines and forfeitures	239,211	-	-	-	239,211
Contributions	-	-	-	435,663	435,663
Other	410,840	-	-	64,793	475,633
Total Revenues	<u>\$ 189,785,829</u>	<u>\$ 3,315,248</u>	<u>\$ -</u>	<u>\$ 15,345,836</u>	<u>\$ 208,446,913</u>
Expenditures:					
Current:					
General government	6,666,599	1,975,790	-	149,746	8,792,135
Public safety	21,078,179	-	-	466,217	21,544,396
Education	103,940,650	-	-	9,522,074	113,462,724
Public works	21,428,807	-	-	38,624	21,467,431
Building design and construction	800,273	-	-	-	800,273
Health and human services	2,590,784	-	-	835,965	3,426,749
Culture and recreation	3,237,918	-	-	538,078	3,775,996
Employee benefits	790,253	-	-	-	790,253
Other	608,251	-	-	-	608,251
Capital outlay	-	372,853	24,390,818	18,246,084	43,009,755
Debt Service					-
Principal	9,542,526	-	-	-	9,542,526
Interest and fiscal charges	3,896,575	-	-	-	3,896,575
Intergovernmental	1,445,490	-	-	-	1,445,490
Total Expenditures	<u>176,026,305</u>	<u>2,348,643</u>	<u>24,390,818</u>	<u>29,796,788</u>	<u>232,562,554</u>
Excess (deficiency) of Revenues Over Under) Expenditures	\$ 13,759,524	\$ 966,605	\$ (24,390,818)	\$ (14,450,952)	\$ (24,115,641)
Other Financing Sources (Uses):					
Issuance of bonds	-	-	30,105,000	17,508,000	47,613,000
Issuance of refunding bonds	4,990,000	-	-	-	4,990,000
Premium on bonds	-	-	1,895,000	2,907,408	4,802,408
Premium on refunding bonds	874,887	-	-	-	874,887
Deposit to refunding escrow	(5,908,925)	-	-	-	(5,908,925)
Transfers in	3,010,210	50,000	-	15,728,195	18,788,405
Transfers out	(15,771,425)	(1,185,317)	-	(1,320,336)	(18,277,078)
Total other financing sources and (uses)	<u>(12,805,253)</u>	<u>(1,135,317)</u>	<u>32,000,000</u>	<u>34,823,267</u>	<u>52,882,697</u>
Net change in fund balances	954,271	(168,712)	7,609,182	20,372,315	28,767,056
Fund Balances at Beginning of Year	<u>47,715,208</u>	<u>7,578,602</u>	<u>(5,879,752)</u>	<u>(5,357,791)</u>	<u>44,056,267</u>
Fund Balances at End of Year	<u>\$ 48,669,479</u>	<u>\$ 7,409,890</u>	<u>\$ 1,729,430</u>	<u>\$ 15,014,524</u>	<u>\$ 72,823,323</u>

(1) Extracted from the Town's audited financials.

Free Cash and Unassigned General Fund Balances

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue (or, in the Town's case, Unreserved Fund Balance) less uncollected and overdue property taxes from prior years.

The following table sets forth the trend in free cash as certified by the Bureau of Accounts as well as the Unassigned General Fund balance.

Fiscal Year	Free Cash (July 1)	Unassigned General Fund Balance (1)
2024	\$21,756,922	\$33,772,204
2023	23,816,038	35,727,556
2022	17,356,938	29,383,540
2021	16,952,126	28,063,054
2020	16,665,406	28,831,766

(1) Source: Audited financial statements.

Stabilization Fund

The Town maintains a stabilization fund, which is accounted for in the Trust Funds. Funded by an appropriation, the Stabilization Fund plus interest income may be appropriated at an annual or special town meeting for any purpose. The following table sets forth the trend in Stabilization Fund balance.

Fiscal Year	Stabilization Fund Balance (June 30)
2025	\$4,933,738
2024	4,791,661
2023	4,665,099
2022	4,550,110
2021	4,492,394

Capital Equipment Fund

The Town continues to provide additional funding to its capital equipment fund, which helps ensure the replacement of capital equipment. The following table sets forth the trend in Capital Equipment Fund balance.

Fiscal Year	Capital Equipment Fund Balance (June 30)
2025	\$1,744,248
2024	1,662,108
2023	1,145,249
2022	1,110,590
2021	1,097,070

Capital Facility Fund

The Capital Facilities Fund exists primarily to fund building improvements. The following table sets forth the trend in Capital Facility Fund balance at June 30.

<u>Fiscal Year</u>	<u>Capital Facility Fund Balance</u>
2025	\$ 2,225,523
2024	2,120,561
2023	2,006,242
2022	1,927,853
2021	1,921,686

Athletic Facility Fund

In fiscal year 2013, the Town created a stabilization fund to cover the costs of the eventual replacement of the Town's artificial turf fields. The following table sets forth the trend in Athletic Facility Fund balance at June 30.

<u>Fiscal Year</u>	<u>Athletic Facility Fund Balance</u>
2025	\$ 229,041
2024	1,202,392
2023	1,103,910
2022	978,607
2021	270,204

Debt Service Stabilization Fund

In fiscal year 2016, the Town created a stabilization fund the purpose of which is to allow the Town by appropriation to reserve funds to pay the debt service for engineering and design, renovation, reconstruction or construction of Town facilities. The following table sets forth the trend in Debt Service Stabilization Fund balance at June 30.

<u>Fiscal Year</u>	<u>Debt Service Stabilization Fund Balance</u>
2025	\$ 2,494,460
2024	2,376,992
2023	2,248,681
2022	2,160,996
2021	2,154,083

Opioid Stabilization Fund

In May 2023, the Town created the Opioid Settlement Stabilization Fund to reserve monies that are received as a result of the legal settlements with opioid distributors, manufacturers, and pharmacies. The use of the funds must conform with the terms of the settlement agreements and require Town Meeting appropriations for the specific purposes. The following table sets forth the trend in Opioid Stabilization Fund balance at June 30.

<u>Fiscal Year</u>	<u>Opioid Stabilization Fund Balance</u>
2025	\$ 266,347
2024	332,015

Stormwater Stabilization Fund

In May 2023, the Town created the Stormwater Stabilization Fund as a repository for funds raised to address the capital costs associated with compliance with the National Pollutant Discharge Elimination System (NPDES) program. The Board established a fee schedule that applies to parcels that have impervious coverage, including residential, commercial, non-for-profit, and tax-exempt properties. The receipts collected are deposited directly into the Stormwater Stabilization Fund to be appropriated for NPDES compliance only. The following table sets forth the trend in Stormwater Stabilization Fund balance at June 30.

<u>Fiscal Year</u>	<u>Stormwater Stabilization Fund Balance</u>
2025	\$ 778,439
2024	72,582

Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town’s development program for the district. This includes pledging such “tax increments” for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½, (see “Tax Limitations” under “PROPERTY TAXATION” above.) The Town has not established any such district.

INDEBTEDNESS

Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two-thirds of all the members of the city council (subject to the mayor's veto where the mayor has a veto power) or a two-thirds vote of the town meeting. Provision is made in some cities and towns for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council, the selectmen or either the prudential committee or the commissioners of a district if there is no prudential committee. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the selectmen.

Debt Limits

General Debt Limit. The general debt limit of the Town consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit if such debt is authorized by a two-thirds vote of the city or town and such debt is payable within the periods so specified in Mass. Gen. Laws. c. 44, §8. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, certain sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing, bonds for water, housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems. Revenue bonds are not subject to these debt limits. The General Debt Limit applies at the time the debt is authorized. The special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

Types Of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the end of the fiscal year in which any of the bonds or notes being refunded thereby is payable, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as “qualified bonds” with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements for any purpose for which the city or town may incur debt that may be payable over a term of five years or longer. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Clean Water or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns which are members of the New England Power Pool may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the Department of Public Utilities.

DIRECT DEBT SUMMARY
As of June 30, 2025 (1)

Long-Term Debt Outstanding:

Within the General Debt Limit:			
Schools (2)	\$	12,759,000	
Sewers & Drains		2,813,390	
Other Inside General (3)		63,941,000	
Total Within the General Debt Limit			\$ 79,513,390
Outside the General Debt Limit:			
Schools (2)		13,680,000	
Water		2,607,974	
Other Outside General (3)		2,530,000	
Total Outside the General Debt Limit			18,817,974
Total Long-Term Debt Outstanding:			98,331,364
This Issue of Bonds to be dated October 29, 2025			15,965,000 *

Short-Term Debt Outstanding:

Bond Anticipation Notes Outstanding (4)		13,886,235	
Less:			
To be Retired with Bond Proceeds		(12,119,135)	
To be Retired with Revenue Funds of the Town		(1,767,100)	
Total Short-Term Debt Outstanding after This Issue:			-
Total Direct Debt after This Issue:			\$ 114,296,364

*Preliminary, subject to change.

- (1) Principal amounts only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.
- (2) Debt service on the principal amount of \$22,889,000 is exempt from the limitations of Proposition 2 ½.
- (3) Debt service on the principal amount of \$47,080,000 is exempt from the limitations of Proposition 2 ½.
- (4) Payable October 30, 2025.

Debt Ratios

The following table sets forth debt as a percentage of assessed valuation and per capita debt at the end of the following fiscal years. The table considers the principal amount of general obligation bonds of the Town. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues.

Fiscal Year End	General Obligation Bonds Outstanding	Population (2020 Federal Census)	Local Assessed Valuation	Per Capita Debt	Debt as a % of Assessed Valuation
2025	\$ 98,331,364	32,091	\$ 16,106,555,650	\$ 3,064	0.61 %
2024	108,989,219	32,091	13,145,798,176	3,396	0.83
2023	120,579,659	32,091	12,247,868,326	3,757	0.98
2022	135,198,749	32,091	11,311,678,964	4,213	1.20
2021	139,850,734	32,091	11,045,730,479	4,358	1.27

Principal Payments by Purpose

The following table sets forth the principal payments by purpose for the Town's outstanding bonds as of June 30, 2025.

GENERAL OBLIGATION BONDS As of June 30, 2025

Year	General	School	Water	Sewer	Total (1)
2026	\$ 5,242,000	\$ 3,503,000	\$ 446,488	\$ 345,942	\$ 9,537,430
2027	5,232,000	3,048,000	447,359	352,809	9,080,168
2028	4,882,000	2,638,000	448,248	354,825	8,323,073
2029	4,872,000	2,278,000	236,029	336,993	7,723,022
2030	4,547,000	1,603,000	236,953	344,317	6,731,270
2031	4,477,000	1,603,000	237,898	351,800	6,669,698
2032	4,422,000	1,598,000	190,000	359,446	6,569,446
2033	4,422,000	1,598,000	185,000	367,258	6,572,258
2034	4,245,000	1,045,000	180,000	-	5,470,000
2035	3,875,000	1,045,000	-	-	4,920,000
2036	3,625,000	720,000	-	-	4,345,000
2037	3,625,000	720,000	-	-	4,345,000
2038	3,120,000	720,000	-	-	3,840,000
2039	2,955,000	720,000	-	-	3,675,000
2040	2,720,000	720,000	-	-	3,440,000
2041	1,830,000	720,000	-	-	2,550,000
2042	1,000,000	720,000	-	-	1,720,000
2043	460,000	720,000	-	-	1,180,000
2044	460,000	720,000	-	-	1,180,000
2045	460,000	-	-	-	460,000
TOTAL	<u>\$ 66,471,000</u>	<u>\$ 26,439,000</u>	<u>\$ 2,607,974</u>	<u>\$ 2,813,390</u>	<u>\$ 98,331,364</u>

(1) \$69,969,000 of principal and \$16,129,385 of interest has been voted exempt from Proposition 2½, subject to the limits imposed by Chapter 44, Section 20 of the General Laws.

Debt Service Requirements

The following table sets forth the required principal and interest payments on the outstanding general obligation bonds of the Town as of June 30, 2025.

GENERAL OBLIGATION DEBT As of June 30, 2025 (1)

Fiscal Year	Outstanding		Total Net Debt Service	Cumulative % Retired
	Principal	Interest		
2026	\$ 9,537,430	\$ 3,233,881	\$ 12,771,311	9.7 %
2027	9,080,168	2,854,833	11,935,001	18.9
2028	8,323,073	2,486,980	10,810,053	27.4
2029	7,723,022	2,149,888	9,872,910	35.3
2030	6,731,270	1,846,103	8,577,373	42.1
2031	6,669,698	1,599,949	8,269,647	48.9
2032	6,569,446	1,371,297	7,940,743	55.6
2033	6,572,258	1,145,651	7,717,909	62.2
2034	5,470,000	955,103	6,425,103	67.8
2035	4,920,000	813,559	5,733,559	72.8
2036	4,345,000	694,019	5,039,019	77.2
2037	4,345,000	581,106	4,926,106	81.6
2038	3,840,000	472,794	4,312,794	85.6
2039	3,675,000	373,634	4,048,634	89.3
2040	3,440,000	280,753	3,720,753	92.8
2041	2,550,000	191,225	2,741,225	95.4
2042	1,720,000	125,650	1,845,650	97.1
2043	1,180,000	72,300	1,252,300	98.3
2044	1,180,000	33,300	1,213,300	99.5
2045	460,000	6,900	466,900	100.0
Total	<u>\$ 98,331,364</u>	<u>\$ 21,288,926</u>	<u>\$ 119,620,291</u>	

(1) \$69,969,000 of principal and \$16,129,385 of interest has been voted exempt from Proposition 2½, subject to Chapter 44, Section 20 of the General Laws.

Authorized Unissued Debt and Prospective Financing

Following delivery of the Bonds, the Town will have the following authorized debt which has not been bonded:

Amount	Purpose	Original Authorization
\$ 55,000	RTS Property Repairs	\$ 645,000
419,000	Water Distribution Improvements	4,500,000
204,500	Sewer Main Replacement	363,000
265,000	Additional Emery Grover Building Addition and Renovation	1,295,000
3,770,000	Broadmeadow and Eliot School Rooftop Unit Replacement	9,000,000
2,435,000	South Street Water System Distribution Improvements	4,000,000
175,000	Claxton Field Renovation	3,600,000
12,828,000	Sewer Main Replacement	13,000,000
1,000,000	Sewer System Rehabilitation	1,000,000
2,386,000	Public Library Young Adult Area Renovation	2,386,000
19,600,000	Public Works Facility Improvements & Cogswell Building Expansion	19,600,000
<u>\$ 43,137,500</u>		

Overlapping Debt

The Town is a member of the MWRA, the MBTA and the Minuteman Regional Vocational Technical School District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of Norfolk County, the MWRA, the MBTA and the Minuteman Regional Vocational Technical School District, and the Town's estimated gross share of such debt and the estimated fiscal year 2026 dollar assessment for each.

Overlapping Entity	Outstanding Debt as of 6/30/2025	Needham's Estimated Share (1)	Fiscal 2026 Dollar Assessment (2)
Norfolk County (3)	\$ 13,855,000	7.000 %	\$ 469,904
Massachusetts Water Resources Authority (4)			
Water	1,867,871,000	0.602	1,776,283
Sewer	2,640,386,000	1.316	7,763,087
Massachusetts Bay Transportation Authority (5)	5,442,419,000	0.414	822,586
Minuteman Regional Vocational Technical School District (6)	89,710,000	N/A	2,211,266

(1) Estimated share based on debt service only.

(2) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service.

(3) SOURCE: Norfolk County Treasurer. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Amounts shown are based on the most recent equalized valuations. Legislation was enacted in 1997 abolishing the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all the remaining counties.

(4) SOURCE: MWRA. Debt as of June 30, 2024. Assessment is for fiscal 2025. The MWRA provides wholesale drinking water services and wastewater collection and treatment services to certain cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.45 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

(5) SOURCE: MBTA. Debt as of June 30, 2024. The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on a weighted population formula as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year. (See "Tax Limitations" under "PROPERTY TAX" below.)

(6) SOURCE: Minuteman Regional Vocational Technical School District. Towns may organize regional school districts to carry out general or specialized educational functions. Pursuant to special laws a number of cities may also participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts subject to the provisions of the Education Reform Act of 1993.

Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric light department.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town currently has a twenty-year contract with WIN Waste Innovation for transportation and disposal of solid waste expiring June 30, 2028. The tipping fee rate is \$79.92 per ton for fiscal year 2025. The Town budgeted \$766,404 for this purpose for fiscal 2025 and \$790,439 was budgeted for fiscal 2026.

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. A system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town has its own retirement system, the Needham Contributory Retirement System ("NCRS"), a cost-sharing, multi-employer defined benefit public employee retirement system. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Substantially all employees of the Town are members of the NCRS, except teachers and administrators under contract employed by the school department, who are members of the Commonwealth of Massachusetts Teachers Contributory Retirement System, to which the Town does not contribute.

The following table sets forth the trend in the Town's pension appropriations to NCRS:

<u>Year Ending</u>	<u>Contributory</u>	<u>Non-Contributory</u>
June 30, 2026 (budgeted)	\$ 14,369,656	\$ -
June 30, 2025	13,142,913	-
June 30, 2024	12,319,665	-
June 30, 2023	11,263,367	-
June 30, 2022	10,276,804	-
June 30, 2021	9,368,084	-

The unfunded actuarial accrued liability of the NCRS as of January 1, 2024 was approximately \$73,118,725. The System was 76.8% funded according to the January 1, 2024 actuarial study. The Town's current funding schedule amortizes the unfunded actuarial accrued liability to zero by 2032 as shown below.

<u>Fiscal Year Ended June 30</u>	<u>Employer Normal Cost</u>	<u>Amortization Payment of UAL</u>	<u>Net 3(8)(c) Transfers</u>	<u>Total Employer Cost</u>	<u>Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year</u>
2025	\$ 4,461,980	\$ 8,243,257	\$ 600,000	\$ 13,305,237	\$ 73,118,725
2026	4,506,853	9,262,803	600,000	14,369,656	69,191,689
2027	4,593,354	10,325,876	600,000	15,519,230	63,968,291
2028	4,741,518	11,419,250	600,000	16,760,768	57,322,640
2029	4,874,846	12,626,783	600,000	18,101,629	49,134,611
2030	5,035,883	13,754,640	600,000	19,390,523	39,190,134
2031	5,174,155	14,304,826	600,000	20,078,981	27,461,559
2032	5,319,301	14,877,020	600,000	20,796,321	14,432,829
2033	5,487,674	-	600,000	6,087,674	-

Notes:

- Actuarially determined contributions are assumed to be paid on July 1.
- Actuarially determined contribution for fiscal 2025 is set equal to the budgeted amount determined with prior valuation.
- Projected normal cost does not reflect the impact of pension reform for future hires.
- Amortization payments of unfunded actuarial accrued liability calculated to increase at 4.0% per year after phase-in.
- Projected unfunded actuarial accrued liability does not reflect deferred investment gains.

The foregoing data do not include the retirement system costs or liabilities of any larger entity, such as Norfolk County.

