

OFFICIAL STATEMENT DATED SEPTEMBER 17, 2019

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

New Issue

In the opinion of Locke Lord 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 (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. 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. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein.

**TOWN OF NEEDHAM, MASSACHUSETTS
\$27,500,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS**

DATED
Date of Delivery

DUE
August 1
(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 denominations of \$5,000 or any integral multiple thereof. (See "THE BONDS - Book-Entry Transfer System" herein.)

Principal of the Bonds will be payable August 1 of the years in which the Bonds mature. Interest on the Bonds will be payable February 1 and August 1 of each year, commencing August 1, 2020. Principal and semiannual interest on the Bonds will be paid by U.S. Bank 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 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 are 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 general obligations of the Town of Needham, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property in the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of principal and interest payments the Town has not voted to exempt from that limit.

MATURITIES, PRINCIPAL AMOUNTS, RATES, YIELDS AND CUSIPS

Due August 1	Principal Amount	Rate	Yields	Cusip 639846	Due August 1	Principal Amount	Rate	Yields	Cusip 639846
2020	\$ 3,225,000	5.00 %	1.30 %	3K8	2031	\$ 1,165,000	4.00 %	1.90 %	3W2
2021	1,280,000	5.00	1.29	3L6	2032	1,165,000	4.00	2.00	3X0
2022	1,270,000	5.00	1.30	3M4	2033	1,165,000	2.625	2.64	3Y8
2023	1,265,000	5.00	1.31	3N2	2034	1,165,000	2.625	2.71	3Z5
2024	1,255,000	5.00	1.32	3P7	2035	915,000	2.75	2.78	4A9
2025	1,255,000	5.00	1.35	3Q5	2036	915,000	2.75	2.83	4B7
2026	1,255,000	5.00	1.39	3R3	2037	910,000	2.875	2.88	4C5
2027	1,245,000	5.00	1.43	3S1	2038	755,000	2.875	2.92	4D3
2028	1,245,000	5.00	1.49	3T9	2039	755,000	2.875	2.96	4E1
2029	1,240,000	5.00	1.54	3U6	2040	755,000	3.00	3.00	4F8
2030	1,170,000	4.00	1.80	3V4	2041	750,000	3.00	3.03	4G6

\$1,380,000 Interest Rate 3.00% Term Bond Maturing August 1, 2044 Yield 3.00% CUSIP #639846 4K7

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale (see "The Bonds - Opinion of Bond Counsel.") Hilltop Securities Inc., Boston, Massachusetts has acted as Financial 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 1, 2019, against payment to the Town in federal reserve funds.

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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:	Tuesday, September 17, 2019, 11:30 a.m. (Eastern Time).
Location of Sale:	Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	Town of Needham, Massachusetts.
Issue:	\$27,500,000 General Obligation Municipal Purpose Loan of 2019 Bonds, see "THE BONDS" herein.
Official Statement Dated:	September 17, 2019.
Dated Date of the Bonds:	Date of Delivery.
Principal Due:	Serially on August 1, 2020 through August 1, 2041, and one Term Bond maturing August 1, 2044, as set forth herein.
Interest Payable:	February 1 and August 1 of each year, commencing August 1, 2020.
Purpose and Authority:	Bond proceeds will finance various municipal projects as authorized by the Town under provisions of Chapter 44 and Chapter 70B of the Massachusetts General Laws as detailed herein.
Redemption:	The Bonds are subject to redemption prior to their stated maturity dates as described herein.
Security:	The Bonds are general obligations of the Town, and the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property in the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of principal and interest payments the Town has not voted to exempt from that limit.
Credit Rating:	S&P Global Ratings has assigned a rating of AAA 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.
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 National Association, Boston, Massachusetts.
Legal Opinion:	Locke Lord LLP, Boston, Massachusetts. See "THE BONDS – Opinion of Bond Counsel".
Financial 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, New York, New York, or to its custodial agent, on or about October 1, 2019, against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to: Ms. Evelyn M. Poness, Treasurer, Town of Needham, Massachusetts telephone (781) 455-7500 or Peter Frazier, Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4409.

NOTICE OF SALE

TOWN OF NEEDHAM, MASSACHUSETTS

\$30,195,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS

The Town of Needham, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:30 A.M., eastern time, Tuesday, September 17, 2019, for the purchase of the following described \$30,195,000* General Obligation Municipal Purpose Loan of 2019 Bonds of the Town (the "Bonds"):

\$30,195,000* General Obligation Municipal Purpose Loan of 2019 Bonds
payable August 1 of the years and in the amounts as follows:

<u>Due</u> <u>August 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Due</u> <u>August 1</u>	<u>Principal</u> <u>Amount*</u>
2020	\$ 3,225,000	2033 **	\$ 1,205,000
2021	1,675,000	2034 **	1,205,000
2022	1,670,000	2035 **	955,000
2023	1,670,000	2036 **	955,000
2024	1,670,000	2037 **	955,000
2025	1,370,000	2038 **	775,000
2026	1,370,000	2039 **	775,000
2027	1,370,000	2040 **	775,000
2028	1,370,000	2041 **	770,000
2029 **	1,370,000	2042 **	480,000
2030 **	1,215,000	2043 **	480,000
2031 **	1,205,000	2044 **	480,000
2032 **	1,205,000		

*Preliminary, subject to change.

**Callable maturities. May be combined into one, two or three Term Bonds, as provided herein.

The Bonds will be dated as of their date of delivery. Principal of the Bonds will be payable on August 1 of the years in which the Bonds mature. Interest will be payable on August 1, 2020 and semi-annually thereafter on each February 1 and August 1 until maturity.

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 winning 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 Bonds maturing in the years 2020 through 2028 will not be subject to redemption prior to maturity. The Bonds maturing on and after August 1, 2029 shall be subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2028, 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.

For Bonds maturing on August 1, 2029, and thereafter, 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 one maturity of Term Bonds scheduled to mature in the latest of the combined years, and shall be subject to mandatory redemptions prior to maturity at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the term bond maturing in the nearest subsequent year. Bidders may specify no more than three term bonds.

Term bonds, if any, shall be subject to mandatory redemption on August 1 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 at the principal amount thereof, without premium.

Principal and semiannual interest on the Bonds will be paid by U.S. Bank 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 interest rate in excess of 5.0%. No bid of less than par and accrued interest to date of delivery will be considered.

The current bond structure does not reflect the receipt of any premium. The Town reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after determination of the winning bid and the net premium to be received by decreasing the aggregate principal amount and increasing or decreasing the principal amount of each maturity by such amounts necessary to provide sufficient funds for each project. The dollar amount bid for the Bonds by the winning 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 winning bidder for the Bonds by 4 p.m. (eastern time) on the day of the sale.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Ms. Evelyn M. Pones, Treasurer, Town of Needham, Massachusetts c/o Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114. Proposals by telegram delivered as specified above will be accepted. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to Hilltop Securities Inc., telephone (617) 619-4400 at least one-half hour prior to the 11:30 a.m. sale and after receipt of the faxed bid form by Hilltop Securities Inc. Hilltop Securities Inc. will act as agent for the bidder, but neither the Town nor Hilltop Securities Inc. shall be responsible for any errors in connection with bids submitted in this manner.
- (b) 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 Financial 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.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and Select Board of the Town.

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 Standard and Poor's Rating Services for a rating on the Bonds. Any such fee paid to Standard and Poor's Rating Services would be borne by the Town.

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 Locke Lord LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated September 10, 2019 (see "THE BONDS – Opinion of Bond Counsel"), (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 as of the date of sale the Preliminary Official Statement did not, and as of its date and as of the date of the delivery of the Bonds, the Final Official Statement does not, contain any untrue statement of a material fact 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

A 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, 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 "Financial Advisor") and any notice or report to be provided to the Town may be provided to the Financial 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 Financial 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 Financial Advisor via telephone at 617.619.4400 or email: peter.frazier@hilltopsecurities.com and affirming in writing via email or facsimile (617.619.4411), 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 will 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 Financial Advisor if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the "hold-the-offering price rule" set forth in the applicable Treasury Regulations and therefore does not intend to use the initial offering price to the public as of the Sale Date of any maturities of the Bonds as the issue price of that maturity.

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 Financial 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 Financial Advisor until notified in writing by the Town or the Financial 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 retail 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 retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of that 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 retail 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 retail 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 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 retail 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) at least 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 shall notify the Financial 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 Financial 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 or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the reoffering price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

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 the purpose of Section 265(b)(3) of the Code.

Additional information concerning the Town of Needham and the Bonds is contained in the Preliminary Official Statement dated September 10, 2019, 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), 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 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: 617-619-4409). Within seven (7) business days following the award of the Bonds in accordance herewith, 50 copies of the Final Official Statement will be available from the 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.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto, shall constitute a cause for a failure or refusal by the purchaser thereof to accept delivery and pay for the Bonds. The Town assumes no responsibility for any CUSIP Service Bureau or other charges that may be imposed for the assignment of such numbers.

The Bonds, in definitive form, will be delivered to DTC, or its custodial agent, on or about October 1, 2019 for settlement in federal reserve funds.

/s/ Ms. Evelyn M. Pones, Treasurer
Town of Needham, Massachusetts

September 10, 2019

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]

**Town of Needham, Massachusetts
\$30,195,000 General Obligation Municipal Purpose Loan of 2019 Bonds dated October 1, 2019**

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 September 17, 2019.

(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 retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The Successful Bidder hereby acknowledges receipt 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 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 Bidders 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 Locke Lord 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: _____, 2019

[NAME OF 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 Hold the 10% Test to Apply]**

**Town of Needham, Massachusetts
\$30,195,000 General Obligation Municipal Purpose Loan of 2019 Bonds dated October 1, 2019**

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 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 financial advisor, Hilltop Securities Inc. (the “Financial 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 Financial Advisor until notified by email or in writing by the State or the Financial 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 retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds 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 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 Locke Lord 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: _____, 2019

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

*Preliminary, subject to change.

**SALE PRICES
(To be Attached)**

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Used]

**Town of Needham, Massachusetts
\$30,195,000 General Obligation Municipal Purpose Loan of 2019 Bonds dated October 1, 2019
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) _____, 2019 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 retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the 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’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 Locke Lord 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: _____, 2019

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____

Name:

Title:

*Preliminary, subject to change.

SCHEDULE A

SALE PRICES

(To be Attached)

OFFICIAL STATEMENT

TOWN OF NEEDHAM, MASSACHUSETTS

\$27,500,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS

This 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 \$27,500,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2019 Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

THE BONDS

Description of the Bonds

The Bonds will be dated as of their date of delivery and will bear interest payable semiannually on February 1 and August 1 of each year commencing August 1, 2020. The Bonds shall mature on August 1 of the years and in the principal amounts as set forth on the first page of this Official Statement.