For additional information see Appendix A.

Other Post-Employment Benefits (OPEB)

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. For the last twelve years, the Town has been appropriating its Annual Required Cost (ARC) to the OPEB fund and pays the annual healthcare costs from the fund.

The following table sets forth the trend in OPEB appropriations.

Fiscal Year	OPEB Contribution
June 30, 2026 (budgeted)	\$ 8,540,230
June 30, 2025	8,141,306
June 30, 2024	8,199,280
June 30, 2023	8,844,474
June 30, 2022	7,426,237
June 30, 2021	7,197,713

The Governmental Accounting Standards Board ("GASB") promulgated accounting standards that require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town was required to implement the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town has hired an outside firm which has completed the actuarial valuation of its post-employment benefit liability. As of June 30, 2024 the total OPEB liability for benefits was \$142,739,342 and the assets held in trust totaled \$82,170,951 resulting in a net OPEB liability of \$60,568,391. The actuarial assumptions reflect a 6.25% investment rate of return. In fiscal year 2002 the Town began funding its post-retirement health insurance liability. The Town's Actuarially Determined Contribution (ADC) for fiscal year 2024 is \$7,761,016 at an assumed 6.25% discount rate. The balance in the OPEB Trust Fund as of June 30, 2025 was \$94,765,817.

EMPLOYEE RELATIONS

The Town employs approximately 1,400 full-time equivalent employees (FTE), 1,001 FTEs employed by the School Department, 147 by the Public Works Department, 63 by the Police Department, 80 by the Fire Department, and the balance by various other Town Departments. Town employees (other than managerial and confidential employees) are entitled to join unions and bargain collectively on questions of wages, hours and other terms and conditions of employment. Approximately 1,233 (full and part time) Town employees are represented by unions including public works, general government, police, fire, teachers, and school administrators.

The Building Custodian Tradesman Independent Association (Building Maintenance Division) contract expires on June 30, 2026. The Needham Independent Public Employees Association (Public Works) contract expires June 30, 2027. The contracts with the Needham Firefighters Local 1706 (all units) expire on June 30, 2026. The Needham Police Union contract expires June 30, 2026, and the Needham Police Superior Officers Association contract expires on June 30, 2026. The Needham Independent Town Workers Association (various administrative, professional, and technical positions) contract expires June 30, 2027.

The Needham Public Schools have contracts in place with the Needham Education Association Unit A (teachers) through August 31, 2028, the Needham Education Association Unit C (Non-DESE licensed staff) through June 30, 2026, the Needham Education Association Unit D (clerical, secretarial and technical positions) through June 30, 2026, and the Needham Education Association Unit E (food service workers) through June 30, 2026. The contract with the Needham Education Association Unit B (administrators) expired June 30, 2025 and is currently in negotiations.

LITIGATION

At present there are various cases pending in various courts throughout the Commonwealth in which the Town is a defendant. In the opinion of the Town, there is no litigation either pending or threatened, that is likely to result, either individually or in the aggregate, in final judgments against the Town that would materially affect its financial position or its ability to pay its obligations.

October 6, 2025

TOWN OF NEEDHAM, MASSACHUSETTS
/s/ Diane Ryan, Acting Treasurer/Collector

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TOWN OF NEEDHAM, MASSACHUSETTS

Financial Statements
For the Year Ended June 30, 2024

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

To the Select Board
Town of Needham, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Needham, Massachusetts (the Town), as of and for the year ended June 30, 2024, (except for the Needham Contributory Retirement System which is as of and for the year ended December 31, 2023), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying 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 Needham, Massachusetts, as of June 30, 2024, (except for the Needham Contributory Retirement System which is as of and for the year ended December 31, 2023) 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison schedules for proprietary funds as noted in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 October 4, 2025, 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 solely 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 effectiveness of the Town's 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's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Boston, MA
October 4, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Needham, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024.

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 comprise three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required supplementary information and 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 our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position 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 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 governmental activities include general government, public safety, education, public works, building design and construction, health and human services, and culture and recreation. The business-type activities include sewer and water 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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds 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.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for sewer and water operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal service funds are used to account for self-insured employee workers compensation, police and firefighter injured-on-duty leave (MGL Chapter 41, Section 111F), and property and casualty insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. A complete copy of the Needham Contributory Retirement System financial statements can be obtained from the Retirement Board at Town Hall, 1471 Highland Avenue, Needham, Massachusetts 02492.

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.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America, and other supplementary information.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$253,814,703, a change of \$25,725,023, and net position in business-type activities was \$64,131,233, a change of \$(576,272) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$100,617,200, a change of \$(3,136,501) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$33,772,204 a change of \$(1,955,352) in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal year.

	<u>Net Position Summary</u>					
	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets						
Current and other assets	\$ 139,767,410	\$ 127,777,012	\$ 25,112,197	\$ 21,893,206	\$ 164,879,607	\$ 149,670,218
Capital assets	<u>394,088,346</u>	<u>381,836,667</u>	<u>57,560,749</u>	<u>58,216,072</u>	<u>451,649,095</u>	<u>440,052,739</u>
Total Assets	<u>533,855,756</u>	<u>509,613,679</u>	<u>82,672,946</u>	<u>80,109,278</u>	<u>616,528,702</u>	<u>589,722,957</u>
Deferred Outflows of Resources	16,440,697	34,550,392	556,327	1,032,106	16,997,024	35,582,498
Liabilities						
Long-term liabilities	249,054,136	285,986,307	10,962,142	11,758,710	260,016,278	297,745,017
Notes payable	6,532,350	420,000	4,394,650	2,640,000	10,927,000	3,060,000
Other liabilities	<u>23,916,983</u>	<u>17,156,322</u>	<u>3,239,177</u>	<u>1,704,515</u>	<u>27,156,160</u>	<u>18,860,837</u>
Total Liabilities	<u>279,503,469</u>	<u>303,562,629</u>	<u>18,595,969</u>	<u>16,103,225</u>	<u>298,099,438</u>	<u>319,665,854</u>
Deferred Inflows of Resources	16,978,281	12,511,762	502,071	330,654	17,480,352	12,842,416
Net Position						
Net investment in capital assets	278,600,080	259,235,761	48,489,452	48,425,010	327,089,532	307,660,771
Restricted	29,690,866	25,908,333	-	-	29,690,866	25,908,333
Unrestricted	<u>(54,476,243)</u>	<u>(57,054,414)</u>	<u>15,641,781</u>	<u>16,282,495</u>	<u>(38,834,462)</u>	<u>(40,771,919)</u>
Total Net Position	<u>\$ 253,814,703</u>	<u>\$ 228,089,680</u>	<u>\$ 64,131,233</u>	<u>\$ 64,707,505</u>	<u>\$ 317,945,936</u>	<u>\$ 292,797,185</u>

<u>Changes in Net Position Summary</u>						
	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 17,086,695	\$ 17,621,565	\$ 16,308,218	\$ 16,172,853	\$ 33,394,913	\$ 33,794,418
Operating grants and contributions	44,945,811	40,396,897	152,180	-	45,097,991	40,396,897
Capital grants and contributions	622,247	495,511	-	-	622,247	495,511
General revenues:						
Property taxes	187,534,452	181,891,049	-	-	187,534,452	181,891,049
Excises	7,126,444	7,163,249	-	-	7,126,444	7,163,249
Penalties, interest and other taxes	2,822,490	3,081,612	-	-	2,822,490	3,081,612
Grants and contributions not restricted to specific programs	2,780,242	3,378,098	-	-	2,780,242	3,378,098
Investment income	4,283,286	2,593,799	328,597	9,995	4,611,883	2,603,794
Other	962,696	854,308	-	379	962,696	854,687
Total Revenues	268,164,363	257,476,088	16,788,995	16,183,227	284,953,358	273,659,315
Expenses						
General government	11,471,473	11,886,158	-	-	11,471,473	11,886,158
Public safety	30,026,341	32,985,312	-	-	30,026,341	32,985,312
Education	154,744,898	149,998,863	-	-	154,744,898	149,998,863
Public works	29,732,742	32,753,168	-	-	29,732,742	32,753,168
Building design and construction	369,344	360,042	-	-	369,344	360,042
Health and human services	5,001,552	4,962,963	-	-	5,001,552	4,962,963
Culture and recreation	5,460,341	5,288,710	-	-	5,460,341	5,288,710
Interest on long-term debt	2,956,862	3,109,326	-	-	2,956,862	3,109,326
Intergovernmental	1,642,017	1,555,971	-	-	1,642,017	1,555,971
Other unallocated costs	1,729,810	1,384,277	-	-	1,729,810	1,384,277
Sewer operations	-	-	10,081,945	9,256,075	10,081,945	9,256,075
Water operations	-	-	6,587,282	5,418,369	6,587,282	5,418,369
Total Expenses	243,135,380	244,284,790	16,669,227	14,674,444	259,804,607	258,959,234
Change in Net Position						
Before Transfers	25,028,983	13,191,298	119,768	1,508,783	25,148,751	14,700,081
Transfers in (Out)	696,040	96,543	(696,040)	(96,543)	-	-
Change in Net Position	25,725,023	13,287,841	(576,272)	1,412,240	25,148,751	14,700,081
Net Position - Beginning of Year	228,089,680	214,801,839	64,707,505	63,295,265	292,797,185	278,097,104
Net Position - End of Year	\$ 253,814,703	\$ 228,089,680	\$ 64,131,233	\$ 64,707,505	\$ 317,945,936	\$ 292,797,185

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$317,945,936, a change of \$25,148,751, in comparison to the prior year.

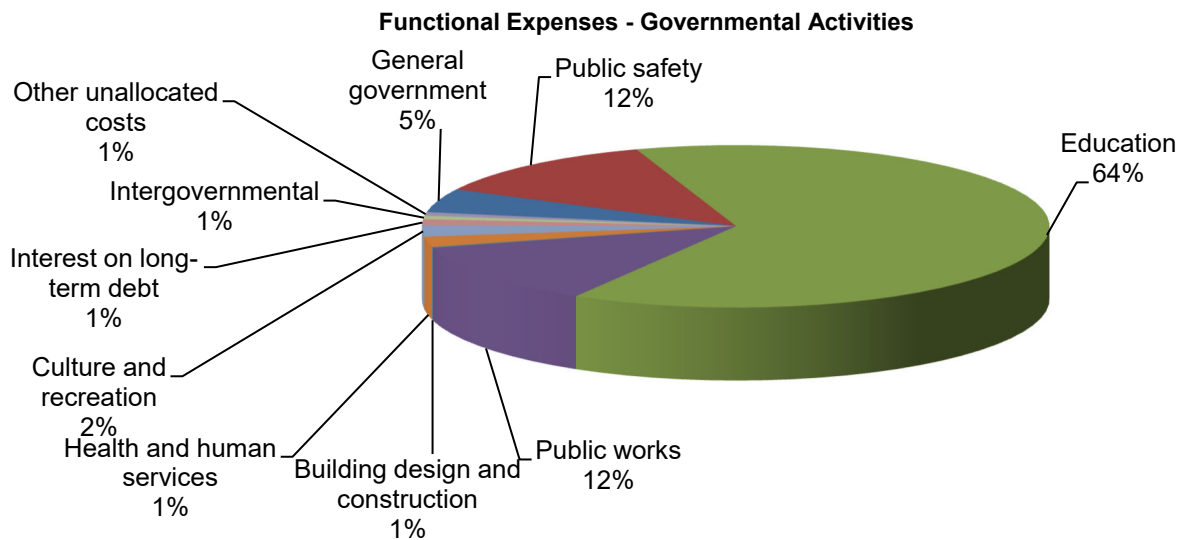
The largest portion of net position \$327,089,532 reflects our investment in capital assets (e.g., land, buildings and improvements, machinery, equipment and furnishings, infrastructure, works of art, and construction in progress), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in 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 net position \$29,690,866 represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit of \$(38,834,462) primarily resulting from unfunded pension and OPEB liabilities.

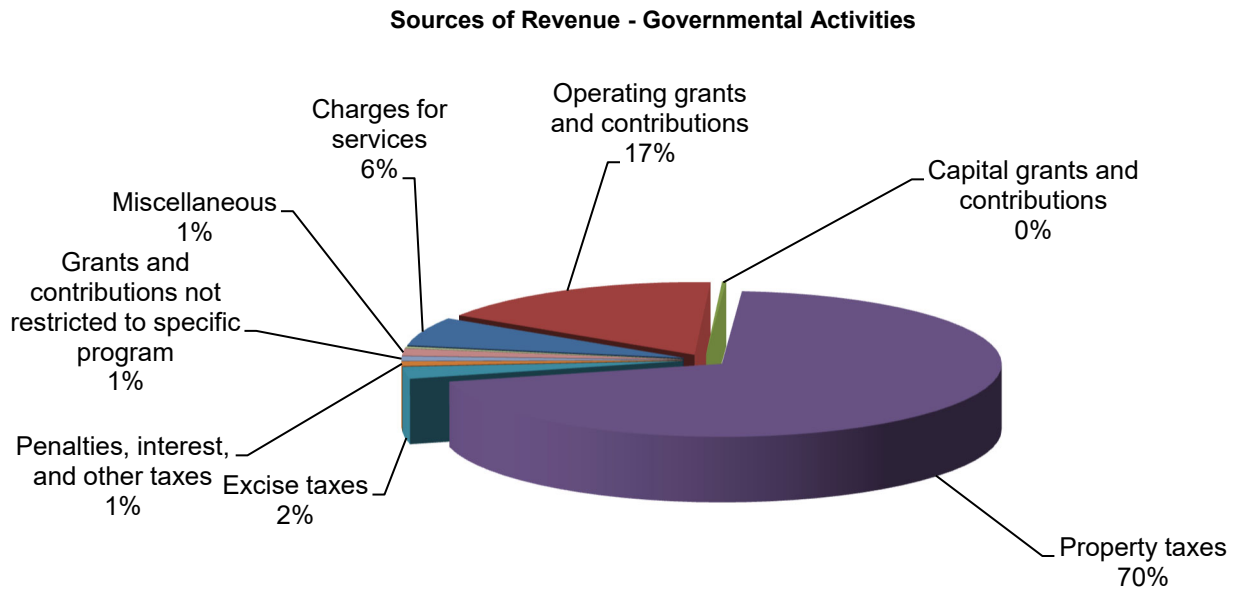
Governmental Activities

The overall net position of governmental activities increased by \$25,725,023, primarily from the Town's practice of funding capital acquisitions with current year raised revenues. The other most notable event was the decrease in pension and OPEB expense.

The following graph presents the users of resources of the governmental activities. The total cost of all governmental programs and services decreased by \$1.2 million, or (0.5)% over the previous year.



As presented in the following graph, most of the Town's revenue comes from property taxes. Total revenues (excluding transfers) increased by \$10.7 million, or 4.2% over the prior year.



Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$(576,272). The decrease in net position is a result the Town's continued practice of financing capital improvements with revenues along with an increase in OPEB expense.

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

General Fund

The General Fund is the Town's chief operating fund. The unassigned fund balance at June 30, 2024 was \$33,772,204, while total fund balance was \$72,377,727. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Refer to the following table:

<u>General Fund</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
Unassigned fund balance:	\$ 33,772,204	\$ 35,727,556	\$ 29,383,540
General Fund	28,877,716	31,062,457	24,833,428
Stabilization Fund	4,894,488	4,665,099	4,550,112
Total fund balance	72,377,727	64,604,349	56,348,359
	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
Unassigned fund balance as of % of total general fund expenditures	16.5%	18.1%	15.7%
Total fund balance as of % total general fund expenditures	35.4%	32.7%	30.1%

Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth to the Massachusetts Teachers Retirement System of \$15,291,933.

The total fund balance of the General Fund changed by \$7,773,378 during the current fiscal year. Key factors in this change are as follows:

Use of free cash, overlay surplus, and bond premium for FY2024 appropriations	\$ (14,239,591)
Revenues and transfers in excess of budget	9,405,092
Expenditures less than budget	6,895,656
Encumbrances carried forward	5,313,968
Stabilization account revenues	948,980
Other	<u>(550,727)</u>
Total	<u>\$ 7,773,378</u>

Included in the total General Fund balance are the Town's committed accounts with the following balances:

	<u>6/30/24</u>	<u>6/30/23</u>	<u>Change</u>
Compensated absences	\$ 924,339	\$ 733,109	\$ 191,230
Continuing appropriations	4,853,091	3,863,857	989,234
Capital improvement stabilization	1,662,108	1,582,467	79,641
Capital facility stabilization	2,120,562	2,006,084	114,478
Athletic facility stabilization	1,202,392	1,104,008	98,384
Debt service stabilization	2,376,992	2,248,681	128,311
Opioid settlement stabilization	332,015	-	332,015
Stormwater stabilization	72,583	-	72,583
Subsequent year appropriations	<u>14,110,165</u>	<u>9,446,607</u>	<u>4,663,558</u>
Total	\$ <u>27,654,247</u>	\$ <u>20,984,813</u>	\$ <u>6,669,434</u>

Community Preservation Fund

At the end of the current fiscal year, the community preservation fund had a total fund balance of \$14,359,100, a change of \$2,423,949 in comparison to the prior fiscal year. State legislation allows property taxes and state matching funds to finance projects such as preservation of historical buildings, creation of affordable housing, and purchase of open space.

Town Federal Grants Fund

At the end of the current fiscal year, the town federal grants fund had a total fund balance of \$1,111,343, a change of \$192,715 in comparison to the prior fiscal year primarily related to the timing differences between the receipt and disbursement of grant funds.

Emery Grover Building Fund

At the end of the current fiscal year, the Emery Grover building fund had a total fund balance of \$(7,639,289), a change of \$(9,284,779) in comparison to the prior fiscal year primarily related to the timing differences between the issuance of long-term financing and disbursement of project funds.

Nonmajor Governmental Funds

At the end of the current fiscal year, nonmajor governmental funds had a total fund balance of \$20,408,319, a change of \$(4,241,764) in comparison to the prior fiscal year primarily related to the timing differences between the receipt and disbursement of bond funds and transfers from other funds.

Proprietary Funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail. The Town maintains major funds for sewer and water enterprise fund operations.