The Bonds are issuable only as fully registered Bonds without coupons, and, when issued, will be 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 interest 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 and semiannual interest on the Bonds will be paid by U.S. Bank 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.

Redemption Provisions

The Bonds are subject to redemption as described below.

Optional Redemption

The Bonds maturing in the years 2020 through 2028 will not be subject to redemption prior to maturity. The Bonds maturing on and after August 1, 2029 shall be subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2028, 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.

Mandatory Redemption

The Bond maturing August 1, 2044 (the "Term Bond") is subject to mandatory redemption or maturity on each of the dates and in each of the principal amounts as set forth below (the particular portion of the Term Bond to be redeemed or to mature on the final maturity date to be delivered by lot), at a redemption price of par, plus accrued interest, if any, to the redemption date.

\$1,380,000 Term Bond Maturing August 1, 2044

<u>August 1,</u>	<u>Principal Amount</u>
2042	\$ 460,000
2043	460,000
2044 *	460,000

*Final maturity.

Notice of Redemption

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds prior to their maturities, specifying the Bonds (or the portion thereof) to be redeemed shall be mailed to DTC, or sent in such 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 DTC Participants of the redemption or failure on the part of the DTC Participants, Indirect Participants, or of a nominee of a Beneficial Owner (having received notice from DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest is the fifteenth 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 Bond certificate will be issued for each maturity of each series 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 Standard & Poor's rating 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 the Bonds 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 the Bonds 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 it; 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 a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it 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 the 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. The Town 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.

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 purposes, principal amounts, total original authorizations, bond anticipation notes outstanding, statutory references, and dates of approval for the current issue of Bonds.

Purpose	This Issue	Original Bond Authorization	Anticipation Notes Outstanding (1)	Statutory Reference M.G.L.	Dates of Approval	Article No.
High School Expansion	\$ 4,004,000	\$ 11,125,000	\$ 3,600,000	Ch. 70B	10/2/2017	11
Memorial Park Building	970,000	2,918,000	1,850,000	Ch. 44, 7(1)	5/7/2018	30
Central Avenue Elementary School (2)	7,400,000	57,542,500	11,100,000	Ch. 44, 7(1)	10/5/16 & 11/8/16	2
Public Safety Building & Fire Station Design (2)	340,000	3,750,000	2,000,000	Ch. 44, 7(1)	10/2/17 & 11/6/18	10
Public Safety Buildings Construction (2)	11,565,000	66,245,000	12,000,000	Ch. 44, 7(1)	10/10/2018 & 11/6/18	10
Rosemary Recreational Complex (CPA)	3,221,000	11,000,000	3,885,000	Ch. 44, 7(1)	5/8/2017	33
	<u>\$ 27,500,000</u>		<u>\$ 34,435,000</u>			

(1) Payable October 1, 2019.
(2) The Town has voted to exempt debt service from the limitations of Proposition 2 ½.

Principal Maturities by Purpose (2)

Fiscal Year	High School Expansion	Memorial Park Building	Central Avenue Elementary School (1)	Public Safety Building & Station 2 Design (1)	Public safety Buildings Construction (1)	Rosemary Recreational Complex (CPA)	Total
2021	\$ 454,000	\$ 270,000	\$ 1,210,000	\$ 340,000	\$ 480,000	\$ 471,000	\$ 3,225,000
2022	255,000	85,000	295,000		475,000	170,000	1,280,000
2023	255,000	85,000	295,000		470,000	165,000	1,270,000
2024	255,000	85,000	295,000		465,000	165,000	1,265,000
2025	255,000	75,000	295,000		465,000	165,000	1,255,000
2026	255,000	75,000	295,000		465,000	165,000	1,255,000
2027	255,000	75,000	295,000		465,000	165,000	1,255,000
2028	255,000	75,000	295,000		460,000	160,000	1,245,000
2029	255,000	75,000	295,000		460,000	160,000	1,245,000
2030	255,000	70,000	295,000		460,000	160,000	1,240,000
2031	255,000		295,000		460,000	160,000	1,170,000
2032	250,000		295,000		460,000	160,000	1,165,000
2033	250,000		295,000		460,000	160,000	1,165,000
2034	250,000		295,000		460,000	160,000	1,165,000
2035	250,000		295,000		460,000	160,000	1,165,000
2036			295,000		460,000	160,000	915,000
2037			295,000		460,000	160,000	915,000
2038			295,000		460,000	155,000	910,000
2039			295,000		460,000		755,000
2040			295,000		460,000		755,000
2041			295,000		460,000		755,000
2042			290,000		460,000		750,000
2043					460,000		460,000
2044					460,000		460,000
2045					460,000		460,000
Total	\$ 4,004,000	\$ 970,000	\$ 7,400,000	\$ 340,000	\$ 11,565,000	\$ 3,221,000	\$ 27,500,000

(1) The Town has voted to exempt debt service from the limitations of Proposition 2 ½.

(2) Includes mandatory redemption schedules.

Tax Exemption

In the opinion of Locke Lord 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. 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.

For example, H.R. 1, signed into law on December 22, 2017, reduces the corporate tax rate, modifies individual tax rates, eliminates many deductions, and raises the income threshold above which the individual alternative minimum tax is invoked, among other things. These changes may increase, reduce or otherwise change the financial benefits of owning state and local government bonds. 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 "Types of Obligations- Serial Bonds and Notes" under "INDEBTEDNESS" 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 payment 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.

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 monies 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" under "INDEBTEDNESS" below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

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, 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, and community preservation and affordable housing 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. 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 a 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 "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 Authority, 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 Water Pollution Abatement 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 generally 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 purchaser will be furnished the legal opinion of the firm of Locke Lord 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

S&P Global Ratings has assigned a rating of AAA to the Bonds. Said rating, only reflects the rating agency's views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

Financial Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the Town of Needham, Massachusetts.

Continuing Disclosure

In order to assist the underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (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 significant events. 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. Other than the Town, there are no obligated persons with respect to the Bonds within the meaning of the Rule.

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 of Needham, Massachusetts 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 28,886 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

<u>Title</u>	<u>Name</u>	<u>Selection/Term</u>	<u>Term Expires</u>
Select Board, Chair	John A. Bulian	Elected	2022
Select Board, Vice Chair	Maurice P. Handel	Elected	2021
Select Board, Clerk	Matthew D. Borrelli	Elected	2021
Select Board	Daniel P. Matthews	Elected	2020
Select Board	Marianne B. Cooley	Elected	2020
Town Manager	Kate Fitzpatrick	Appointed	2022
Director of Finance	David Davison	Appointed	Indefinite
Treasurer/Collector	Evelyn M. Poness	Appointed	Indefinite
Town Accountant	Michelle Vaillancourt	Appointed	Indefinite
Town Clerk	Theodora K. Eaton	Elected	2022
Town Counsel	David S. Tobin	Appointed	Indefinite
Superintendent of Schools	Daniel E. Gutekanst	Appointed	2021

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 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 replaces 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 will be paid by the Massachusetts School Building Authority.

PUBLIC SCHOOL ENROLLMENTS - OCTOBER 1,

	Actual				
	2014	2015	2016	2017	2018
Elementary (Pre-K and K-5)	2,604	2,627	2,552	2,676	2,722
Middle/Junior High(6-8)	1,312	1,290	1,297	1,304	1,283
Senior High(9-12)	1,631	1,665	1,659	1,686	1,716
Totals	5,547	5,582	5,508	5,666	5,721

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 recently completed and opened.

Industry and Commerce

Needham 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.

Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Industry	Calendar Year Average				
	2013	2014	2015	2016	2017
Construction	681	730	732	691	737
Manufacturing	845	1,030	986	993	994
Trade, Transportation and Utilities	2,171	2,227	2,297	2,254	2,138
Information	1,351	1,161	1,040	1,099	1,374
Financial Activities	1,372	1,395	1,607	1,618	1,631
Professional and Business Services	5,735	5,794	5,773	6,118	6,083
Education and Health Services	5,643	6,170	6,724	7,032	7,002
Leisure and Hospitality	1,214	1,207	1,265	1,534	1,584
Other Services	867	916	749	823	837
Total Employment	19,879	20,630	21,173	22,162	22,380
Number of Establishments	1,383	1,433	1,488	1,515	1,503
Average Weekly Wages	\$ 1,656	\$ 1,607	\$ 1,702	\$ 1,740	\$ 1,829
Total Wages	\$ 1,747,794,340	\$ 1,756,869,740	\$ 1,907,073,900	\$ 2,041,358,586	\$ 2,166,747,180

Source: Massachusetts Department of Education and Training. 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 MBTA provides commuter rail service on a regular basis to Boston. There are four commuter rails 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.

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

LARGEST EMPLOYERS

Name	Product/Function	No. of Employees Approximate
Trip Advisor	Travel Agency	800+
Coca Cola Bottling	Beverage Distribution	250-499
Dialogic Inc.	Wireless Communication	250-499
North Hill Living Center	Retirement Center	250-499
SharkNinja	Household Appliances	250-499
WCVB Channel 5	Television	250-499
Charles River Center	Assisted Living	250-499
Beth Israel Deaconess Hospital	Health Care	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

SOURCE: Individual Employers listed.

Needham Crossing is a multi-million dollar business park located approximately 3 miles northeast of downtown Needham. The business park offers proximity to both Routes 9 and 128 (Interstate 95) as well as the natural resources such as Cutler Lake Park and the Charles River. A state highway project to widen Route 95/128 from three lanes to four lanes through Needham was completed in 2019. A new and additional exit ramp from the highway fully opened in late 2017. This exit ramp provides an additional access point to Needham Crossing. Town anticipates these roadway improvements will have an overall positive economic benefit for Needham Crossing. The business park originally contained primarily warehouses and offices and now, over 30 years later, through land use zoning changes, Needham Crossing is unique in its mix of residential, office and other commercial uses that has generated much interest from businesses to locate there.

The Needham Crossing area boasts long term occupants such as Coca Cola, the Sheraton Hotel, and Trip Advisor which built its new world headquarters in the park, and life science companies such as Verastem. The Marriott Residence Inn hotel opened in the park a few years ago, and Homewood Suites by Hilton opened in 2018. BigBelly Solar Inc., a maker of "green" trash cans has doubled the size of its headquarters since moving to the park a few years ago. Euro-Pro, known for its Shark vacuums and Ninja blenders, has recently located to the park near Trip Advisor's new complex. NBC Universal is moving ahead with a \$125 million regional headquarters in the Needham Crossing office park. The facility is anticipated to open in 2019 and will be fully operational in March 2020.