Unrestricted net position by enterprise fund at the end of the year in comparison to the prior year is shown below:

	<u>6/30/24</u>	<u>6/30/23</u>	<u>Change</u>
Sewer	\$ 5,766,218	\$ 5,959,969	\$ (193,751)
Water	<u>9,875,563</u>	<u>10,322,526</u>	<u>(446,963)</u>
Total	\$ <u>15,641,781</u>	\$ <u>16,282,495</u>	\$ <u>(640,714)</u>

Factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

Most all budgeted appropriations occur at the Annual Town Meeting which is held prior to the start of a fiscal year. Subsequent appropriations and line-item amendments are made at a special town meeting usually held in the fall. Often the subsequent actions are known or expected at the time of the Annual Town Meeting but are not presented or acted upon at that time because additional information or other requisite action is needed. Usually in May, prior to the June 30 fiscal year end, Town Meeting acts on other requests for budget line transfers and reallocation of operating resources to capital, other financial warrant articles, and formal reserves. The operating budget was approved at \$214,275,097 and inclusive of non-appropriated items, state and county charges, and other amounts to be provided totaled \$215,905,732. Other than line item transfers from one budget line to another, there was no change to the total operating budget for the year. The final state and county assessments decreased by \$7,219 from the Annual Town Meeting estimate to \$1,607,096 and there was no change for the other amounts to be provided (\$12,500). The total final General Fund budget was \$215,894,693 (Table 1). The Town approved a line item transfer of \$58,604 from the Finance Department to the Department of Public works to reflect the transfer of the Town GIS operations from the Finance Department Information Technology Center to the Engineering division of Public Works. The Town determined that those functions would be better matched with Public Works. The Town also approved a second line item transfer of \$14,525 from the Reserve Fund to Debt Service budget. The transfer to the Debt Service budget allowed the Town to pay off a \$2.7 million Bond Anticipation Note (BAN) which came due on June 14, 2024 in full rather than rolling the \$14,525 balance into the next fiscal year. This action was taken at the May 13, 2024 Special Town Meeting.

Table 1
General Fund

	Original	Final
Town Meeting Operating Budget Appropriation	\$214,275,097	\$214,275,097
State and County Assessments	\$1,618,135	\$1,607,096
Other Amounts to be Provided	<u>\$12,500</u>	<u>\$12,500</u>
Total	\$215,905,732	\$215,894,693

During fiscal year 2024, the Town realized revenue in excess of budget of \$9.1 million and realized budget returns of \$6.9 million. General Fund revenue in excess of budget was \$4.2 million lower than fiscal year 2023. The \$6.9 million budget return was also lower than the fiscal year 2023 return of \$8.3 million.

Table 2

	Actual FY2024	Actual FY2023	Change \$	Change %	Actual FY2022
Motor Vehicle Excise	\$7,316,406	\$6,779,778	\$536,628	7.9%	\$5,837,070
Other Taxes, Penalties, and PILOT	\$2,799,073	\$2,948,503	(\$149,430)	-5.1%	\$2,079,064
Investment Income	\$3,014,710	\$1,520,840	\$1,493,870	98.2%	\$194,651
Licenses & Permits Income	\$2,737,879	\$5,099,527	(\$2,361,648)	-46.3%	\$2,771,497
All Other General Revenue	<u>\$204,579,222</u>	<u>\$200,795,356</u>	<u>\$3,783,866</u>	1.9%	<u>\$189,553,492</u>
Total	\$220,447,290	\$217,144,004	\$3,303,286	1.5%	\$200,435,775

Motor vehicle excise tax revenue was up 7.9% from prior year's actual receipts (\$7,316,406 for FY2024 vs \$6,779,778 for FY2023) and was higher than the actual receipts for fiscal year 2022 (\$5,837,070) (Table 2). Motor vehicle excise revenue has increased year over year, but the actual rate of growth at 7.9% was lower than the 16.2% growth rate in fiscal year 2023, and the 13.8% growth rate in fiscal year 2022.

Other taxes, penalties, and payment in lieu of tax (PILOT) income was down 5.1% from the prior year (\$2,799,073 for FY2024 vs \$2,948,503 for FY2023) but was higher than the fiscal year 2022 revenue of \$2,079,064. The primary reason for the decline was due to a significant decrease in PILOT payments, from \$103,860 collected during fiscal year 2023 to just \$720 for fiscal year 2024. The decline was due to a delay in receiving payments from one of the primary tax exempt organizations. During fiscal year 2022 the Town received \$147,913 in PILOT payments. Another revenue source was also down with \$579,708 collected in penalties and interest during fiscal year 2024 compared to \$877,076 collected during fiscal year 2023. The number of delinquent accounts declined and hence penalties declined. The room and meal excise revenue were higher with a combined collection of \$2,218,645 during the year compared to \$1,967,568 received during fiscal year 2023.

Investment (interest) income earned on deposits was much higher with \$3,014,710 received during fiscal year 2024 compared to the \$1,520,840 earned during the prior year. Investment income was significantly higher than fiscal year 2022 when the Town received \$194,651. The interest income increase was due to the higher interest rates overall. The \$3 million collected represents more than a 98% increase over the prior year.

License and permit income declined by \$2,361,648 from the prior fiscal year, a drop of 46.3%. However, the total receipts for the year of \$2,737,879 were on par with the amount collected during fiscal year 2022 of \$2,771,497. The fiscal year 2023 revenue of \$5,099,527 was due to an exceptional amount of new permitted construction activity during that year, which included the permitting of the new Children's Hospital ambulatory surgery center, and not a precipitous fall in permitting activity.

General fund revenue from all other sources, including property taxes was \$3,783,866 more than the prior year (\$204,579,222 for FY2024 vs \$200,795,356 for FY2023), which was 1.9% more. Fiscal year 2022 the total collected from those sources was \$189,553,492. The property tax portion was \$182,678,092 for fiscal year 2024 vs \$179,124,962 for the prior year of 2.0% more. Overall, total general fund revenue (\$220,447,290) was 1.5% more than the prior year (\$217,144,004) or \$3,303,286 more, refer to Table 2.

Table 3

	Actual FY2024	Budget FY2024	Variance FY2024	Percentage of Total*
Motor Vehicle Excise	\$7,316,406	\$5,075,000	\$2,241,406	24.66%
Other Taxes, Penalties, and PILOT	\$2,799,073	\$1,800,000	\$999,073	10.99%
Investment Income	\$3,014,710	\$500,000	\$2,514,710	27.67%
All Other General Revenues	<u>\$207,317,101</u>	<u>\$203,984,102</u>	<u>\$3,332,999</u>	<u>36.67%</u>
Total	\$220,447,290	\$211,359,102	\$9,088,188	100.00%

* represents the percent of the total surplus that the revenue category contributed.

The total General Fund revenue surplus for fiscal year 2024 (Table 3) was \$9,088,188 which was \$4,200,263 less than the \$13,288,451 surplus for fiscal year 2023. The combination of motor vehicle excise revenue, other local tax penalties, payment in lieu of tax, and investment income contributed approximately 63.3% of the total General Fund surplus for fiscal year 2024, up from the 37.8% that these sources comprised in fiscal year 2023.

The actual motor vehicle excise receipts for fiscal year 2024 were \$2.24 million over budget (Table 3), which compares to \$2.08 million for fiscal year 2023. Motor vehicle excise accounts for approximately 24.7% of the total surplus. Revenue generated from other taxes, penalties, and PILOT was approximately \$1.0 million over the budget for fiscal year 2024 which compares to \$1.7 million over the budget for fiscal year 2023 for the reasons noted earlier. This revenue category represents approximately 11% of the total surplus. Investment income was very high because of the jump in interest rates being paid on deposits. Investment income was \$2.51 million over the budget estimate for the fiscal year. The actual earnings were nearly double the amount earned in the previous fiscal year. Investment income represented approximately 27.7% of the total surplus for fiscal year 2024, the highest of any one category. All other general revenues produced \$3,332,999 more than the prior year; with \$207,317,101 collected during fiscal year 2024 compared to \$203,984,102 during fiscal year 2023. This represents approximately 36.7% of the total surplus.

Table 4

Operating Budget	Final Budget	Expended	Returned	% of Total	% of Final Budget
1) Needham Public Schools	\$92,155,973	(\$90,644,769)	\$1,511,204	21.8%	1.6%
2) Reserve Fund (transfers only)	\$1,151,958		\$1,151,958	16.7%	
3) Group Health Insurance, Employee Benefits & Administrative Costs	\$17,599,022	(\$16,553,594)	\$1,045,428	15.1%	5.9%
4) Department of Public Works	\$21,120,756	(\$20,495,074)	\$625,682	9.0%	3.0%
5) Fire Department	\$11,195,768	(\$10,654,343)	\$541,425	7.8%	4.8%
Balance of the Townwide and Department Budgets (26)	\$71,051,620	(\$69,009,031)	\$2,042,589	29.5%	2.9%
Totals	\$214,275,097	(\$207,356,811)	\$6,918,286	100.0%	3.2%

The fiscal year 2024 budget return was also lower than the prior year by \$1.3 million, primarily due to the lower percentage turnback from the operating budget. The General Fund appropriated operating budget, excluding county and state assessments and other amounts to be provided, accounts for most of the expenditures, returned \$6,918,286 or approximately 3.2% of the operating budget appropriation; the return for fiscal year 2023 was \$8,279,721 or approximately 4.0% of the appropriation for that year, refer to Table 4.

Needham Public Schools returned \$1,511,204, which compares to \$2,427,599 returned for fiscal year 2023. The return was \$916,395 less than the return for fiscal year 2023. The return was due to some expenditures coming in less than budget and some less than the prior year. However, most all the return was related to lower personnel costs than was budgeted, due in part to vacancies and long term leaves which were covered by less expensive substitutes. As a percentage of the school department budget, the return for fiscal year 2024 represents 1.6%. This compares to 2.8% return for the prior year. The return represents 21.8% of the total General Fund budget return (Table 4).

The budgetary reserve fund (Reserve Fund) returned \$1,151,958 which represents 16.7% of the total General Fund operating budget return for the fiscal year 2024. The reserve fund budget amount returned was less than fiscal year 2023 the reserve fund budget return (\$1,178,848), which was 14.2% of the total return in that year. The \$1,151,958 return of the reserve fund budget represents approximately 57.6% of the original voted reserve fund budget of \$2,000,000.

There were eight draws on the reserve fund during fiscal year 2024. The first transfer was for \$100,000 to the Department of Public Works to hire a consultant to conduct an updated feasibility study on the costs to make improvements to the railroad grade crossings so that the rail line running through Needham would be designated as a quiet zone so that the commuter

train does not need to blow the horn at each rail crossing. A \$20,000 transfer was made to the Finance Committee operating budget for professional services. The third transfer for \$37,809 was for the replacement and installation of the projector in Town Hall, which was found to be failing and no longer serviceable. The fourth transfer in the amount of \$28,930 to the Planning and Community Development Department was for professional services to conduct a traffic study on the proposed MBTA Communities Act zoning changes. A transfer of \$366,000 to the building maintenance division of the Public Works Department was approved by the Finance Committee to cover unanticipated expenses that might have been incurred above budget for contracted custodial services for three school buildings because of a contract dispute and subsequent termination. The sixth transfer was for \$26,500 to the Finance Department for additional expenses incurred during the fiscal year for outside professional services for technology support work. The seventh transfer for \$3,600 was to the Town Clerk budget to cover increased election related costs.

Lastly, there was a transfer from the Reserve Fund to cover snow and ice removal expenses that were above the base budget. The base budget for snow and ice removal was \$437,470 which was supplemented by a \$250,878 transfer from the reserve fund for a total available budget of \$688,348 to cover expenses. The Town usually incurs expenses for snow and ice removal that exceed the annual budgeted amount, and the overage is covered by a transfer from the reserve fund. The snow and ice removal expense for fiscal year 2023 was \$433,139, and the expense for fiscal year 2022 was \$763,967. As previously noted, there was also a Town Meeting line item transfer of \$14,525 from the Reserve Fund to the Debt Service budget in May 2024.

The employee benefits budget return of \$1,045,428 was 5.9% of its final budget (\$17,599,022). The return was \$1,253,421 less than the prior year. Health insurance premiums increased by 10% over the prior fiscal year, which resulted in a modest increase in the number of employees electing health insurance coverage (0.47%) than was assumed for the year, and a lower participation rate in the 401A match plan than was budgeted. The fiscal year budget plan provided for 870 employee health plans, but the number of plans as of the October 2023 measurement date was 854. For fiscal year 2023 there were 850 active plans as of the October 2022 measurement date. The return represents 15.1% of the total operating budget return for the year, last year the return represented 27.8% of the total.

The Department of Public Works had the fourth highest budget turnback returning \$625,682 or 3% of its revised budget which compares to \$471,633 or 2.5% of its fiscal year 2023 budget. Approximately half of the turnback (\$310,496) was from salary and wages. This was 2.8% of the total available public works budget for personnel. The balance of the turnback (\$315,186) was a combination of expenses and operating capital. The department budget turnback represented approximately 9.0% of the total operating budget return.

The fifth highest budget dollar return came from the Fire Department, with a return of \$541,425 of its \$11,195,768 final budget for fiscal year 2024. This represents 4.8% of the final budget. Most of the turnback (90%) was related to salary and wages (\$488,412) and the balance was from expenses (\$53,013). The department had three vacancies for most of the fiscal year because

hiring suitable candidates continued to be difficult. The Fire Department's return represents 7.8% of the total operating budget return for the year.

The other twenty-six (26) town wide-expense and departmental budgets returned in total \$2,042,589 or 2.9% of their combined amended budgets for the year. However, the general insurance budget was exceeded by \$1,282 because of the reserve for deductibles. Excluding the deficit, these budgets would have returned \$2,043,871. Last year the 26 budgets returned \$1,596,068 or 2.3% of their combined amended budgets for the year. The increase both in terms of dollars (\$446,521) and percentage of the combined budgets (2.9% vs 2.3%) returned to the General Fund was primarily due to the Classification Performance & Settlements (CPS) budget reserve which returned \$449,857 and was \$429,388 more than the return from this budget in fiscal year 2023. Due to the turnover in staff and longer lead time to fill some vacancies, some departments were able to cover wage increases from their base budget rather than requiring a transfer from the CPS line. The total return of those budgets represented 29.5% of the total return for the fiscal year.

Capital Assets and Debt Administration

Capital Assets

Total capital assets for governmental and business-type activities at year-end amounted to \$440,052,739 (net of accumulated depreciation), a change of \$(43,012) from the prior year. This investment in capital assets includes land, buildings and improvements, machinery, equipment and furnishings, vehicles, infrastructure, works of art and construction in progress.

Major capital asset events during the current fiscal year included the following:

Governmental Activities:

Emery Grover building renovations	\$ 11,900,000
Heavy equipment	1,875,000
McLeod Field construction	1,300,000
Eliot School rooftop unit replacement	1,081,000

Business-Type Activities:

Sewer interceptor improvements	\$ 457,000
Central Ave. water main replacement	555,000

Long-Term Debt

At the end of the current fiscal year, total long-term bonds and loans outstanding, including unamortized bond premium, were \$117,367,925. The bonds are backed by the full faith and credit of the Town. The Town's general obligation bond rating continues to carry the highest rating possible, AAA, a rating that has been assigned by Standard & Poor's to the Town debt since 2000.

Additional information on capital assets and long-term debt can be found in the Notes to Financial Statements.

Economic Factors and Next Year's Budgets And Rates

The total General Fund balance for fiscal year 2024 was higher than fiscal year 2023. Fund balance was \$72.4 million for fiscal year 2024 compared to \$64.6 million for fiscal year 2023, approximately a 12.0% change. The unassigned portion of the General Fund decreased from the prior fiscal year with a balance of \$33.8 million for fiscal year 2024 compared to \$35.7 million for fiscal year 2023, approximately 5.5% less. Starting with the fiscal year 2021 report, the unassigned portion includes the general stabilization fund. The State certified \$23,816,038 available as Free Cash for fiscal year 2024 of which the Town appropriated \$17,330,783 of that amount. Free Cash is essentially the portion of the unassigned General Fund balance that the Massachusetts Department of Revenue will allow the Town to appropriate. The amount of Free Cash certified in the prior year was \$17,356,938.

The Town allocated \$12,363,996 of the Free Cash for capital equipment and projects for fiscal year 2025, which was \$3,127,389 more than was appropriated for capital for fiscal year 2024. The Free Cash appropriated for capital included \$2,750,000 for a feasibility study to replace the Pollard Middle School, \$1,440,000 as partial funding for the design and engineering costs with the Phase 1 improvements to the Public Works Facilities, \$454,000 to fund improvements for the Public Library's young adult area, \$344,558 for design costs for the Newman School auditorium upgrades and improvements, \$100,000 for energy efficiency upgrades in Town facilities, and \$34,000 for design and engineering services to replace the boiler at the Eliot School. The Town provided supplemental funding of \$54,000 for the Newman School preschool playground. The Town also appropriated \$1,065,000 of the Free Cash for public roads and related infrastructure improvements, and \$800,000 to construct level three electric vehicle charging stations at the Newman School and other locations. The Town also funded engineering and other expenses in the amount of \$750,000 for the Quiet Zone project from Free Cash. The Town is working with the MBTA to implement a quiet zone along the commuter rail line in Needham to address residents' complaints about the sound level from the train horns. \$100,000 from Free Cash was appropriated to fund construction-related transportation safety projects which the Needham Transportation Committee identifies in response to resident requests.

Free Cash was also used to fund capital equipment which included \$2,415,887 in core fleet and special equipment, which includes the replacement of a fire engine. The Town appropriated \$785,590 from Free Cash for capital equipment, furnishings, and technology for the Needham Public Schools, \$600,000 for technology equipment for the data centers in municipal buildings, \$47,000 for library technology equipment, and \$40,000 for office and meeting room furniture replacements in the various administrative offices in town. Free Cash was also appropriated \$44,671 for the purchase of defibrillator/monitor systems for the ambulances and \$54,290 for personal protective gear for fire personnel. Funding from Free Cash in the amount of \$190,000 was approved for the replacement and upgrade of traffic cameras and security cameras at intersections and town buildings. The cameras installed on municipal buildings are high resolution and are used for maintaining the security of the buildings and surrounding properties. \$220,000 was appropriated to update the information technology and audio-visual systems in Town Hall. The funding covers the design, engineering, purchase and installation of the

equipment. Lastly, \$75,000 was appropriated to purchase global positional system equipment which will be installed in the public works fleet.

The Town also allocated \$4,081,603 of Free Cash to the fiscal year 2025 operating budget. The Town's use of Free Cash for funding the subsequent fiscal year operating budget was slightly more (\$82) than management's guidance of not more than two percent of the previous year's (2023) final budget (excluding the budgetary reserve fund) or the actual turnback, whichever is less. Two percent of the fiscal year 2023 operating budget excluding the budgetary reserve fund was \$4,084,521; the related budgetary return was \$7,099,273, which was more than the prior year turnback of \$6,354,076.

The Town also appropriated \$593,643 for onetime expenses related to the consolidation of the Town and School departments information technology services under a single umbrella. The Town had hired outside consultants to review the Town and School IT operations to see if there were benefits, efficiencies and service improvements that could be realized if departments were merged and managed by a single director and have enhanced cybersecurity and standardized practices. The study identified several opportunities which were endorsed by both the Select Board and School Committee. \$99,145 was appropriated from Free Cash plus \$102,740 was transferred from a prior appropriation for a total of \$201,885 to pay labor and expenses related to the removal of the fire alarm cable strung along the utility pole across town. The cable system was abandoned and replaced by wireless systems. The Town appropriated \$100,000 to continue for surveying of Town-owned property. The Town appropriated the same sum in the prior year. Town Meeting also funded \$23,653.42 of unpaid bills of a prior fiscal year from Free Cash.