Labor Force, Employment and Unemployment

According to the Massachusetts Department of Employment and Training preliminary data, in March 2019, the Town had a total labor force of 16,674 of which 16,353 were employed and 321 or 1.9% were unemployed as compared with 3.1% for the Commonwealth. The following table sets forth the Town's average labor force and unemployment rates for each of the last five calendar years.

UNEMPLOYMENT RATES

Calendar Year	Town of Needham			Unemployment Rate
	Labor Force	Employment		
2018	16,507	16,096		2.5 %
2017	15,797	15,360		2.8
2016	15,323	14,929		2.6
2015	15,125	14,616		3.4
2014	14,978	14,403		3.8

SOURCE: Mass. Department of Employment and Training, 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.

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 2014 through 2018. 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		
2018	93	\$ 68,599,710	1	\$ 24,141,632	734	\$ 51,309,734	108	\$ 61,735,191	936	\$ 205,786,267
2017	73	123,921,579	1	16,764,964	829	41,865,375	98	52,686,816	1,001	235,238,734 (1)
2016	123	115,587,947	2	11,459,830	1,140	53,170,114	177	54,230,096	1,442	234,447,987
2015	96	49,102,984	4	40,797,038	1,261	49,792,473	157	20,565,226	1,518	160,257,721
2014	128	55,233,407	2	7,098,527	866	34,165,215	117	56,433,250	1,113	152,930,399

SOURCE: Report of the Building Inspector.

(1) Excludes 89 permits for demolitions with an aggregate value of \$905,000.

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:			
2010	43.0	39.1	37.2
2000	40.8	36.5	35.3
1990	38.6	33.6	32.9
1980	35.1	31.2	30.9
Median Family Income:			
2010	\$114,365	\$81,165	\$51,144
2000	107,570	61,664	50,046
1990	69,515	44,367	35,225
1980	31,793	21,166	19,908
Per Capita Income:			
2010	\$57,716	\$33,966	\$27,334
2000	44,549	25,952	21,587
1990	27,935	17,224	14,420
1980	11,580	7,459	7,313

SOURCE: Federal Bureau of the Census.

On the basis of the 2010 Federal Census, the Town has a population density of approximately 2,290 persons per square mile.

POPULATION TRENDS

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>
28,886	28,911	27,557	27,901	29,748

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 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Total Appropriations(1)	\$ 151,350,572	\$ 164,302,914	\$ 169,950,342	\$ 190,693,472	\$ 206,353,302
Additions:					
State & County Assessments	1,274,075	1,291,397	1,299,850	1,351,898	1,408,970
Overlay Reserve	3,258,232	3,009,775	1,855,476	2,811,893	1,968,110
Other Additions	272,954	122,519	49,085	290,284	357,264
Total Additions	<u>4,805,261</u>	<u>4,423,691</u>	<u>3,204,411</u>	<u>4,454,075</u>	<u>3,734,344</u>
Gross Amount to be Raised	<u>156,155,833</u>	<u>168,726,605</u>	<u>173,154,753</u>	<u>195,147,547</u>	<u>210,087,646</u>
Deductions:					
Local Estimated Receipts: (2)	27,393,362	30,755,183	29,430,576	34,357,315	39,127,045
State Aid:					
Current Year	10,661,337	10,811,766	11,163,358	11,720,547	12,509,090
Available Funds (3)	4,797,374	7,867,793	7,771,029	16,531,797	16,557,525
Total Deductions	<u>42,852,073</u>	<u>49,434,742</u>	<u>48,364,963</u>	<u>62,609,659</u>	<u>68,193,660</u>
Net Amount to be Raised	<u>\$ 113,303,760</u>	<u>\$ 119,291,863</u>	<u>\$ 124,789,790</u>	<u>\$ 132,537,888</u>	<u>\$ 141,893,986</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 three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three 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 20 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 three years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, 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. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

A revaluation of all real and personal property in the Town to full and fair cash value was completed for use in fiscal year 2015. The next professional revaluation is scheduled to take place in fiscal 2020.

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)
2019	\$ 9,942,091,341	\$ 226,725,850	\$10,168,817,191	\$ 141,893,986	\$ 4,912
2018	9,657,562,659	228,092,990	9,885,655,649	132,537,888	4,588
2017	9,006,087,416	234,987,080	9,241,074,496	124,789,790	4,320
2016	8,825,776,592	242,412,230	9,068,188,822	119,291,863	4,130
2015 (2)	8,556,759,236	181,968,510	8,738,727,746	113,303,760	3,922

(1) 2010 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
2019	\$12.39	\$24.42
2018	11.88	23.46
2017	11.89	23.63
2016	11.54	23.02
2015	11.29	23.43

Classification of Property

The following is a breakdown of the Town's assessed valuation in fiscal years 2017, 2018 and 2019.