The Town appropriated \$68,743 from Free Cash to be credited to the Athletic Facility Improvement Fund (AFIF). The \$6,485,255 balance in Free Cash was closed out at year end to fund balance. The prior year \$2,834,088 was closed out to fund balance. Management continues to recommend that the Free Cash certified be directed to cash capital investment, formal reserves, and other non-recurring expenses and that a limited amount be used for ongoing operating budget expenses. The Select Board has endorsed this best practice.

Table 5

Free Cash Uses	
Capital Equipment & Improvements	\$12,363,996
Operating Budget	\$4,081,603
Other Appropriations	\$816,441
Reserves/Stabilization Funds	\$68,743
Total Appropriations	\$17,330,783
Closed to Fund Balance	\$6,485,255

Town Meeting voted to authorize the Select Board to borrow up to \$3,600,000 for the reconstruction of Claxton Field. The project will rehabilitate the field, install a new geotextile fabric system to cap the old town dump, increase the barrier between the fabric and the playing

surfaces, upgrade the outdoor lighting to LEDs, and create an accessible looped pathway for passive recreation. The Town also approved a debt authorization of \$13,000,000 plus \$600,000 from cash to fund improvements to the Town's sewer system. The funding is for the second phase of a multiphase infrastructure capital improvement plan. The first phase was funded through the American Recovery Plan Act (ARPA). The second phase involves the replacement of a section of the sewer line that is under the commuter rail tracks and relining existing pipes in the area. The replacement includes larger piping to increase capacity and upgrade existing pipes to prevent collapse and infiltration of ground water. Approximately 2,900 feet of pipe will be replaced, and 3,400 feet of pipe will be relined.

Our outlook last year stated that the water and sewer rates may need to be modified. The Town had planned a multi-year phase in of rate changes to mitigate the revenue loss from the closure of the Coca Cola bottling production in Needham, and did make minor changes for fiscal year 2020, but chose not to change the rates for fiscal year 2021 or 2022 due to COVID. The Board began addressing the issue with rate changes for fiscal year 2023 and 2024. The Select Board also approved increases to the domestic water (primarily indoor use), irrigation water, and sewer rates effective October 2024, for fiscal year 2025, the rates effectively increase the average annual water and sewer bill by 5.9%. There will be a need to update the user rates again for the fiscal year 2026.

The outlook for the next couple of years is expected to be stable and tax revenues remain strong, but state revenue may be impacted negatively based on reports, which should not materially affect the Town's financial position in the next two years. We anticipate that local resources will grow at a four percent range during the next 12 to 24 months. The Town's longer-term outlook does assume reductions in Federal and State revenue as a share of resources beyond 2025 and is weighing options that may be available to address this situation. We again caution that actions at the Federal level can have national consequences and may impact on the regional economy and now the local economy.

Requests for Information

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

Town of Needham, Massachusetts
Deputy Town Manager/Director of Finance
Town Hall
1471 Highland Avenue
Needham, Massachusetts 02492

TOWN OF NEEDHAM, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2024

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and short-term investments	\$ 104,914,373	\$ 16,415,499	\$ 121,329,872
Investments	26,743,319	-	26,743,319
Receivables, net of allowance for uncollectibles:			
Property taxes	4,501,575	-	4,501,575
Excises	734,690	-	734,690
Utilities	-	8,696,698	8,696,698
Departmental	2,051,123	-	2,051,123
Intergovernmental	438,846	-	438,846
Other	<u>383,484</u>	<u>-</u>	<u>383,484</u>
Total Current Assets	<u>139,767,410</u>	<u>25,112,197</u>	<u>164,879,607</u>
Noncurrent Assets			
Capital assets non-depreciable	67,514,065	9,411,652	76,925,717
Capital assets depreciable, net	<u>326,574,281</u>	<u>48,149,097</u>	<u>374,723,378</u>
Total Noncurrent Assets	<u>394,088,346</u>	<u>57,560,749</u>	<u>451,649,095</u>
Total Assets	<u>533,855,756</u>	<u>82,672,946</u>	<u>616,528,702</u>
Deferred Outflows of Resources			
Related to pension	10,222,361	390,485	10,612,846
Related to OPEB	<u>6,218,336</u>	<u>165,842</u>	<u>6,384,178</u>
Total Deferred Outflows of Resources	<u>16,440,697</u>	<u>556,327</u>	<u>16,997,024</u>

(continued)

The accompanying notes are an integral part of these financial statements.

(continued)

TOWN OF NEEDHAM, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Liabilities			
Current Liabilities			
Warrants and accounts payable	4,671,811	167,041	4,838,852
Accrued liabilities	12,553,309	224,316	12,777,625
Unearned revenue	5,519,299	2,847,820	8,367,119
Refunds payable	83,334	-	83,334
Notes payable	6,532,350	4,394,650	10,927,000
Other liabilities	1,089,230	-	1,089,230
Current portion of long-term liabilities:			
Bonds payable	10,698,274	912,855	11,611,129
Compensated absences	1,671,908	75,518	1,747,426
Landfill liability	56,415	-	56,415
Total Current Liabilities	<u>42,875,930</u>	<u>8,622,200</u>	<u>51,498,130</u>
Noncurrent Liabilities			
Bonds and loans payable, net of current portion	100,335,431	5,421,365	105,756,796
Net pension liability	72,055,710	2,752,469	74,808,179
Net OPEB liability	58,995,011	1,573,380	60,568,391
Compensated absences, net of current portion	5,015,724	226,555	5,242,279
Landfill liability, net of current portion	225,663	-	225,663
Total Noncurrent Liabilities	<u>236,627,539</u>	<u>9,973,769</u>	<u>246,601,308</u>
Total Liabilities	<u>279,503,469</u>	<u>18,595,969</u>	<u>298,099,438</u>
Deferred Inflows of Resources			
Related to pension	4,475,346	170,955	4,646,301
Related to OPEB	12,415,438	331,116	12,746,554
Taxes paid in advance	87,497	-	87,497
Total Deferred Inflows of Resources	<u>16,978,281</u>	<u>502,071</u>	<u>17,480,352</u>
Net Position			
Net investment in capital assets	278,600,080	48,489,452	327,089,532
Restricted for:			
Permanent funds:			
Nonexpendable	262,277	-	262,277
Expendable	3,670,667	-	3,670,667
Grants and other statutory restrictions	25,757,922	-	25,757,922
Unrestricted	(54,476,243)	15,641,781	(38,834,462)
Total Net Position	<u>\$ 253,814,703</u>	<u>\$ 64,131,233</u>	<u>\$ 317,945,936</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues			Net (Expenses) Revenues
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities					
General government	\$ 11,471,473	\$ 1,064,898	\$ 1,065,439	\$ -	\$ (9,341,136)
Public safety	30,026,341	6,010,095	344,564	-	(23,671,682)
Education	154,744,898	4,880,197	41,274,087	-	(108,590,614)
Public works	29,732,742	3,710,820	6,164	622,247	(25,393,511)
Building design and construction	369,344	-	-	-	(369,344)
Health and human services	5,001,552	354,229	1,997,027	-	(2,650,296)
Culture and recreation	5,460,341	1,066,456	258,530	-	(4,135,355)
Interest on debt service	2,956,862	-	-	-	(2,956,862)
Intergovernmental	1,642,017	-	-	-	(1,642,017)
Other unallocated costs	<u>1,729,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,729,810)</u>
Total Governmental Activities	243,135,380	17,086,695	44,945,811	622,247	(180,480,627)
Business-Type Activities					
Sewer services	10,081,945	9,704,833	152,180	-	(224,932)
Water services	<u>6,587,282</u>	<u>6,603,385</u>	<u>-</u>	<u>-</u>	<u>16,103</u>
Total Business-Type Activities	<u>16,669,227</u>	<u>16,308,218</u>	<u>152,180</u>	<u>-</u>	<u>(208,829)</u>
Total	\$ <u>259,804,607</u>	\$ <u>33,394,913</u>	\$ <u>45,097,991</u>	\$ <u>622,247</u>	(180,689,456)

(continued)

The accompanying notes are an integral part of these financial statements.

(continued)

TOWN OF NEEDHAM, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
Change in Net (Expenses) Revenues from Previous Page	(180,480,627)	(208,829)	(180,689,456)
General Revenues			
Property taxes	187,534,452	-	187,534,452
Excises	7,126,444	-	7,126,444
Penalties, interest, and other taxes	2,822,490	-	2,822,490
Grants and contributions not restricted to specific programs	2,780,242	-	2,780,242
Investment income	4,283,286	328,597	4,611,883
Miscellaneous	962,696	-	962,696
Transfers, net	<u>696,040</u>	<u>(696,040)</u>	<u>-</u>
Total General Revenues and Transfers	<u>206,205,650</u>	<u>(367,443)</u>	<u>205,838,207</u>
Change in Net Position	25,725,023	(576,272)	25,148,751
Net Position			
Beginning of year	<u>228,089,680</u>	<u>64,707,505</u>	<u>292,797,185</u>
End of year	<u>\$ 253,814,703</u>	<u>\$ 64,131,233</u>	<u>\$ 317,945,936</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2024

	General Fund	Community Preservation Fund	Town Federal Grants Fund	Emery Grover Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and short-term investments	\$ 69,372,135	\$ 2,401,267	\$ 4,846,760	\$ -	\$ 25,110,283	\$ 101,730,445
Investments	11,495,388	11,957,833	-	-	3,290,098	26,743,319
Receivables:						
Property taxes	4,421,531	80,044	-	-	-	4,501,575
Excises	734,690	-	-	-	-	734,690
Departmental	1,364,915	-	-	-	686,208	2,051,123
Intergovernmental	-	-	36,216	-	402,630	438,846
Other	383,484	-	-	-	-	383,484
Due from other funds	912,457	-	-	-	-	912,457
Total Assets	\$ 88,684,600	\$ 14,439,144	\$ 4,882,976	\$ -	\$ 29,489,219	\$ 137,495,939
Liabilities						
Warrants and accounts payable	\$ 2,576,902	\$ -	\$ 39,202	\$ 113,316	\$ 1,898,096	\$ 4,627,516
Unearned revenue	-	-	3,687,055	-	1,832,244	5,519,299
Accrued liabilities	5,652,170	-	9,160	2,096,166	2,154,063	9,911,559
Notes payable	-	-	-	4,517,350	2,015,000	6,532,350
Refunds payable	83,334	-	-	-	-	83,334
Due to other funds	-	-	-	912,457	-	912,457
Other liabilities	994,775	-	-	-	94,455	1,089,230
Total Liabilities	9,307,181	-	3,735,417	7,639,289	7,993,858	28,675,745
Deferred Inflows of Resources:						
Unavailable revenues	6,912,195	80,044	36,216	-	1,087,042	8,115,497
Taxes paid in advance	87,497	-	-	-	-	87,497
Total Deferred Inflows of Resources	6,999,692	80,044	36,216	-	1,087,042	8,202,994
Fund Balances						
Nonspendable	-	-	-	-	262,277	262,277
Restricted	505,815	14,359,100	1,156,388	-	12,709,799	28,731,102
Committed	27,654,247	-	-	-	12,014,838	39,669,085
Assigned	10,445,461	-	-	-	-	10,445,461
Unassigned	33,772,204	-	(45,045)	(7,639,289)	(4,578,595)	21,509,275
Total Fund Balances	72,377,727	14,359,100	1,111,343	(7,639,289)	20,408,319	100,617,200
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 88,684,600	\$ 14,439,144	\$ 4,882,976	\$ -	\$ 29,489,219	\$ 137,495,939

The accompanying notes are an integral part of these financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION**

JUNE 30, 2024

Total Governmental Fund Balances	\$ 100,617,200
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds	394,088,346
Revenues are reported on the accrual basis of accounting and are not deferred until collection	8,115,497
Deferred outflows of resources to be recognized as an increase to pension and OPEB expense in future periods:	
Related to pension	10,222,361
Related to OPEB	6,218,336
Internal service funds are used by management to account for workers' compensation and property and casualty self-insurance. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position	2,273,845
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due	(1,775,962)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds and loans payable	(111,033,705)
Net pension liability	(72,055,710)
Net OPEB liability	(58,995,011)
Compensated absences payable	(6,687,632)
Landfill	(282,078)
Deferred inflows of resources to be recognized as a decrease to pension and OPEB expense in future periods:	
Related to pension	(4,475,346)
Related to OPEB	<u>(12,415,438)</u>
Net Position of Governmental Activities	\$ <u>253,814,703</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2024

	General <u>Fund</u>	Community Preservation <u>Fund</u>	Town Federal Grants <u>Fund</u>	Emery Grover Building <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues						
Property taxes	\$ 182,678,092	\$ 3,223,294	\$ -	\$ -	\$ -	\$ 185,901,386
Excises	7,316,406	-	-	-	-	7,316,406
Penalties, interest, and other taxes	2,799,072	5,693	-	-	-	2,804,765
Charges for services	5,126,648	-	-	-	8,147,406	13,274,054
Departmental	949,520	-	-	-	-	949,520
Licenses and permits	2,737,881	-	-	-	-	2,737,881
Intergovernmental	30,805,749	656,397	1,899,871	-	12,225,057	45,587,074
Investment income	3,639,716	225,041	-	-	418,529	4,283,286
Fines and forfeitures	83,831	-	-	-	-	83,831
Contributions	-	-	-	-	365,936	365,936
Other	551,288	-	-	-	226,398	777,686
Total Revenues	236,688,203	4,110,425	1,899,871	-	21,383,326	264,081,825
Expenditures						
Current:						
General government	9,381,377	607,845	778,277	-	238,528	11,006,027
Public safety	25,822,171	-	4,028	-	1,738,736	27,564,935
Education	131,490,229	-	-	-	15,578,927	147,069,156
Public works	27,098,269	-	256,760	-	89,096	27,444,125
Building design and construction	243,772	-	-	-	-	243,772
Health and human services	3,309,801	-	351,217	-	1,212,140	4,873,158
Culture and recreation	4,123,838	-	-	-	866,677	4,990,515
Employee benefits	1,076,077	-	-	-	-	1,076,077
Other	870,055	-	-	-	-	870,055
Capital outlay	-	-	-	11,967,429	14,446,976	26,414,405
Debt service:						
Principal	10,685,000	-	-	-	-	10,685,000
Interest	4,035,124	-	-	-	-	4,035,124
Intergovernmental	1,642,017	-	-	-	-	1,642,017
Total Expenditures	219,777,730	607,845	1,390,282	11,967,429	34,171,080	267,914,366
Excess (deficiency) of revenues over expenditures	16,910,473	3,502,580	509,589	(11,967,429)	(12,787,754)	(3,832,541)
Other Financing Sources (Uses)						
Transfers in	3,373,578	-	-	2,682,650	9,399,865	15,456,093
Transfers out	(12,510,673)	(1,078,631)	(316,874)	-	(853,875)	(14,760,053)
Total Other Financing Sources (Uses)	(9,137,095)	(1,078,631)	(316,874)	2,682,650	8,545,990	696,040
Change in Fund Balance	7,773,378	2,423,949	192,715	(9,284,779)	(4,241,764)	(3,136,501)
Fund Balances, at Beginning of Year as previously reported	64,604,349	11,935,151	918,628	-	26,295,573	103,753,701
Adjustment - change from nonmajor to major fund	-	-	-	1,645,490	(1,645,490)	-
Fund Balances at End of Year	\$ 72,377,727	\$ 14,359,100	\$ 1,111,343	\$ (7,639,289)	\$ 20,408,319	\$ 100,617,200

The accompanying notes are an integral part of these financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2024

Net Changes in Fund Balances - Total Governmental Funds \$ (3,136,501)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	28,142,909
Depreciation	(15,891,230)

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue and allowance for doubtful accounts.

1,904,407

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on the changes in net position:

Repayments of general obligation bonds and loans	10,685,000
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In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.

124,988

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Change in pension expense from GASB 68	1,571,579
Change in OPEB expense from GASB 75	685,551
Change in compensated absences	412,309
Change in landfill liability	56,415
Bond premium amortization	953,274

Internal service funds are used by management to account for self-insurance activities. The net activity of internal service funds is reported with Governmental Activities.