Property Type	2017		2018		2019	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$7,970,766,680	86.3 %	\$8,582,002,936	86.8 %	\$8,846,926,822	87.0 %
Commercial	879,476,228	9.5	946,808,441	9.6	966,634,621	9.5
Industrial	155,844,508	1.7	128,751,282	1.3	128,529,898	1.3
Personal	234,987,080	2.5	228,092,990	2.3	226,725,850	2.2
Total Real Estate	\$9,241,074,496	100.0 %	\$9,885,655,649	100.0 %	\$10,168,817,191	100.0 %

LARGEST TAXPAYERS

The following table lists the eleven largest taxpayers in the Town based upon assessed valuation for fiscal 2019. All of the largest taxpayers are current in their tax payments.

Name	Nature of Business	Total Assessed Valuation for Fiscal 2019	% of Total Assessed Value
Digital 128 First Avenue, LLC	Data Storage Facility	\$148,193,800	1.46 %
Babson College	Assisted Living	89,711,400	0.88
Lofts at Charles River Landing	Residential Apartments Complex	88,382,400	0.87
Needham Residential LLC	Apartments	69,178,800	0.68
Needham Nine Owners LLC	Real Estate Developer	51,023,200	0.50
BP 140 Kendrick Street Property	Software Design	46,307,200	0.46
MCREP Needham LLC	Apartments	38,281,800	0.38
WCP Needham Cabot LLC (1)	Hotel	35,465,300	0.35
Digital Cabot, LLC	Data Storage Facility	35,437,500	0.35
WHC Needham I, LP	Assisted Living and Nursing Home Facility	33,614,100	0.33
Total		\$635,595,500	6.25 %

(1) Formerly Starwood Needham CMBS.

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 of Needham.

January 1,	State Equalized Valuation	% Change
2018	\$10,352,941,600	7.0 %
2016	9,675,551,500	16.7
2014	8,293,426,000	1.9
2012	8,141,495,500	5.3
2010	7,730,432,400	1.2
2008	7,637,636,300	4.5

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, 2019.

Fiscal Year	Net Tax Levy (1)	Overlay Reserve		Abatements and Exemptions Granted As of June 30, 2019
		Dollar Amount	As a % of Net Levy	
2019	\$ 139,925,876	\$ 1,968,110	1.41 %	\$ 233,278
2018	129,725,995	2,811,893	2.17	225,107
2017	122,944,314	1,855,476	1.51	409,887
2016	116,282,088	3,009,775	2.59	690,254
2015	110,045,528	3,258,232	2.96	549,202

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

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. 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.

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 current and each of the previous five fiscal years, exclusive of the surcharge of property tax levied under the CPA.

Fiscal Year	Gross Tax Levy (2)	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable (1)		Collections as of 6/30/2019 (2)(3)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2019	\$ 141,893,986	\$ 1,968,110	\$ 139,925,876	\$ 140,275,654	100.2 %	\$ 140,275,653	100.2 %
2018	132,537,888	2,811,893	129,725,995	126,073,429	97.2	132,592,402	102.2
2017	124,799,790	1,855,476	122,944,314	123,406,240	100.4	131,127,997	106.7
2016	119,291,863	3,009,775	116,282,088	117,554,391	101.1	118,206,392	101.7
2015	113,303,760	3,258,232	110,045,528	111,766,131	101.6	112,644,340	102.4

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.

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

(2) Collections for current fiscal year are comparable to prior fiscal years.

Tax Titles and Possessions

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 six months (which may be extended an additional year 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. 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.

<u>Fiscal Year</u>	<u>Total Tax Titles and Possessions</u>	<u>Deferred Taxes</u>
2018	\$ 955,160	\$ 505,512
2018	984,558	438,730
2017	1,208,475	464,599
2016	1,298,052	470,642
2015	1,201,442	628,738

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. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

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 of Needham 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 and \$762,500, \$7,000,000 and \$57,542,500 principal and the interest thereon for site acquisition and construction of the Hillside School project (less any MSBA grants).

Unused Levy Capacity (1)

	Fiscal Year				
	2019	2018	2017	2016	2015
Primary Levy Limit (2)	\$ 254,220,430	\$ 247,141,391	\$ 231,026,862	\$ 226,704,721	\$ 220,968,194
Prior Fiscal Year Levy Limit	126,800,315	118,982,082	113,229,253	106,870,366	98,925,881
2.5% Levy Growth	3,170,022	2,974,599	2,830,797	2,671,812	2,473,147
New Growth (3)	4,394,835	4,841,774	2,919,417	3,684,955	3,922,530
Amended New Growth	553	1,860	2,615	-	-
Overrides	-	-	-	-	1,548,410
Growth Levy Limit	134,365,725	126,800,315	118,982,082	113,227,133	106,869,968
Debt Exclusions	9,057,029	7,019,086	5,886,862	6,075,283	6,551,850
Capital Expenditure Exclusions	-	-	-	-	-
Other Adjustments	-	-	-	-	-
Tax Levy Limit	143,422,754	133,819,401	124,868,944	119,302,416	113,421,818
Tax Levy	141,893,986	132,537,888	124,789,790	119,291,863	113,303,760
Unused Levy Capacity (4)	1,528,768	1,281,513	79,154	10,553	118,058
Unused Primary Levy Capacity (5)	\$ 119,854,705	\$ 120,341,076	\$ 112,044,780	\$ 113,477,588	\$ 114,098,226

(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 affordable 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 and dedication of revenue. 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 taxes, the dedication of revenue and 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 affordable 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 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>
2019	\$ 2,468,833	\$ 438,305	\$ 2,907,138
2018	2,300,322	368,739	2,669,061
2017	2,136,893	417,408	2,554,301
2016	2,028,800	579,514	2,608,314
2015	1,950,156	566,099	2,516,255

(1) Reflects actual collections.