216,322

Change in Net Position of Governmental Activities \$ 25,725,023

The accompanying notes are an integral part of these financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2024

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Sewer Fund	Water Fund	Total	
Assets				
Current Assets				
Cash and short-term investments	\$ 5,978,517	\$ 10,436,982	\$ 16,415,499	\$ 3,183,928
User fees receivable	<u>4,953,435</u>	<u>3,743,263</u>	<u>8,696,698</u>	<u>-</u>
Total Current Assets	<u>10,931,952</u>	<u>14,180,245</u>	<u>25,112,197</u>	<u>3,183,928</u>
Noncurrent Assets				
Capital assets non-depreciable	3,852,162	5,559,490	9,411,652	-
Capital assets depreciable, net	<u>20,684,224</u>	<u>27,464,873</u>	<u>48,149,097</u>	<u>-</u>
Total Noncurrent Assets	<u>24,536,386</u>	<u>33,024,363</u>	<u>57,560,749</u>	<u>-</u>
Total Assets	<u>35,468,338</u>	<u>47,204,608</u>	<u>82,672,946</u>	<u>3,183,928</u>
Deferred Outflows of Resources				
Related to pension	153,405	237,080	390,485	-
Related to OPEB	<u>88,429</u>	<u>77,413</u>	<u>165,842</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>241,834</u>	<u>314,493</u>	<u>556,327</u>	<u>-</u>
Liabilities				
Current Liabilities				
Accounts payable	26,696	140,345	167,041	44,295
Accrued liabilities	178,274	46,042	224,316	865,788
Unearned revenue	2,847,820	-	2,847,820	-
Notes payable	-	4,394,650	4,394,650	-
Current portion of long-term liabilities:				
Bonds payable	427,222	485,633	912,855	-
Compensated absences	<u>38,913</u>	<u>36,605</u>	<u>75,518</u>	<u>-</u>
Total Current Liabilities	<u>3,518,925</u>	<u>5,103,275</u>	<u>8,622,200</u>	<u>910,083</u>
Noncurrent Liabilities				
Bonds payable, net of current portion	2,813,390	2,607,975	5,421,365	-
Compensated absences	116,740	109,815	226,555	-
Net pension liability	1,081,327	1,671,142	2,752,469	-
Net OPEB liability	<u>838,947</u>	<u>734,433</u>	<u>1,573,380</u>	<u>-</u>
Total Noncurrent Liabilities	<u>4,850,404</u>	<u>5,123,365</u>	<u>9,973,769</u>	<u>-</u>
Total Liabilities	<u>8,369,329</u>	<u>10,226,640</u>	<u>18,595,969</u>	<u>910,083</u>
Deferred Inflows of Resources				
Related to pension	67,161	103,794	170,955	-
Related to OPEB	<u>176,555</u>	<u>154,561</u>	<u>331,116</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>243,716</u>	<u>258,355</u>	<u>502,071</u>	<u>-</u>
Net Position				
Net investment in capital assets	21,330,909	27,158,543	48,489,452	-
Unrestricted	<u>5,766,218</u>	<u>9,875,563</u>	<u>15,641,781</u>	<u>2,273,845</u>
Total Net Position	<u>\$ 27,097,127</u>	<u>\$ 37,034,106</u>	<u>\$ 64,131,233</u>	<u>\$ 2,273,845</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities Enterprise Funds			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Funds
Operating Revenues				
Charges for services	\$ 9,704,833	\$ 6,603,385	\$ 16,308,218	\$ -
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,074,298</u>
Total Operating Revenues	<u>9,704,833</u>	<u>6,603,385</u>	<u>16,308,218</u>	<u>1,074,298</u>
Operating Expenses				
Personnel services	1,558,998	1,733,995	3,292,993	857,976
Non-personnel services	352,879	1,448,721	1,801,600	-
Depreciation	1,012,447	1,398,572	2,411,019	-
Intergovernmental assessments	<u>7,084,841</u>	<u>1,887,130</u>	<u>8,971,971</u>	<u>-</u>
Total Operating Expenses	<u>10,009,165</u>	<u>6,468,418</u>	<u>16,477,583</u>	<u>857,976</u>
Operating Income (Loss)	<u>(304,332)</u>	<u>134,967</u>	<u>(169,365)</u>	<u>216,322</u>
Nonoperating Revenues (Expenses)				
Intergovernmental revenue	152,180	-	152,180	-
Investment income	113,633	214,964	328,597	-
Interest expense	<u>(72,780)</u>	<u>(118,864)</u>	<u>(191,644)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses), Net	<u>193,033</u>	<u>96,100</u>	<u>289,133</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>(111,299)</u>	<u>231,067</u>	<u>119,768</u>	<u>216,322</u>
Transfers in	810,358	-	810,358	-
Transfers out	<u>(626,616)</u>	<u>(879,782)</u>	<u>(1,506,398)</u>	<u>-</u>
Change in Net Position	<u>72,443</u>	<u>(648,715)</u>	<u>(576,272)</u>	<u>216,322</u>
Net Position at Beginning of Year	<u>27,024,684</u>	<u>37,682,821</u>	<u>64,707,505</u>	<u>2,057,523</u>
Net Position at End of Year	<u>\$ 27,097,127</u>	<u>\$ 37,034,106</u>	<u>\$ 64,131,233</u>	<u>\$ 2,273,845</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Sewer Fund	Water Fund	Total	
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 10,704,201	\$ 5,688,715	\$ 16,392,916	\$ -
Employer contributions	-	-	-	1,074,298
Payments of utility assessments	(7,084,841)	(1,887,130)	(8,971,971)	-
Payments to vendors and contractors	(1,068,722)	(2,055,731)	(3,124,453)	-
Payments of employee salaries, benefits, and related expenses	(1,167,441)	(1,359,778)	(2,527,219)	(561,695)
Net Cash Provided By Operating Activities	1,383,197	386,076	1,769,273	512,603
Cash Flows From Noncapital Financing Activities				
Nonoperating grants received	152,180	-	152,180	-
Transfers from other funds	810,358	-	810,358	-
Transfers to other funds	(626,616)	(879,782)	(1,506,398)	-
Net Cash Provided by (Used For) Noncapital Financing Activities	335,922	(879,782)	(543,860)	-
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	(911,459)	(844,237)	(1,755,696)	-
Proceeds from issuance of notes	-	4,394,650	4,394,650	-
Principal payments on bonds and loans	(420,644)	(3,124,795)	(3,545,439)	-
Interest expense	(72,780)	(118,864)	(191,644)	-
Net Cash Provided By (Used For) Capital and Related Financing Activities	(1,404,883)	306,754	(1,098,129)	-
Cash Flows From Investing Activities				
Investment income	113,633	214,964	328,597	-
Net Cash Provided By Investing Activities	113,633	214,964	328,597	-
Net Change in Cash and Short-Term Investments	427,869	28,012	455,881	512,603
Cash and Short-Term Investments, Beginning of Year	5,550,648	10,408,970	15,959,618	2,671,325
Cash and Short-Term Investments, End of Year	\$ 5,978,517	\$ 10,436,982	\$ 16,415,499	\$ 3,183,928
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ (304,332)	\$ 134,967	\$ (169,365)	\$ 216,322
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,012,447	1,398,572	2,411,019	-
Changes in assets, liabilities, and deferred outflows/inflows:				
User fees	(1,848,452)	(914,658)	(2,763,110)	-
Deferred outflows - related to pension	183,604	283,753	467,357	-
Deferred outflows - related to OPEB	5,603	2,819	8,422	-
Warrants and accounts payable	(705,202)	(607,010)	(1,312,212)	44,295
Accrued liabilities	(7,325)	6,391	(934)	251,986
Unearned revenue	2,847,820	-	2,847,820	-
Refunds payable	-	(12)	(12)	-
Compensated absences	(3,018)	29,755	26,737	-
Net pension liability	(178,777)	(276,292)	(455,069)	-
Net OPEB liability	279,834	257,369	537,203	-
Deferred inflows - related to pension	(28,410)	(43,908)	(72,318)	-
Deferred inflows - related to OPEB	129,405	114,330	243,735	-
Net Cash Provided By Operating Activities	\$ 1,383,197	\$ 386,076	\$ 1,769,273	\$ 512,603

The accompanying notes are an integral part of these financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2024

	Pension and OPEB <u>Trust Funds</u>	Private Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ASSETS			
Cash and short-term investments	\$ 11,174,377	\$ -	\$ 417,171
Investments:			
Pooled investments:			
External investment pool (PRIT)	227,286,065	-	-
External investment pool (SRBT)	80,465,007	-	-
Other	<u>-</u>	<u>7,174,397</u>	<u>-</u>
TOTAL ASSETS	<u>318,925,449</u>	<u>7,174,397</u>	<u>417,171</u>
LIABILITIES			
Accounts payable	28,557	229,900	22,206
Accrued liabilities	<u>-</u>	<u>-</u>	<u>486</u>
TOTAL LIABILITIES	<u>28,557</u>	<u>229,900</u>	<u>22,692</u>
NET POSITION			
Total net position restricted for pension, other post employment benefits, and other purposes	\$ <u><u>318,896,892</u></u>	\$ <u><u>6,944,497</u></u>	\$ <u><u>394,479</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

	Pension and OPEB <u>Trust Funds</u>	Private Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
Additions			
Contributions:			
Employers	\$ 21,686,183	\$ -	\$ -
Plan members	6,016,041	-	-
Other	<u>264,557</u>	<u>69,436</u>	<u>823,943</u>
Total contributions	27,966,781	69,436	823,943
Investment income:			
Earnings and change in fair value of investments	31,574,812	717,851	1,014
Less: management fees	<u>(1,093,360)</u>	<u>-</u>	<u>-</u>
Net investment income	<u>30,481,452</u>	<u>717,851</u>	<u>1,014</u>
Total Additions	58,448,233	787,287	824,957
Deductions			
Benefit payments to plan members and beneficiaries	21,029,926	-	-
Refunds to plan members	2,163,938	-	-
Administrative expenses	343,653	-	-
Other	<u>-</u>	<u>284,870</u>	<u>798,666</u>
Total Deductions	<u>23,537,517</u>	<u>284,870</u>	<u>798,666</u>
Change in Net Position	34,910,716	502,417	26,291
Restricted Net Position			
Beginning of year	<u>283,986,176</u>	<u>6,442,080</u>	<u>368,188</u>
End of year	\$ <u><u>318,896,892</u></u>	\$ <u><u>6,944,497</u></u>	\$ <u><u>394,479</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Needham (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

Reporting Entity

The Town is a municipal corporation governed by an elected Select Board. As required by generally accepted accounting principles, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable.

Fiduciary Component Units

The Needham Contributory Retirement System (the System) which was established to provide retirement benefits primarily to employees and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. Additional financial information of the System and complete financial statements can be obtained by contacting the System located at Town of Needham, Massachusetts, Town Hall, Needham, Massachusetts 02492.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- The *Community Preservation Fund* was adopted on November 2, 2004 by a state-wide act enabling legislation to allow Cities and Towns to choose to create a new funding source that can be used to address three core community concerns:
 - Acquisition and preservation of open space
 - Creation and support of affordable housing
 - Acquisition and preservation of historic buildings and landscapes
- The *Town Federal Grants Fund* is used to account for the Town's activities related to federal grants.
- The *Emery Grover Building Fund* is used to account for the Town's activities related to the historic renovation of the exterior and modernization of the interior of the Emery Grover building.

The proprietary fund financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

- The *Sewer Fund* is used to report the Town's sewer enterprise fund operations.
- The *Water Fund* is used to report the Town's water enterprise fund operations.

The self-insured employee workers compensation, police and firefighter injured-on-duty leave (MGL Chapter 41, Section 111F), and property and casualty insurance are reported as an *Internal Service Fund* in the accompanying financial statements.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *Pension Trust Fund* accounts for the activities of the Needham Retirement System (NRS), which accumulates resources for pension benefit payments to qualified employees.
- The *Other Post-Employment Benefits Trust Fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- The *Private-Purpose Trust Fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent funds, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Custodial Funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include Student Activity Funds.

Deposits and Investments

A cash and investment pool is maintained that is available for use by all funds, except those required to be segregated by law. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments." The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be cash equivalents.

The Town's short-term investments also include their share of the Massachusetts Municipal Depository Trust (MMDT) cash portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. The MMDT cash portfolio seeks to provide preservation of capital and daily liquidity paired with the highest prudent yield. The fund is not Securities and Exchange Commission (SEC) registered. In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, MMDT's portfolio securities are valued at amortized cost.

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to a level classification.

Investments are carried at fair value, except non-negotiable certificates of deposits which are reported at cost.

The Needham Retirement System invests in the Pension Reserve Investment Trust Fund (PRIT) which is managed by the Pension Reserves Investment Management (PRIM) Board. The OPEB Trust Fund invests in the Massachusetts State Retiree Benefits Trust Fund (SBRT). The SRBT is mandated by statute to invest all its assets in the PRIT Fund. As such, the PRIM investment policy disclosures in Note 4 apply equally to the Town's investments in the PRIT and SRBT funds.

Property Tax Limitations

Legislation known as "Proposition 2½" limits the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override or debt exemption is voted.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of five years. The Town has a capitalization policy with the following established thresholds for capitalization:

<u>Assets</u>	<u>Threshold</u>
Land improvements	\$ 5,000
Buildings and facilities	\$ 50,000
Building improvements	\$ 25,000
Furniture, fixtures, machinery, and equipment	\$ 5,000
Vehicles	\$ 5,000
Road work	\$ 75,000
Water and sewer systems	\$ 75,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40 - 50
Machinery, equipment, and furnishings	5 - 10
Vehicles	5 - 15
Infrastructure	20 - 40

Compensated Absences

Based on provisions contained in the Town's personnel policy or collective bargaining agreement, employees are eligible to accumulate earned but unused vacation and sick leave benefits. Vacation time accrues either annually or monthly based on years of service and is considered vested at the time it is earned. Employees are limited in their ability to carry unused vacation leave from one year to the next. Personal leave is not cumulative and is not carried forward to the next year. Sick leave is accrued either monthly or annually and accumulates without limit. Some employees whose employment terminates by retirement, disability, or death are entitled to payment upon termination at their current rate of pay for twenty-five percent of accrued sick leave. Some employees are subject to a 960-hour cap for the purposes of sick leave buy-back, and some employees are ineligible to participate in the program.

All vested personal and vacation pay is accrued when incurred in the government-wide financial statements. Twenty-five percent of vested sick leave is accrued when incurred in the government-wide financial statements, based on an estimate number of employees expected to retire. A liability for these amounts is reported in governmental funds only if the employee has met the requirements to be eligible for buy-back of sick leave upon a qualifying event.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance

Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

Nonspendable

Represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue funds, capital projects funds, and the income portion of permanent funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes special purpose stabilization accounts set aside by Town Meeting vote for future capital acquisitions and improvements, various capital project fund articles approved at Town Meeting, as well as reserve accounts for compensated absences. A similar action is needed to modify or rescind a commitment.

Assigned

Represents funds that are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance (free cash) voted to be used in the subsequent fiscal year.

Unassigned

Represents amounts that are available to be spent in future periods, the Town's general stabilization account, and temporary deficit balances. The General Fund is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

Budgetary Information

At the annual town meeting, the Finance Committee presents an operating budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds. Effective budgetary control is achieved for all other funds through provisions of Massachusetts General Laws.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances, which will be honored during the subsequent year.

Deficit Fund Equity

Certain individual funds reflect deficit balances as of June 30, 2024. The deficits in these funds will be eliminated through future intergovernmental revenues, transfers from other funds, and issuance of long-term debt.

New Pronouncements

In fiscal year 2024, the Town implemented GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. Management has determined this statement has a material effect on the financial statements relating to

the change in a fund's presentation as major or nonmajor. In fiscal year 2024 the *Emery Grover Building Fund* is presented as a major fund, a change from being a nonmajor fund in fiscal year 2023. A reconciliation has been provided on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

3. Deposits and Investments

Town (Excluding the Pension and OPEB Trust Fund)

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Laws (MGL) Chapter 44, Section 55, limits deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town's custodial credit risk policy allows unlimited amounts to be deposited in certificates of deposits with a maximum maturity as set by Massachusetts General Laws (MGL) and full collateralization through a third-party agreement. The policy also allows unlimited deposits in Massachusetts State pooled fund and limits the remaining unsecured deposits to 5% of any institution's assets and no more than 25% of the Town's assets. The Town's policy was designed to limit exposure to only those institutions with a proven financial strength, capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the Town will be held in the Town's name and the tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security. The Town does not have a deposit policy for custodial credit risk.

As of June 30, 2024, \$27,648,150, of the Town's bank balance of \$128,519,067, was exposed to custodial credit risk as uninsured and uncollateralized, and \$59,748,107, was collateralized by securities held by the pledging financial institution's trust department or agent.

Investments

The following is a summary of the Town's investments, including private-purpose trust funds, as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>
U.S. Treasury notes	\$ 9,196,180
Federal agencies	875,916
Corporate bonds	11,901,063
Fixed income mutual funds	1,274,683
Corporate equities	1,870,809
Equity mutual funds	8,082,156
Market-linked certificates of deposits	<u>716,909</u>
Total investments	\$ <u><u>33,917,716</u></u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, MGL, Chapter 44, Section 55, limits investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

Presented below is the actual rating as of year-end for debt related investments of the Town, as rated by S&P Global Ratings:

<u>Ratings as of Year End</u>							
<u>Investment Type</u>	<u>Amount</u>	<u>AAA</u>	<u>AA+</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
Federal agencies	\$ 875,916	\$ -	\$ 875,916	\$ -	\$ -	\$ -	\$ -
Corporate bonds	11,901,063	892,186	263,322	605,806	6,076,932	4,062,817	-
Fixed income mutual funds	<u>1,274,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,274,683</u>
Total	<u>\$ 14,051,662</u>	<u>\$ 892,186</u>	<u>\$ 1,139,238</u>	<u>\$ 605,806</u>	<u>\$ 6,076,932</u>	<u>\$ 4,062,817</u>	<u>\$ 1,274,683</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town's custodial credit risk policy allows unlimited investments in U.S. agency obligations, certificates of deposits secured through a third party, and other investments allowable by MGL. Investments are held in the Town's name, except for \$6,800,245, which are held by counterparty.

Concentration of Credit Risk

The Town manages concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any type of security or issuer will be minimized. With the exception U.S. Treasury obligations or investments fully collateralized by U.S. agencies, and the state pool (MMDT), no more than 10% of the Town's investments shall be invested in a single financial institution.

As of June 30, 2024, the Town did not have an investment in one issuer greater than 5% of total investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town addresses interest rate risk by managing duration.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
U.S. Treasury notes	\$ 9,196,180	\$ 2,793,644	\$ 6,176,841	\$ 225,695
Federal agencies	875,916	329,336	546,580	-
Corporate bonds	11,901,063	2,144,508	8,447,209	1,309,346
Fixed income mutual funds	1,274,683	1,274,683	-	-
Market-linked certificates of deposits	716,909	708,127	8,782	-
Total	<u>\$ 23,964,751</u>	<u>\$ 7,250,298</u>	<u>\$ 15,179,412</u>	<u>\$ 1,535,041</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town will not invest in any investment exposed to foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Town's and OPEB Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

As of June 30, 2024, the Town had the following fair value measurements:

		Fair Value Measurements Using:	
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)
Description	Total		
Investments by fair value level:			
U.S Treasury notes	\$ 9,196,180	\$ 9,196,180	\$ -
Federal agencies	875,916	-	875,916
Corporate bonds	11,901,063	-	11,901,063
Fixed income mutual funds	1,274,683	1,274,683	-
Market-linked certificates of deposit	716,909	-	716,909
Equity securities:			
Corporate equities	1,870,809	1,870,809	-
Equity mutual funds	8,082,156	8,082,156	-
Total	\$ 33,917,716	\$ 20,423,828	\$ 13,493,888

4. Investments – OPEB Trust Fund and Retirement System

As of June 30, 2024, the OPEB Trust Fund maintained its investments of \$80,465,007 in the State Retirees Benefits Trust Fund (SRBT), an external investment pool managed by PRIM. The OPEB Trust Fund's investments were valued at net asset value (NAV). There were no unfunded commitments, and the redemption frequency is monthly with a 30-day redemption notice period.

As of December 31, 2023, all of the System's investments of \$227,286,065, were invested in the PRIT fund. The System's investments were measured using NAV, there were no unfunded commitments, and the redemption frequency is monthly with a 30-day redemption notice period.

PRIT manages various risks including credit, interest rate, foreign currency and concentration risk as summarized below. See PRIT's Annual Comprehensive Financial

Report which is publicly available at mapension.com for complete description of its risk management policies.

Credit Risk

The PRIM Board establishes credit investment guidelines with each of its fixed income securities investment managers in establishing a diversified portfolio. These guidelines vary depending on the manager's strategy and role of its portfolio to the overall diversification of the PRIT fund. The weighted average quality rating of debt securities (excluding pooled investments, investments explicitly backed by the U.S. government and other nonrated investments) was BBB at June 30, 2024.

Interest Rate Risk

The PRIM Board manages PRIT's exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its fixed income investment managers. At June 30, 2024, the effective weighted average duration of the PRIT fund ranged from 1.99 to 14.42 years.

Foreign Currency Risk

The PRIM Board manages PRIT's exposure to foreign currencies by hedging a percentage of PRIT's non-US denominated investments through forward foreign currency contracts.