The CPA Fund had a balance of \$1,135,817 as of June 30, 2019.

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 2016 through 2020, as voted at the town meeting. As such, said budgets reflect neither revenues nor certain mandatory items.

BUDGET COMPARISON (1)

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020 (5)
General Government	\$4,181,185	\$4,294,265	\$4,449,845	\$4,758,257	\$4,966,498
Land Use and Development	489,274	515,350	541,943	561,423	587,795
Public Safety	13,957,884	14,493,710	15,295,908	15,736,737	16,495,226
Education(2)	62,134,821	65,952,600	69,156,335	72,020,179	77,090,548
Public Works & Facilities	14,389,396	15,274,299	16,056,178	16,667,383	20,198,110
Health & Human Services	1,433,752	1,493,315	1,698,993	1,863,784	2,050,632
Culture & Recreation	2,163,934	2,193,270	2,148,976	2,417,641	2,653,814
Employee Benefits(3)	23,095,821	25,491,114	28,053,212	30,776,911	31,835,123
Other Operating Expenses	1,344,702	1,816,490	866,200	1,153,880	1,462,290
Debt Service(4)	11,224,301	11,161,839	12,573,958	14,904,503	19,038,470
Reserve Fund	1,384,767	1,541,875	1,862,600	1,859,891	1,881,500
Total Expenditures	\$135,799,837	\$144,228,127	\$152,704,148	\$162,720,589	\$178,260,006

- (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.
- (5) Effective for FY2020, the Solid Waste Disposal and Recycling Operations changed from an Enterprise Fund to General Fund appropriation.

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>
2019	\$ 141,090,907
2018	132,578,018
2017	124,311,726
2016	118,981,810
2015	112,610,696

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>
2019	\$11,813,475
2018	11,081,996
2017	10,475,985
2016	10,065,389
2015	9,946,703

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>
2019	\$ 6,138,951
2018	5,910,555
2017	5,701,557
2016	5,627,887
2015	5,242,444

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 \$3.18 to \$5.24 per 100 cubic feet for water and from \$9.08 to \$11.79 per 100 cubic feet for sewer. Water irrigation rates range from \$5.24 to \$8.32 per 100 cubic feet for water. The rates were effective July 1, 2019.

In fiscal year 2019, water and sewer revenues totaled \$16,127,754 which included \$504,750 in general fund receipts, and expenditures totaled \$14,449,876 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:

Fiscal Year	Local Option Meals Tax
2019	\$ 543,389
2018	497,446
2017	492,329
2016	490,317
2015	476,896

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. On November 2, 2009, the Town adopted an increase in the room occupancy tax to 6% to be effective January 1, 2010. The table below sets forth the amount of room occupancy tax revenue for the following fiscal years:

Fiscal Year	Room Occupancy Tax
2019	\$ 1,357,713
2018	1,045,862
2017	1,079,169
2016	1,118,325
2015	1,024,085

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

Fiscal Year	Interest & Dividends
2019	\$ 979,649
2018	434,319
2017	278,831
2016	111,638
2015	101,273

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, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

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 MSBA to finance and administer the school building assistance program. The MSBA 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 MSBA to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the MSBA based on the approved project cost and reimbursement rate applicable under the prior law. The MSBA has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the MSBA based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the MSBA is required to fund the grants for such projects in the order in which they appeared on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the MSBA in lump sum payments, thereby eliminating the need for the MSBA to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the MSBA's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the MSBA as project costs are incurred by the municipality pursuant to a project funding agreement between the MSBA and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the MSBA's share of the project costs in most cases.

The maximum of reimbursement rate for new project grant applications submitted to the MSBA on or after July 1, 2007 is 80% of approved project costs. The MSBA promulgated regulations with respect to the application and approval process for projects submitted after July 1, 2007. The MSBA pays grants for such projects as project costs are incurred pursuant to project funding agreements between the MSBA and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects are 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. Copies of audit reports are available at the office of the Town Accountant of the Town of Needham. The Town's financial statements for the fiscal year ended June 30, 2018 are set forth as Appendix A and have been audited by the firm of Melanson, Heath & Company, P.C., Nashua, New Hampshire.

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, 2018, June 30, 2017 and June 30, 2016 and the Statement of Revenues, Expenditures and Changes in Fund Balance for the fiscal year ended June 30, 2018, 2017, 2016, 2015, and 2014. All said financial statements have been extracted from the Town's audited financial statements.