Concentration of Credit Risk

The PRIM Board manages PRIT's exposure to concentration of credit risk by established guidelines with each investment manager that limit the percent of investment of investments in any single issue or issuer. PRIT has no investments, at fair value, that exceed 5% of PRIT's net position held in trust for pool participants as of June 30, 2024.

5. Property Taxes and Excises Receivable

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to. The actual fiscal year 2024 tax levy reflected an excess capacity of \$2,166,858.

Fourteen days after the due date for the final tax bill for real estate taxes (May 1), a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the tax collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. The Registry of Motor Vehicles

annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Property tax and excises receivable at June 30, 2024 consisted of the following:

	Gross Amount	Allowance for Doubtful Accounts	Net Amount
Current:			
Real estate taxes	\$ 2,724,076	\$ -	\$ 2,724,076
Personal property taxes	603,760	(394,000)	209,760
CPA	80,044	-	80,044
Tax liens	673,845	-	673,845
Deferred taxes	813,850	-	813,850
Total property taxes	<u>\$ 4,895,575</u>	<u>\$ (394,000)</u>	<u>\$ 4,501,575</u>
Motor Vehicle Excise	\$ 1,106,690	\$ (372,000)	\$ 734,690

The allowance amount is estimated using varying percentages that the Town believes are not collectible based on year of levy.

Departmental Receivables

Departmental receivables are primarily comprised of ambulance and waste removal receivables. Departmental receivables in the accompanying financial statements reflect an estimated allowance for doubtful accounts of \$219,000.

6. Interfund Transfers

The Town reports interfund transfers various funds. The sum of all transfers presented in the following table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements.

Governmental Funds	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 3,373,578	\$ 12,510,673
Community Preservation Fund	-	1,078,631
Town Federal Grants	-	316,874
Emory Grover Building Fund	2,682,650	-
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Receipts reserved - PEG Access	-	471,675
Capital Project Funds:		
Fleet program	2,735,263	-
McLeod Field renovations	1,310,000	-
Public works infrastructure	2,581,500	-
Other capital project funds	<u>2,773,102</u>	<u>382,200</u>
Subtotal Nonmajor Governmental Funds	9,399,865	853,875
Internal Service Fund	-	-
Enterprise Funds		
Sewer Fund	810,358	626,616
Water Fund	<u>-</u>	<u>879,782</u>
Subtotal Enterprise Funds	<u>810,358</u>	<u>1,506,398</u>
Total	\$ <u><u>16,266,451</u></u>	\$ <u><u>16,266,451</u></u>

The \$1,506,398 from the sewer and water funds were transferred to the General Fund primarily for the operating budget and special articles.

The \$810,358 transfer from the General Fund into the enterprise funds represents a subsidy to the sewer fund to cover storm water expenses funded by general revenues. Most of the transfers out of the General Fund represent the Town's practice of using *free cash* (available unassigned fund balance as certified by the Massachusetts Department of Revenue) and overlay surplus to the various non-major capital project funds.

Transfers out of the General Fund represent the Town's practice of funding capital activity with current year revenues as well as paying down some capital projects short-term notes payable with debt service appropriation.

Other transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

7. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital assets, depreciable				
Buildings and improvements	\$ 412,212,996	\$ 4,797,931	\$ -	\$ 417,010,927
Machinery, equipment, and furnishings	25,278,606	2,585,833	(242,203)	27,622,236
Vehicles	8,079,920	702,350	(159,136)	8,623,134
Infrastructure	<u>55,157,264</u>	<u>2,048,688</u>	<u>-</u>	<u>57,205,952</u>
Total capital assets, depreciable	500,728,786	10,134,802	(401,339)	510,462,249
Less accumulated depreciation for:				
Buildings and improvements	(111,880,794)	(11,081,996)	-	(122,962,790)
Machinery, equipment, and furnishings	(18,320,548)	(2,564,028)	242,203	(20,642,373)
Vehicles	(7,331,479)	(529,750)	159,136	(7,702,093)
Infrastructure	<u>(30,865,256)</u>	<u>(1,715,456)</u>	<u>-</u>	<u>(32,580,712)</u>
Total accumulated depreciation	<u>(168,398,077)</u>	<u>(15,891,230)</u>	<u>401,339</u>	<u>(183,887,968)</u>
Capital assets, depreciable, net	332,330,709	(5,756,428)	-	326,574,281
Capital assets, non-depreciable				
Land	37,355,248	-	-	37,355,248
Works of art	119,773	-	-	119,773
Construction in progress	<u>12,030,937</u>	<u>19,575,303</u>	<u>(1,567,196)</u>	<u>30,039,044</u>
Total capital assets, non-depreciable	<u>49,505,958</u>	<u>19,575,303</u>	<u>(1,567,196)</u>	<u>67,514,065</u>
Governmental activities capital assets, net	<u>\$ 381,836,667</u>	<u>\$ 13,818,875</u>	<u>\$ (1,567,196)</u>	<u>\$ 394,088,346</u>
Business-Type Activities				
Capital assets, depreciable				
Buildings and improvements	\$ 20,574,689	\$ -	\$ (46,402)	\$ 20,528,287
Plant	6,600,000	-	(241,992)	6,358,008
Machinery, equipment, and furnishings	3,521,500	708,337	(21,511)	4,208,326
Vehicles	986,453	-	-	986,453
Infrastructure	<u>82,802,396</u>	<u>-</u>	<u>-</u>	<u>82,802,396</u>
Total capital assets, depreciable	114,485,038	708,337	(309,905)	114,883,470
Less accumulated depreciation for:				
Buildings and improvements	(6,394,279)	(467,850)	46,402	(6,815,727)
Plant	(4,886,543)	(214,183)	241,992	(4,858,734)
Machinery, equipment, and furnishings	(2,812,099)	(239,699)	21,511	(3,030,287)
Vehicles	(939,072)	(23,391)	-	(962,463)
Infrastructure	<u>(49,601,266)</u>	<u>(1,465,896)</u>	<u>-</u>	<u>(51,067,162)</u>
Total accumulated depreciation	<u>(64,633,259)</u>	<u>(2,411,019)</u>	<u>309,905</u>	<u>(66,734,373)</u>
Capital assets, depreciable, net	49,851,779	(1,702,682)	-	48,149,097
Capital assets, non-depreciable				
Land	267,609	-	-	267,609
Construction in progress	<u>8,096,684</u>	<u>1,535,569</u>	<u>(488,210)</u>	<u>9,144,043</u>
Total capital assets, non-depreciable	<u>8,364,293</u>	<u>1,535,569</u>	<u>(488,210)</u>	<u>9,411,652</u>
Business-type activities capital assets, net	<u>\$ 58,216,072</u>	<u>\$ (167,113)</u>	<u>\$ (488,210)</u>	<u>\$ 57,560,749</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 1,623,794
Public safety	3,006,637
Education	7,384,608
Public works	3,047,595
Building design and construction	135,839
Health and human services	236,680
Culture and recreation	<u>456,077</u>
Total	<u>\$ 15,891,230</u>
Business-Type Activities:	
Sewer	\$ 1,012,447
Water	<u>1,398,572</u>
Total	<u>\$ 2,411,019</u>

8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

9. Accrued Liabilities

Accrued liabilities primarily represent accrued payroll and withholdings. In the government-wide Statement of Net Position, accrued liabilities also include accrued interest for bonds and anticipation notes.

Accrued liabilities reported in the Internal Service Fund represent an estimate of incurred but not reported workers' compensation claims.

10. Refunds Payable

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the state Appellate Tax Board.

11. Notes Payable

The following summarizes activity in notes payable during fiscal year 2024:

<u>Governmental Activities</u>	<u>Interest Rate %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/24</u>
Emery grover building addition and renovation	4.00	10/16/23	07/30/24	\$ 287,350
Emery grover building design	4.25	06/27/24	12/19/24	15,000
Emery grover building addition and renovation	4.25	06/27/24	12/19/24	4,230,000
Broadmeadow and Eliot school rooftop unit replacement	4.25	06/27/24	12/19/24	<u>2,000,000</u>
Total Governmental Activities				<u>\$ 6,532,350</u>
<u>Business Type Activities</u>	<u>Interest Rate %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/24</u>
Water distribution improvements	4.00	10/16/23	07/30/24	1,994,650
Water distribution improvements	4.25	06/27/24	12/19/24	1,900,000
Water service connections	4.25	06/27/24	12/19/24	<u>500,000</u>
Total Business Type Activities				<u>\$ 4,394,650</u>
<u>Governmental Activities</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
Emery grover building addition and renovation	\$ 420,000	\$ 287,350	(420,000)	\$ 287,350
Emery grover building design	-	15,000	-	15,000
Emery grover building addition and renovation	-	4,230,000	-	4,230,000
Broadmeadow and Eliot school rooftop unit replacement	-	<u>2,000,000</u>	-	<u>2,000,000</u>
Total Governmental Activities	<u>\$ 420,000</u>	<u>\$ 6,532,350</u>	<u>\$ (420,000)</u>	<u>\$ 6,532,350</u>
<u>Business Type Activities</u>				
Water distribution improvements	\$ 2,440,000	\$ 1,994,650	(2,440,000)	\$ 1,994,650
Water distribution improvements		1,900,000	-	1,900,000
Water service connections	<u>200,000</u>	<u>500,000</u>	<u>(200,000)</u>	<u>500,000</u>
Total Business Type Activities	<u>\$ 2,640,000</u>	<u>\$ 4,394,650</u>	<u>\$ (2,640,000)</u>	<u>\$ 4,394,650</u>

12. Long-Term Debt

General Obligation Bonds and Loans

The Town issues general obligation bonds and loans to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and loans have been issued for both governmental and business-type activities. General obligation bonds and loans (issuances through the MA Water Resources Authority) outstanding are as follows:

<u>Governmental Activities</u>	<u>Original Amount</u>	<u>Interest Rate(s) %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount Outstanding</u>
General Obligation Bonds					
Public Offerings:					
Town Hall, Parking and Bridge	\$ 2,460,000	2.00 - 3.125	10/05/11	08/01/26	\$ 315,000
Municipal Purpose 2013	12,244,000	2.00 - 4.00	10/03/12	07/15/32	4,410,000
Municipal Purpose 2013	5,945,000	2.00 - 4.00	06/18/13	11/01/32	2,545,000
Municipal Purpose 2014	6,085,000	3.00 - 4.00	12/02/13	07/15/33	2,500,000
Municipal Purpose 2014	5,032,000	2.00 - 2.50	06/02/14	05/15/34	500,000
Municipal Purpose 2015	13,425,000	2.00 - 4.00	04/01/15	11/15/33	1,850,000
GOB - Refunding 2016	6,645,000	2.00 - 4.00	06/16/16	08/01/27	1,910,000
Municipal Purpose 2017	10,945,000	3.00 - 4.00	01/05/17	01/15/42	5,875,000
Municipal Purpose 2018	31,000,000	3.00 - 4.00	07/17/18	07/15/38	21,725,000
Municipal Purpose 2020	27,500,000	2.625 - 5.00	10/01/19	08/01/44	20,460,000
Municipal Purpose 2020	25,185,000	2.00 - 5.00	06/25/20	02/01/40	17,470,000
Municipal Purpose 2021	4,668,000	2.00 - 5.00	04/14/21	06/30/41	2,710,000
Municipal Purpose 2021	19,407,000	2.00 - 5.00	04/14/21	06/30/41	14,100,000
Municipal Purpose 2022	9,970,000	2.00 - 5.00	04/14/22	08/15/36	<u>6,285,000</u>
Total Governmental Activities					<u>\$ 102,655,000</u>
<u>Business-Type Activities</u>	<u>Original Amount</u>	<u>Interest Rate(s) %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount Outstanding</u>
General Obligation Bonds					
Public Offerings:					
Municipal Purpose 2014	\$ 5,032,000	2.00 - 2.50	06/02/14	05/15/34	\$ 995,000
Municipal Purpose 2015	13,425,000	2.00 - 4.00	04/01/15	11/15/33	930,000
Municipal Purpose 2020	25,185,000	2.00 - 5.00	06/25/20	02/01/28	20,000
Municipal Purpose 2022	145,000	2.00 - 5.00	04/14/22	08/15/27	<u>95,000</u>
Total Public Offerings					<u>2,040,000</u>
Loans - Direct Borrowings					
Massachusetts Water Resources Authority:					
MA Water Resources Authority	765,335	2.00	06/01/12	07/15/30	316,102
MA Water Resources Authority	9,055,822	2.00	05/22/13	01/15/33	3,037,612
MA Water Resources Authority	2,310,813	3.00 - 4.00	05/11/17	01/15/28	852,506
MA Water Resources Authority	440,000	0.00	11/26/19	11/15/24	<u>88,000</u>
Total Loans - Direct Borrowings					<u>4,294,220</u>
Total Business-Type Activities					<u>\$ 6,334,220</u>

Future Debt Service

The annual payments to retire all general obligation and direct borrowing long-term debt outstanding as of June 30, 2024 are as follows:

<u>Governmental</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 9,745,000	3,534,775	\$ 13,279,775
2026	8,745,000	3,119,725	11,864,725
2027	8,280,000	2,755,172	11,035,172
2028	7,520,000	2,401,569	9,921,569
2029	7,150,000	2,077,809	9,227,809
2030 - 2034	29,560,000	6,760,116	36,320,116
2035 - 2039	21,125,000	2,935,113	24,060,113
2040 - 2044	10,070,000	703,228	10,773,228
2045 - 2046	460,000	6,900	466,900
Total	\$ <u>102,655,000</u>	\$ <u>24,294,407</u>	\$ <u>126,949,407</u>

<u>Business-Type</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 260,000	62,700	\$ 322,700
2026	220,000	54,550	274,550
2027	220,000	47,250	267,250
2028	215,000	40,350	255,350
2029	190,000	34,525	224,525
2030 - 2034	935,000	84,175	1,019,175
Total	\$ <u>2,040,000</u>	\$ <u>323,550</u>	\$ <u>2,363,550</u>

<u>Business-Type</u>	<u>MWRA Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 652,855	66,649	\$ 719,504
2026	572,430	59,606	632,036
2027	580,168	52,411	632,579
2028	588,073	45,062	633,135
2029	383,022	37,554	420,576
2030 - 2034	1,517,672	30,363	1,548,035
Total	\$ <u>4,294,220</u>	\$ <u>291,645</u>	\$ <u>4,585,865</u>

Bond Authorizations

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2024, are as follows:

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount</u>
5/7/2018	Public Works Storage Facility Design & Consturction	\$ 35,000
5/7/2018	RTS Property Repairs	55,000
5/6/2019	Water Distribution Improvements	3,294,650
5/1/2021	Public Safety Building and Fire Station #2	1,340,000
5/1/2021	Sewer Main Replacement	204,500
5/1/2021	Water Service Connections	500,000
10/5/2021	Emery Grover Building Design	15,000
5/4/2022	Emery Grover Building Addition and Renovation	9,891,350
10/24/2022	Additional Emery Grover Building Addition	1,295,000
5/1/2023	Broadmeadow and Eliot School Rooftop Unit	8,970,000
5/1/2023	South Street Water System Distribution Improvements	<u>4,000,000</u>
	Total	<u>\$ 29,600,500</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2024, the following changes occurred in long-term liabilities:

	Total Balance <u>7/1/23</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/24</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/24</u>
Governmental Activities						
Bonds payable - public offerings	\$ 113,340,000	\$ -	\$ (10,685,000)	\$ 102,655,000	\$ (9,745,000)	\$ 92,910,000
Unamortized bond premium	<u>9,331,979</u>	<u>-</u>	<u>(953,274)</u>	<u>8,378,705</u>	<u>(953,274)</u>	<u>7,425,431</u>
Subtotal bonds and loans payable	122,671,979	-	(11,638,274)	111,033,705	(10,698,274)	100,335,431
Net pension liability	83,968,779	-	(11,913,069)	72,055,710	-	72,055,710
Net OPEB liability	71,907,115	-	(12,912,104)	58,995,011	-	58,995,011
Compensated absences	7,099,941	-	(412,309)	6,687,632	(1,671,908)	5,015,724
Landfill closure	<u>338,493</u>	<u>-</u>	<u>(56,415)</u>	<u>282,078</u>	<u>(56,415)</u>	<u>225,663</u>
Total Long-Term Liabilities	<u>\$ 285,986,307</u>	<u>\$ -</u>	<u>\$ (36,932,171)</u>	<u>\$ 249,054,136</u>	<u>\$ (12,426,597)</u>	<u>\$ 236,627,539</u>
Business-Type Activities						
Bonds payable - public offerings	\$ 2,300,000	\$ -	\$ (260,000)	\$ 2,040,000	\$ (260,000)	\$ 1,780,000
Loans - direct borrowings	<u>4,939,659</u>	<u>-</u>	<u>(645,439)</u>	<u>4,294,220</u>	<u>(652,855)</u>	<u>3,641,365</u>
Subtotal bonds and loans payable	7,239,659	-	(905,439)	6,334,220	(912,855)	5,421,365
Net pension liability	3,207,538	-	(455,069)	2,752,469	-	2,752,469
Net OPEB liability	1,036,177	537,203	-	1,573,380	-	1,573,380
Compensated absences	<u>275,336</u>	<u>26,737</u>	<u>-</u>	<u>302,073</u>	<u>(75,518)</u>	<u>226,555</u>
Total Long-Term Liabilities	<u>\$ 11,758,710</u>	<u>\$ 563,940</u>	<u>\$ (1,360,508)</u>	<u>\$ 10,962,142</u>	<u>\$ (988,373)</u>	<u>\$ 9,973,769</u>

Prior Year Refundings

In prior years, the Town has defeased various bond issues by creating separate irrevocable trust funds. The proceeds from the new issuance of the general obligation bonds were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds mature. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's balance sheet. As of June 30, 2024, the amount of defeased debt outstanding but removed from the governmental activities and business-type activities was \$3,120,000.

13. Landfill Postclosure Care Costs

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The \$282,078 reported as postclosure care liability at June 30, 2024, represents the estimated costs to maintain and monitor the site for the remainder of the thirty years. These amounts are based on what it would cost to perform all postclosure care in fiscal year 2024. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

14. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisitions of net assets by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. The Town reports three items as deferred inflows of resources: one which is attributable to changes in the net pension liability, changes in OPEB liability, and the other one which arises from the current financial resources measurement focus and the modified accrual basis of accounting in governmental funds. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Unavailable revenues are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

15. Governmental Funds - Balances

The Town's fund balances at June 30, 2024 were comprised of the following:

	General Fund	Community Preservation Fund	Town Federal Grants Fund	Emery Grover Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Permanent funds	\$ -	\$ -	\$ -	\$ -	\$ 262,277	\$ 262,277
Total Nonspendable	-	-	-	-	262,277	262,277
Restricted:						
Debt service	505,815	-	-	-	-	505,815
Community preservation	-	14,359,100	-	-	-	14,359,100
Town federal grants	-	-	1,156,388	-	-	1,156,388
Permanent funds	-	-	-	-	3,670,667	3,670,667
Capital projects	-	-	-	-	93,551	93,551
Special revenue funds:						
Circuit Breaker	-	-	-	-	600,729	600,729
School lunch	-	-	-	-	1,561,658	1,561,658
Parks and recreation revolving	-	-	-	-	859,099	859,099
RRFA - bond premiums	-	-	-	-	434,540	434,540
BOH immunization/education	-	-	-	-	358,340	358,340
Daycare revolving	-	-	-	-	373,942	373,942
Facility activity use	-	-	-	-	264,565	264,565
Insurance loss replacement	-	-	-	-	447,806	447,806
Other special revenue funds	-	-	-	-	4,044,902	4,044,902
Total Restricted	505,815	14,359,100	1,156,388	-	12,709,799	28,731,102
Committed:						
Continuing appropriations articles	4,853,091	-	-	-	-	4,853,091
Compensated absences	924,339	-	-	-	-	924,339
Capital improvement stabilization	1,662,108	-	-	-	-	1,662,108
Capital facility stabilization	2,120,562	-	-	-	-	2,120,562
Athletic facility stabilization	1,202,392	-	-	-	-	1,202,392
Debt service stabilization	2,376,992	-	-	-	-	2,376,992
Opioid settlement stabilization	332,015	-	-	-	-	332,015
Stormwater stabilization	72,583	-	-	-	-	72,583
Next year's appropriations	14,110,165	-	-	-	-	14,110,165
Capital projects	-	-	-	-	12,014,838	12,014,838
Total Committed	27,654,247	-	-	-	12,014,838	39,669,085
Assigned:						
Encumbrances	5,351,358	-	-	-	-	5,351,358
Next year's operating budget	5,081,603	-	-	-	-	5,081,603
Other	12,500	-	-	-	-	12,500
Total Assigned	10,445,461	-	-	-	-	10,445,461
Unassigned:						
Operating fund	28,877,716	-	-	-	-	28,877,716
General stabilization fund	4,894,488	-	-	-	-	4,894,488
Deficit funds	-	-	(45,045)	(7,639,289)	(4,578,595)	(12,262,929)
Total Unassigned	33,772,204	-	(45,045)	(7,639,289)	(4,578,595)	21,509,275
Total Fund Balances	\$ 72,377,727	\$ 14,359,100	\$ 1,111,343	\$ (7,639,289)	\$ 20,408,319	\$ 100,617,200

Stabilization Fund Arrangements

In accordance with Massachusetts General Laws, Section 5B of Chapter 40, as amended by Section 22 of Chapter 218 of the Acts of 2016, the Town maintains six stabilization funds. Per Chapter 218, balances in the stabilization funds can be expended only upon appropriation at Town Meeting. Additionally, transfers to the stabilization funds are required to be approved at Town Meeting. The Town maintains the following stabilization funds:

- General stabilization – established around 1970, for general purposes.
- Capital improvement stabilization – established in May 2004, to reserve funds for the acquisition of new equipment, and/or the replacement of existing equipment (in both cases relating to equipment for which the Town may borrow for 5 years, or more), and/or for building/facility improvements with a cost of less than \$250,000.
- Capital facility stabilization – established in May 2007, to reserve funds for design, maintenance, renovation or reconstruction relating to the structural integrity of the capital facilities.
- Athletic facility stabilization – established in May 2012, to reserve funds for the renovation and reconstruction of the Town’s athletic facilities.
- Debt service stabilization – established in November 2015, to reserve funds to pay certain debt obligations, when necessary. The fund is intended to be part of the Town’s overall planning strategy for addressing capital facility needs.
- Opioid stabilization – established in May 2023, to reserve funds received from opioid settlements to address opioid recovery and mitigation programs.
- Stormwater stabilization – established in May 2023, to reserve stormwater mitigation assessments for stormwater maintenance, repair, and improvement programs.

16. Restricted Net Position

The Town's restricted net position at June 30, 2024 was comprised of the following:

Purpose	Governmental Activities
Community preservation	\$ 14,439,144
Permanent funds	3,932,944
Circuit breaker	600,729
School lunch	1,561,658
Park & recreation 53D	859,099
Debt service	505,815
RRFA - bond premiums	434,640
Insurance loss replacement	447,806
Other	<u>6,909,031</u>
Total	<u>\$ 29,690,866</u>

17. Needham Contributory Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

Plan Description

Employees of the Town (except teachers and administrators under contract employed by the School Department) who meet the membership eligibility requirements of Chapter 32 of the Massachusetts General Laws are members of the Needham Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee defined benefit retirement system (PERS). Eligibility includes employees working over twenty hours per week and excludes part-time and seasonal employees. Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 1471 Highland Avenue, Needham, Massachusetts 02492.

Participant Retirement Benefits

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the five years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

If a participant was a member prior to February 2012, a retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements; however, they must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Participants' Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5.00%
January 1, 1975 - December 31, 1983	7.00%
January 1, 1984 - June 30, 1996	8.00%
Beginning July 1, 1996	9.00%
1979- present	An additional 2% of salary in excess of \$30,000.

For those members entering a System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2024, was \$12,154,582, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to Pensions

At June 30, 2024, the Town reported a liability of \$74,808,179 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating

employers, actuarially determined. At December 31, 2023, the Town's proportion was 98.66%, previously 98.74%.

For the year ended June 30, 2024, the Town recognized pension expense of \$10,522,973. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ 2,197,776	\$ (4,563,801)
Changes of assumptions	3,338,204	-
Changes in proportion	92,314	(82,500)
Net difference between projected and actual earnings on pension plan investments	<u>4,984,552</u>	<u>-</u>
Total	<u>\$ 10,612,846</u>	<u>\$ (4,646,301)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year ended June 30:	Deferred Outflows (Inflows) of Resources
2025	\$ (543,402)
2026	1,454,575
2027	7,023,163
2028	(1,933,851)
2027	<u>(33,940)</u>
Total	<u>\$ 5,966,545</u>

Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation date	1/1/2024
Actuarial cost methods	Individual Entry Age Normal
Actuarial assumptions:	
Investment rate of return	6.25%
Projected salary increases	Ranging from 3.75% to 7.00%
Inflation rate	2.50% per year
Payroll growth	3.50% per year
Post-retirement cost-of-living adjustment	3.00% of the first \$16,000

Actuarial valuation of the System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Mortality rates were based on RP-2014 Blue Collar Employee Mortality Table with full generational mortality improvement using Scale MP-2016. For disabled members, the mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2016.

Target Allocations

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's targeted asset allocation as of June 30, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	37.00%	4.90%
Private equity	16.00%	7.70%
Core fixed income	15.00%	2.20%
Real estate	10.00%	4.10%
Portfolio Completion (PCS)	10.00%	3.90%
Value-Added fixed income	8.00%	5.30%
Timberland	4.00%	4.60%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

<u>1% Decrease (5.25%)</u>	<u>Current Discount Rate (6.25%)</u>	<u>1% Increase (7.25%)</u>
\$ 112,365,613	\$ 74,808,179	\$ 43,340,597

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial report.

18. Massachusetts Teachers' Retirement System (MTRS)

Plan Description

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth of Massachusetts' reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

Actuarial Assumptions

The net pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. This valuation used the following assumptions:

- (a) 2.50% inflation rate, (b) 7.00% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

Mortality rates were as follows:

- Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
- Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).

- Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).

Target Allocation

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	37.00%	4.90%
Core fixed income	15.00%	1.90%
Private equity	16.00%	7.40%
Portfolio completion strategies	10.00%	3.80%
Real estate	10.00%	3.00%
Value added fixed income	8.00%	5.10%
Timber/natural resources	4.00%	4.30%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

<u>1% Decrease to 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase to 8.00%</u>
\$ 33,378,000	\$ 26,290,271	\$ 20,292,000

Special Funding Situation

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

Town Proportions

In fiscal year 2023 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$187,105,482 based on a proportionate share of 0.711691%. As required by GASB 68, the Town has recognized its portion of the Commonwealth's contribution as of \$15,291,933 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of \$17,470,064 as both a revenue and expense on the Statement of Activities.

19. Other Post-Employment Benefits (GASB 74 and 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In prior years, the Town established a single employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit

payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2024.

General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's single-employer plan. The Town provides health insurance coverage through a variety of health plans through the West Suburban Health Group, a municipal joint purchase group organized under Massachusetts General Laws Chapter 32B §12. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Funding Policy

The Town's funding policy includes funding the OPEB fund on a pay-as-you-go basis and making additional contributions based on actuarially determined amounts or annual budget limitations/authorizations.

Plan Membership

At June 30, 2024, the following employees were covered by the benefit terms:

Retirees/Disabled	851
Active employees	<u>1,305</u>
Total	<u><u>2,156</u></u>

Investments

The OPEB trust fund assets are invested with the Commonwealth's State Retirees Benefit Trust Fund.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 9.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.10%, as of June 2024 and future periods
Salary increases	3.50% annually as of June 2024 and future periods
Investment rate of return	6.25%, net of investment expenses, including inflation
Discount rate	6.25%, net of investment expenses, including inflation
Healthcare cost trend rates	7.50% for 2024, based on the Getzen Model updated through October 2023, to an ultimate rate of 4.54%
Participation rate	80% of eligible employees
Retirees' share of benefit-related costs	26%-50%, depending on the retiree's plan

Mortality rates were based on:

- SOA RP-2014 White Collar Mortality with Scale MP-2016
- SOA RP-2014 Blue Collar Mortality with Scale MP-2016, set forward 1 year for females
- SOA RP-2014 Disabled Retiree Mortality with Scape MP-2016

Target Allocations

The target allocation disclosures in Note 17 apply equally to the Town's OPEB investments in SRBT funds.

Contributions

In addition to the implicit subsidy contribution, the Town's policy is to contribute the actuarially determined contribution.

Discount Rate

The discount rate used to measure the net OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2024, were as follows:

Total OPEB liability	\$ 142,739,342
Plan fiduciary net position	<u>(82,170,951)</u>
Net OPEB liability	<u>\$ 60,568,391</u>

The fiduciary net position has been determined on the same basis used by the OPEB Plan. For this purpose, the Plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 143,077,747	\$ 70,134,455	\$ 72,943,292
Changes for the year:			
Service cost	4,728,355	-	4,728,355
Interest	8,541,761	-	8,541,761
Contributions - employer	-	9,366,518	(9,366,518)
Net investment income	-	7,611,161	(7,611,161)
Differences between expected and actual experience	(6,533,926)	-	(6,533,926)
Changes in assumptions or other inputs	(2,133,412)	-	(2,133,412)
Benefit payments	<u>(4,941,183)</u>	<u>(4,941,183)</u>	<u>-</u>
Net Changes	<u>(338,405)</u>	<u>12,036,496</u>	<u>(12,374,901)</u>
Balances, end of year	\$ <u>142,739,342</u>	\$ <u>82,170,951</u>	\$ <u>60,568,391</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease	Current Discount Rate	1% Increase
\$ 77,396,270	\$ 60,568,391	\$ 46,308,583

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1%	Current Healthcare Cost Trend Rates	1%
	<u>Decrease</u>		<u>Increase</u>
\$	42,859,401	\$ 60,568,391	\$ 82,249,184

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Town recognized an OPEB expense of \$9,279,773. At June 30, 2024, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ (8,623,359)
Change in assumptions	6,384,178	(1,822,872)
Net difference between projected and actual OPEB investment earnings	<u>-</u>	<u>(2,300,323)</u>
Total	\$ <u>6,384,178</u>	\$ <u>(12,746,554)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

<u>Year Ended June 30:</u>	
2025	\$ (1,518,493)
2026	260,751
2027	(1,233,118)
2028	(1,665,019)
2029	(1,108,885)
Thereafter	<u>(1,097,612)</u>
Total	\$ <u>(6,362,376)</u>

20. Consolidation of Pension and OPEB Trust Funds

The Needham Contributory Retirement System and the Town's OPEB Trust Fund are presented in a single column in the accompanying fiduciary fund financial statements. Details of the financial position and changes in net position are as follows:

	Pension Trust Fund (December 31, 2023)	Other Post-Employment Benefits Trust Fund	Pension and OPEB Trust Funds
Assets			
Cash and short-term investments	\$ 9,468,433	\$ 1,705,944	\$ 11,174,377
Investments:			
Pooled investments:			
External investment pool (PRIT)	227,286,065	-	227,286,065
External investment pool (SRBT)	-	80,465,007	80,465,007
Total Investments	227,286,065	80,465,007	307,751,072
Total Assets	<u>236,754,498</u>	<u>82,170,951</u>	<u>318,925,449</u>
Liabilities			
Accounts payable	28,557	-	28,557
Total Liabilities	<u>28,557</u>	<u>-</u>	<u>28,557</u>
Net Position			
Restricted for pension	236,725,941	-	236,725,941
Restricted for OPEB	-	82,170,951	82,170,951
Total Net Position	<u>\$ 236,725,941</u>	<u>\$ 82,170,951</u>	<u>\$ 318,896,892</u>
	Pension Trust Fund (Year Ended December 31, 2023)	Other Post-Employment Benefits Trust Fund	Pension and OPEB Trust Funds
Additions			
Contributions:			
Employers	\$ 12,319,665	\$ 9,366,518	\$ 21,686,183
Plan members	6,016,041	-	6,016,041
Other	264,557	-	264,557
Total contributions	<u>18,600,263</u>	<u>9,366,518</u>	<u>27,966,781</u>
Investment Income:			
Earnings and change in fair value of investments	23,963,651	7,611,161	31,574,812
Less: management fees	(1,093,360)	-	(1,093,360)
Net investment income	<u>22,870,291</u>	<u>7,611,161</u>	<u>30,481,452</u>
Total Additions	<u>41,470,554</u>	<u>16,977,679</u>	<u>58,448,233</u>
Deductions			
Benefit payments to plan members and beneficiaries	16,088,743	4,941,183	21,029,926
Refunds to plan members	2,163,938	-	2,163,938
Administrative expenses	343,653	-	343,653
Total Deductions	<u>18,596,334</u>	<u>4,941,183</u>	<u>23,537,517</u>
Change in Net Position	<u>22,874,220</u>	<u>12,036,496</u>	<u>34,910,716</u>
Net Position Restricted for Pension and OPEB Purposes			
Beginning of year	<u>213,851,721</u>	<u>70,134,455</u>	<u>283,986,176</u>
End of year	<u>\$ 236,725,941</u>	<u>\$ 82,170,951</u>	<u>\$ 318,896,892</u>

21. Self-Insurance

Workers' Compensation

The Town's personnel Department administers a self-insured workers' compensation program. In addition to in-house administration, the Town utilizes a third-party administrator, FutureComp, to process claims, produce workers' compensation vouchers, and conduct follow-up medical case management on individuals receiving workers' compensation benefits.

As of June 30, 2024, the Town's workers' compensation fund had a balance of \$2,273,845 in unrestricted net position. This amount is generated from the remainder of the workers' compensation budget voted each year by Town Meeting, less accrual for outstanding claims. The Town appropriated \$938,670 for workers' compensation line item in fiscal year 2024. These funds are used to pay workers' compensation related expenses throughout the year, with the unexpended balance rolling into the trust fund noted above. The Town also purchases stop-loss reinsurance as part of its workers compensation program from Midwest Employers Casualty Company. Under the terms of its excess workers compensation coverage, the Town is liable for up to \$450,000 per accident per employee to an aggregate limit of \$1,000,000 per accident. The Town's maximum aggregate liability for all claims paid within one year is \$4,000,000. The Town has no excess liability coverage for public safety employees and no reasonable estimate of claims liability has been determined.

A liability for unpaid claims at June 30, 2024 has been recorded in the Internal Service Fund. This represents the Town's estimate of future payments based on historical information on active cases.

Changes in the aggregate liability for claims for the year ended June 30, 2024 and June 30, 2023 were as follows:

	<u>6/30/2024</u>	<u>6/30/2023</u>
Claims liability, beginning of year	\$ 548,316	\$ 553,982
Claims incurred/recognized	857,976	784,487
Claims paid	<u>(540,504)</u>	<u>(790,153)</u>
Claims liability, end of year	<u>\$ 865,788</u>	<u>\$ 548,316</u>

22. Commitments and Contingencies

Outstanding Legal Issues

There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Abatements

There are several cases pending before the Appellate Tax Board in regard to alleged discrepancies in property assessments. According to the Town's counsel, the probable outcome of these cases at the present time is indeterminable, although the Town expects such amounts, if any, to be immaterial.

Encumbrances

At year-end, the Town's General Fund had \$5,351,358 of encumbrances that will be honored in the next fiscal year.

23. Subsequent Events

Short-Term Debt

The Town issued the following general obligation bond anticipation notes (BAN) after June 30, 2024:

<u>Purpose</u>	<u>Interest Rate %</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount</u>
Water distribution improvements	4.00	12/19/2024	7/30/2025	\$ 1,900,000
Water service connections	4.00	12/19/2024	7/30/2025	196,550
Emery Grover building addition and renovation	4.00	12/19/2024	7/30/2025	3,103,450
Broadmeadow and Eliot School rooftop unit replacement	4.00	12/19/2024	7/30/2025	1,000,000
Athletic facility improvements - Claxton Field	4.00	12/19/2024	7/30/2025	460,000
Water distribution improvements	3.50	6/2/2025	10/30/2025	400,000
Emery Grover building addition and renovation	3.50	6/2/2025	10/30/2025	4,581,135
Broadmeadow and Eliot School rooftop unit replacement	3.50	6/2/2025	10/30/2025	2,200,000
Athletic facility improvements - Claxton Field	3.50	6/2/2025	10/30/2025	2,900,000
Public safety building and fire station #2	3.50	6/2/2025	10/30/2025	15,100
Additional Emery Grover building addition and renovation	3.50	6/2/2025	10/30/2025	1,030,000
Water distribution improvements	4.00	7/30/2025	10/30/2025	1,150,000
Emery Grover building addition and renovation	4.00	7/30/2025	10/30/2025	1,610,000

TOWN OF NEEDHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER SOURCES AND USES -
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2024

(UNAUDITED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Property taxes	\$ 181,958,970	181,958,970	182,678,092	\$ 719,122
Excises	5,075,000	5,075,000	7,316,406	2,241,406
Penalties, interest, and other taxes	1,800,000	1,800,000	2,799,072	999,072
Charges for services	3,499,500	3,499,500	5,054,065	1,554,565
Departmental	695,750	695,750	949,520	253,770
Licenses and permits	1,925,000	1,925,000	2,737,881	812,881
Intergovernmental	15,469,882	15,469,882	15,513,816	43,934
Investment income	500,000	500,000	3,014,710	2,514,710
Fines and forfeitures	-	-	83,831	83,831
Other revenue	<u>435,000</u>	<u>435,000</u>	<u>299,897</u>	<u>(135,103)</u>
Total Revenues	211,359,102	211,359,102	220,447,290	9,088,188
Expenditures				
General government	8,161,639	7,399,267	5,911,954	1,487,313
Land use	597,667	598,018	562,090	35,928
Public safety	20,353,397	20,853,607	19,905,909	947,698
Education	93,796,444	93,796,433	92,285,235	1,511,198
Public works	26,220,700	27,001,117	26,249,565	751,552
Building design and construction	348,176	351,771	243,772	107,999
Health and human services	2,550,302	2,554,452	2,553,788	664
Culture and recreation	3,730,215	3,733,673	3,317,033	416,640
Employee benefits	40,054,637	39,506,494	37,899,844	1,606,650
Debt service	17,543,250	17,557,775	17,557,775	-
Other appropriated expenses	934,990	934,990	870,055	64,935
Intergovernmental	<u>1,607,096</u>	<u>1,607,096</u>	<u>1,642,017</u>	<u>(34,921)</u>
Total Expenditures	<u>215,898,513</u>	<u>215,894,693</u>	<u>208,999,037</u>	<u>6,895,656</u>
Excess (deficiency) of revenues over expenditures	(4,539,411)	(4,535,591)	11,448,253	15,983,844
Other Financing Sources (Uses)				
Transfers in	2,435,029	2,435,029	2,751,933	316,904
Transfers out	(11,466,998)	(12,139,029)	(12,139,029)	-
Use of free cash:				
For capital projects and special articles	8,736,607	9,204,818	-	(9,204,818)
For operating budget	3,597,105	3,597,105	-	(3,597,105)
Use of bond premium	27,668	27,668	-	(27,668)
Use of overlay surplus:				
For capital projects and special articles	710,000	910,000	-	(910,000)
For operating budget	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Total Other Financing Sources (Uses)	<u>4,539,411</u>	<u>4,535,591</u>	<u>(9,387,096)</u>	<u>(13,922,687)</u>
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,061,157</u>	\$ <u>2,061,157</u>

See Independent Auditors' Report and Notes to Required Supplementary Information.

Notes to Required Supplementary Information for General Fund Budget

Budgetary Basis and Information

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations. At the annual town meeting, the Finance Committee presents an operating budget for the General Fund. Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds. Effective budgetary control is achieved for all other funds through provisions of Massachusetts General Laws. At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances, which will be honored during the subsequent year.

Budget/GAAP Reconciliation

The budgetary data for the general and proprietary funds is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues, expenditures, and other financing sources (uses), to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 236,688,203	\$ 219,777,730
Other financing sources/uses (GAAP Basis)	<u>3,373,578</u>	<u>12,510,673</u>
Subtotal (GAAP Basis)	240,061,781	232,288,403
Add end-of-year appropriation carryforwards to expenditures	-	5,313,968
To reverse gross up for MTRS on behalf payment	(15,291,933)	(15,291,933)
To reflect other budgetary basis activity, net	<u>(1,570,625)</u>	<u>(1,172,372)</u>
Budgetary Basis	<u>\$ 223,199,223</u>	<u>\$ 221,138,066</u>

See Independent Auditors' Report.

TOWN OF NEEDHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
(Unaudited)

Needham Contributory Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2024	December 31, 2023	98.66%	\$ 74,808,179	\$ 45,704,966	163.68%	75.74%
June 30, 2023	December 31, 2022	98.74%	87,176,317	43,326,494	201.21%	70.80%
June 30, 2022	December 31, 2021	98.65%	45,865,454	40,549,126	113.11%	83.90%
June 30, 2021	December 31, 2020	98.47%	73,694,482	43,397,457	169.81%	73.09%
June 30, 2020	December 31, 2019	98.72%	84,371,092	41,193,710	204.82%	68.07%
June 30, 2019	December 31, 2018	98.43%	78,768,106	43,859,715	179.59%	66.48%
June 30, 2018	December 31, 2017	98.48%	64,280,887	44,684,936	143.85%	71.58%
June 30, 2017	December 31, 2016	98.41%	68,675,930	38,860,207	176.73%	67.10%
June 30, 2016	December 31, 2015	98.20%	63,877,775	39,406,655	162.10%	67.43%
June 30, 2015	December 31, 2014	98.27%	54,445,695	35,772,213	152.20%	71.09%

Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2024	June 30, 2023	0.71%	\$ -	\$ 187,105,482	\$ 187,105,482	\$ 59,968,766	0.00%	58.48%
June 30, 2023	June 30, 2022	0.73%	-	188,613,549	188,613,549	61,020,236	0.00%	57.75%
June 30, 2022	June 30, 2021	0.75%	-	168,708,472	168,708,472	55,875,071	0.00%	62.03%
June 30, 2021	June 30, 2020	0.71%	-	202,510,698	202,510,698	48,375,608	0.00%	50.67%
June 30, 2020	June 30, 2019	0.70%	-	175,678,243	175,678,243	50,620,405	0.00%	53.95%
June 30, 2019	June 30, 2018	0.69%	-	163,330,397	163,330,397	44,888,988	0.00%	54.84%
June 30, 2018	June 30, 2017	0.68%	-	156,266,130	156,266,130	46,022,868	0.00%	54.25%
June 30, 2017	June 30, 2016	0.67%	-	148,771,539	148,771,539	44,621,329	0.00%	52.73%
June 30, 2016	June 30, 2015	0.66%	-	135,373,423	135,373,423	39,867,330	0.00%	55.38%
June 30, 2015	June 30, 2014	0.63%	-	100,708,775	100,708,775	N/A	0.00%	61.64%

See Independent Auditors' Report.

TOWN OF NEEDHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS

(Unaudited)

Needham Contributory Retirement System

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2024	\$ 12,154,582	\$ 12,154,582	\$ -	\$ -	\$ 45,704,966	26.59%
June 30, 2023	11,263,367	11,263,367	-	-	43,326,494	26.00%
June 30, 2022	10,417,439	10,417,439	-	-	40,549,126	25.69%
June 30, 2021	9,368,084	9,368,084	-	-	43,397,457	21.59%
June 30, 2020	8,577,048	8,577,048	-	-	41,193,710	20.82%
June 30, 2019	7,809,911	7,809,911	-	-	43,859,715	17.81%
June 30, 2018	7,203,059	7,203,059	-	-	44,684,936	16.12%
June 30, 2017	6,600,162	6,600,162	-	-	38,860,207	16.98%
June 30, 2016	6,039,115	6,039,115	-	-	39,406,655	15.33%
June 30, 2015	5,524,150	5,524,150	-	-	35,772,213	15.44%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2024	\$ 15,291,933	\$ 15,291,933	\$ -	\$ 61,450,589	24.88%
June 30, 2023	15,333,541	15,333,541	-	59,968,766	25.57%
June 30, 2022	12,990,950	12,990,950	-	61,020,236	21.29%
June 30, 2021	11,020,792	11,020,792	-	55,875,071	19.72%
June 30, 2020	10,059,024	10,059,024	-	48,375,608	20.79%
June 30, 2019	9,056,616	9,056,616	-	50,620,405	17.89%
June 30, 2018	8,436,349	8,436,349	-	44,888,988	18.79%
June 30, 2017	7,483,070	7,483,070	-	46,022,868	16.26%
June 30, 2016	6,751,809	6,751,809	-	44,621,329	15.13%
June 30, 2015	5,938,614	5,938,614	-	39,867,330	14.90%

See Independent Auditors' Report.

TOWN OF NEEDHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
(Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability								
Service cost	\$ 4,728,355	3,562,953	\$ 3,030,646	\$ 3,085,625	\$ 2,915,612	\$ 2,797,907	\$ 2,573,887	\$ 2,486,847
Interest	8,541,761	8,499,323	8,414,773	8,384,081	7,382,923	6,347,733	6,913,177	6,544,745
Plan amendments	-	-	-	-	-	-	(4,090,587)	-
Differences between expected and actual experience	(6,533,926)	(1,166,068)	(3,714,901)	(293,339)	159,645	(21,193,711)	1,798,808	-
Changes of assumptions	(2,133,412)	2,666,428	3,950,140	3,893,113	8,438,164	31,054,380	(4,589,355)	-
Benefit payments	<u>(4,941,183)</u>	<u>(5,735,280)</u>	<u>(5,626,770)</u>	<u>(5,034,735)</u>	<u>(4,502,453)</u>	<u>(4,174,262)</u>	<u>(4,463,145)</u>	<u>(3,958,395)</u>
Net Change in Total OPEB Liability	(338,405)	7,827,356	6,053,888	10,034,745	14,393,891	14,832,047	(1,857,215)	5,073,197
Total OPEB Liability - Beginning	<u>143,077,747</u>	<u>135,250,391</u>	<u>129,196,503</u>	<u>119,161,758</u>	<u>104,767,867</u>	<u>89,935,820</u>	<u>91,793,035</u>	<u>86,719,838</u>
Total OPEB Liability - Ending (a)	142,739,342	143,077,747	135,250,391	129,196,503	119,161,758	104,767,867	89,935,820	91,793,035
Plan Fiduciary Net Position								
Contributions - employer	9,175,964	10,909,594	9,213,019	8,650,376	8,032,252	7,800,967	7,389,578	6,317,042
Net investment income	7,801,715	3,576,485	(2,379,071)	13,820,192	873,725	1,831,609	3,117,203	3,020,230
Benefit payments, including refunds of member contributions	(4,941,183)	(5,735,280)	(5,626,770)	(5,034,735)	(4,502,453)	(4,174,262)	(4,463,145)	(3,958,395)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,093</u>
Net Change in Plan Fiduciary Net Position	12,036,496	8,750,799	1,207,178	17,435,833	4,403,524	5,458,314	6,043,636	5,635,970
Plan Fiduciary Net Position - Beginning	<u>70,134,455</u>	<u>61,383,656</u>	<u>60,176,478</u>	<u>42,740,645</u>	<u>38,337,121</u>	<u>32,878,807</u>	<u>26,835,171</u>	<u>21,199,201</u>
Plan Fiduciary Net Position - Ending (b)	<u>82,170,951</u>	<u>70,134,455</u>	<u>61,383,656</u>	<u>60,176,478</u>	<u>42,740,645</u>	<u>38,337,121</u>	<u>32,878,807</u>	<u>26,835,171</u>
Net OPEB Liability - Ending (a-b)	<u>\$ 60,568,391</u>	<u>72,943,292</u>	<u>\$ 73,866,735</u>	<u>\$ 69,020,025</u>	<u>\$ 76,421,113</u>	<u>\$ 66,430,746</u>	<u>\$ 57,057,013</u>	<u>\$ 64,957,864</u>

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

TOWN OF NEEDHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF THE NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENTS RETURNS

(Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017
Schedule of Net OPEB Liability								
Total OPEB liability	\$ 142,739,342	\$ 143,077,747	\$ 135,250,391	\$ 129,196,503	\$ 119,161,758	\$ 104,767,867	\$ 89,935,820	\$ 91,793,035
Plan fiduciary net position	<u>(82,170,951)</u>	<u>(70,134,455)</u>	<u>(61,383,656)</u>	<u>(60,176,478)</u>	<u>(42,740,645)</u>	<u>(38,337,121)</u>	<u>(32,878,807)</u>	<u>(26,835,171)</u>
Net OPEB Liability	<u>\$ 60,568,391</u>	<u>\$ 72,943,292</u>	<u>\$ 73,866,735</u>	<u>\$ 69,020,025</u>	<u>\$ 76,421,113</u>	<u>\$ 66,430,746</u>	<u>\$ 57,057,013</u>	<u>\$ 64,957,864</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	57.57%	49.02%	45.39%	46.58%	35.87%	36.59%	36.56%	29.23%
Covered Employee Payroll	\$ 123,606,693	\$ 118,576,875	\$ 105,734,622	\$ 102,654,973	\$ 99,665,022	\$ 93,645,807	\$ 94,042,382	\$ 94,042,382
Net OPEB Liability as a Percentage of Covered Employee Payroll	49.00%	61.52%	69.86%	67.23%	76.68%	70.94%	60.67%	69.07%
Schedule of Contributions								
Actuarially determined contribution	\$ 9,819,045	\$ 8,844,474	\$ 7,426,237	\$ 7,197,713	\$ 6,906,705	\$ 6,906,705	\$ 6,072,283	\$ 5,568,923
Contributions in relation to the actuarially determined contribution	<u>4,941,183</u>	<u>8,844,474</u>	<u>7,426,237</u>	<u>7,426,237</u>	<u>6,906,705</u>	<u>6,906,705</u>	<u>6,115,455</u>	<u>5,568,923</u>
Contribution Deficiency (Excess)	<u>\$ 4,877,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (228,524)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,172)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 123,606,693	\$ 118,576,875	\$ 105,734,622	\$ 102,654,973	\$ 99,665,022	\$ 93,645,807	\$ 94,042,382	\$ 94,042,382
Contributions as a Percentage of Covered Employee Payroll	4.00%	7.46%	7.02%	7.23%	6.93%	7.38%	6.50%	5.92%
Schedule of Investment Returns								
Annual money weighted rate of return, net of investment expenses	9.22%	5.28%	-6.25%	28.97%	4.65%	4.93%	11.62%	14.25%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

TOWN OF NEEDHAM, MASSACHUSETTS
SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND OTHER SOURCES, AND
EXPENDITURES AND OTHER USES -
SEWER ENTERPRISE FUND BUDGET VS. ACTUAL COMPARISON (BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Budgetary Basis</u>	Variance Positive (Negative)
Revenues			
Current service charges	\$ 8,954,570	\$ 9,447,604	\$ 493,034
Interest income	7,700	113,633	105,933
Other revenue	<u>21,740</u>	<u>13,585</u>	<u>(8,155)</u>
Total Revenues	8,984,010	9,574,822	590,812
Expenditures			
Sewer expenditures	2,217,911	1,884,201	333,710
Intergovernmental	7,084,841	7,084,841	-
Debt service	<u>610,000</u>	<u>493,424</u>	<u>116,576</u>
Total Expenditures	<u>9,912,752</u>	<u>9,462,466</u>	<u>450,286</u>
Excess of revenues over expenditures	(928,742)	112,356	1,041,098
Other Financing Sources and (Uses)			
Transfers in	810,358	907,520	97,162
Use of retained earnings	1,234,641	-	(1,234,641)
Transfers out	<u>(1,116,257)</u>	<u>(1,116,257)</u>	<u>-</u>
Total Other Financing Sources and (Uses)	<u>928,742</u>	<u>(208,737)</u>	<u>(1,137,479)</u>
(Deficiency) of revenues and other sources (under) expenditures and other uses	\$ <u>-</u>	\$ <u>(96,381)</u>	\$ <u>(96,381)</u>

TOWN OF NEEDHAM, MASSACHUSETTS
SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND OTHER SOURCES, AND
EXPENDITURES AND OTHER USES -
WATER ENTERPRISE FUND BUDGET VS. ACTUAL COMPARISON (BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Budgetary Basis</u>	Variance Positive (Negative)
Revenues			
Current service charges	\$ 6,755,373	\$ 6,492,206	\$ (263,167)
Interest income	15,000	214,964	199,964
Other revenue	<u>38,300</u>	<u>6,976</u>	<u>(31,324)</u>
Total Revenues	6,808,673	6,714,146	(94,527)
Expenditures			
Water expenditures	3,216,761	2,807,464	409,297
Intergovernmental	1,887,130	1,887,130	-
Debt service	<u>1,250,000</u>	<u>1,249,009</u>	<u>991</u>
Total Expenditures	<u>6,353,891</u>	<u>5,943,603</u>	<u>410,288</u>
Excess of revenues over expenditures	454,782	770,543	315,761
Other Financing Sources and (Uses)			
Transfers in	-	26,724	26,724
Use of retained earnings	3,771,633	-	(3,771,633)
Transfers out	<u>(4,226,415)</u>	<u>(4,262,562)</u>	<u>(36,147)</u>
Total Other Financing Sources and (Uses)	<u>(454,782)</u>	<u>(4,235,838)</u>	<u>(3,781,056)</u>
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>(3,465,295)</u>	\$ <u>(3,465,295)</u>

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Troutman Pepper Locke LLP
111 Huntington Avenue, 9th Floor
Boston, MA 02199-7613
www.troutman.com



(Date of Delivery)

Diane Ryan, Acting Town Treasurer
Town of Needham
Needham, Massachusetts

\$15,965,000*
Town of Needham, Massachusetts
General Obligation Municipal Purpose Loan of 2025 Bonds
Dated October 29, 2025

We have acted as bond counsel to the Town of Needham, Massachusetts (the “Town”) in connection with the issuance by the Town of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. However, interest on the Bonds will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986 (the “Code”). In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

* Preliminary, subject to change.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

TROUTMAN PEPPER LOCKE LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Needham, Massachusetts (the “Issuer”) in connection with the issuance of its \$15,965,000* General Obligation Municipal Purpose Loan of 2025 Bonds dated October 29, 2025 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in

* Preliminary, subject to change.

Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated October 15, 2025 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: October 29, 2025

TOWN OF NEEDHAM,
MASSACHUSETTS

By _____
Acting Treasurer

Select Board

EXHIBIT A: Filing Information for the MSRB
EXHIBIT B: Form of Notice of Failure to File Annual Report

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PROPOSAL FOR BONDS

October 15, 2025

Diane Ryan, Acting Treasurer/Collector
Town of Needham
c/o Hilltop Securities Inc.
54 Canal Street
Boston, Massachusetts 02114

Dear Ms. Ryan:

For all of **\$15,965,000*** **TOWN OF NEEDHAM, MASSACHUSETTS, GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2025 BONDS**, as further described in your Notice of Sale dated October 6, 2025 we bid _____ and accrued interest, for each \$100 face value of Bonds, bearing interest at the rate or rates per annum as follows:

Year	Rate	Year	Rate
2026	_____ %	2034	_____ %
2027	_____	2035	** _____
2028	_____	2036	** _____
2029	_____	2037	** _____
2030	_____	2038	** _____
2031	_____	2039	** _____
2032	_____	2040	** _____
2033	_____		

**TERM BONDS – (Optional – No more than three Term Bonds.)

First Year of Mandatory Redemption	Year of Maturity	Interest Rate
_____	_____	_____
_____	_____	_____
_____	_____	_____

The undersigned hereby acknowledges receipt of the Preliminary Official Statement referred to in the aforementioned Notice of Sale.

The following is our computation of the net interest cost and percent true interest cost calculated in accordance with the Notice of Sale, is for informational purposes only, and is subject to verification prior to award.

Gross Interest Cost	\$ _____	
Underwriter's Premium	\$ _____	
Net Interest Cost	\$ _____	BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$110,000.
Percent True Interest Cost	_____ %	
	(four decimals)	

Hilltop Securities Inc. would be pleased to assist you in entering your bid on these Bonds if you will e-mail your signed bid form in advance about one-half hour before the time of the sale. The Town and Hilltop Securities Inc. are not responsible for errors in bids submitted in this manner.

TELEPHONE (617) 619-4400
HILLTOP SECURITIES INC.

*Preliminary, subject to change.