**TOWN OF NEEDHAM, MA
GOVERNMENTAL FUNDS BALANCE SHEET
AS OF JUNE 30, 2018 (1)**

	<u>General</u>	<u>Community Preservation</u>	<u>Sunita L. Williams School</u>	<u>Rosemary Recreation Complex</u>	<u>Needham High School Expansion</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and short-term investments	\$ 23,289,029	\$ -	\$ 7,164,308	\$ 224,196	\$ 6,230,019	\$ 11,572,106	\$ 48,479,658
Investments	28,988,972	5,661,761	-	-	-	2,821,622	37,472,355
Receivables:							
Property taxes	2,906,442	13,677	-	-	-	-	2,920,119
Excises	985,260	-	-	-	-	-	985,260
Departmental	1,696,211	-	-	-	-	25,736	1,721,947
Intergovernmental	3,475,740	-	-	-	-	1,042,678	4,518,418
Other	18,684	-	-	-	-	-	18,684
Deposits	-	-	-	-	-	134,884	134,884
TOTAL ASSETS	\$ 61,360,338	\$ 5,675,438	\$ 7,164,308	\$ 224,196	\$ 6,230,019	\$ 15,597,026	\$ 96,251,325
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Warrants and accounts payable	\$ 2,511,800	\$ 45,912	\$ 1,567,462	\$ -	\$ 1,031,272	\$ 1,685,457	\$ 6,841,903
Unearned revenue	-	-	-	-	-	1,255,055	1,255,055
Accrued liabilities	1,273,977	-	-	-	-	37,362	1,311,339
Anticipation notes payable	-	-	16,150,000	7,000,000	7,010,000	1,820,000	31,980,000
Refunds payable	541,984	-	-	-	-	-	541,984
Other liabilities	134,548	-	-	-	-	1,615	136,163
TOTAL LIABILITIES	4,462,309	45,912	17,717,462	7,000,000	8,041,272	4,799,489	42,066,444
Deferred inflows of Resources:							
Unavailable revenues	8,729,719	13,677	-	-	-	1,203,298	9,946,694
Taxes paid in advance	115,222	-	-	-	-	-	115,222
TOTAL DEFERRED INFLOWS OF RESOURCES	8,844,941	13,677	-	-	-	1,203,298	10,061,916
Fund Balances:							
Nonspendable	-	-	-	-	-	188,478	188,478
Restricted	1,013,132	5,615,849	-	-	-	8,131,191	14,760,172
Committed	12,763,756	-	-	-	-	4,261,064	17,024,840
Assigned	16,459,089	-	-	-	-	-	16,459,089
Unassigned	17,817,111	-	(10,553,154)	(6,775,804)	(1,811,253)	(2,986,514)	(4,309,614)
TOTAL FUND BALANCES	48,053,088	5,615,849	(10,553,154)	(6,775,804)	(1,811,253)	9,594,239	44,122,965
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 61,360,338	\$ 5,675,438	\$ 7,164,308	\$ 224,196	\$ 6,230,019	\$ 15,597,026	\$ 96,251,325

(1) Extracted from the audited Financial Statements of the Town.

**TOWN OF NEEDHAM, MA
GOVERNMENTAL FUNDS BALANCE SHEET
AS OF JUNE 30, 2017 (1)**

	<u>General</u>	<u>Community Preservation Fund</u>	<u>Sunita L. Williams School</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and short-term investments	\$ 24,435,754	\$ -	\$ 2,330,594	\$ 16,654,115	\$ 43,420,463
Investments	26,051,587	5,477,234	-	2,462,211	33,991,032
Receivables:					
Property taxes	3,052,733	14,610	-	-	3,067,343
Excises	978,655	-	-	-	978,655
Departmental	1,508,395	-	-	27,981	1,536,376
Intergovernmental	4,170,888	-	-	1,805,974	5,976,862
Other	119,889	-	-	-	119,889
TOTAL ASSETS	<u>\$ 60,317,901</u>	<u>\$ 5,491,844</u>	<u>\$ 2,330,594</u>	<u>\$ 20,950,281</u>	<u>\$ 89,090,620</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Warrants and accounts payable	\$ 1,337,341	\$ -	\$ 235,010	\$ 1,198,202	\$ 2,770,553
Unearned revenue	-	-	-	1,232,689	1,232,689
Accrued liabilities	3,582,464	-	-	66,128	3,648,592
Anticipation notes payable	-	-	4,000,000	810,000	4,810,000
Refunds payable	396,499	-	-	-	396,499
Other liabilities	248,392	-	-	1,615	250,007
TOTAL LIABILITIES	5,564,696	-	4,235,010	3,308,634	13,108,340
Deferred Inflows of Resources:					
Unavailable revenues	9,453,148	14,609	-	426,282	9,894,039
Fund Balances:					
Nonspendable	-	-	-	188,478	188,478
Restricted	572,835	5,477,235	-	9,794,373	15,844,443
Committed	12,788,994	-	-	8,149,196	20,938,190
Assigned	12,503,894	-	-	-	12,503,894
Unassigned	19,434,334	-	(1,904,416)	(916,682)	16,613,236
TOTAL FUND BALANCES	<u>45,300,057</u>	<u>5,477,235</u>	<u>(1,904,416)</u>	<u>17,215,365</u>	<u>66,088,241</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 60,317,901</u>	<u>\$ 5,491,844</u>	<u>\$ 2,330,594</u>	<u>\$ 20,950,281</u>	<u>\$ 89,090,620</u>

(1) Extracted from the audited Financial Statements of the Town.

**TOWN OF NEEDHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2016 (1)**

	General	Community Preservation Fund	Owens Farm Property Acquisition	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and short term investments	\$ 24,199,908	\$ -	\$ 148,222	\$ 13,954,686	\$ 38,302,816
Investments	19,372,450	6,828,619	-	2,326,821	28,527,890
Receivables:					-
Property taxes	2,873,358	11,160	-	-	2,884,518
Excises	968,146	-	-	-	968,146
Departmental	1,426,542	-	-	40,848	1,467,390
Intergovernmental	4,866,036	-	-	782,376	5,648,412
Other	50,083	-	-	-	50,083
TOTAL ASSETS	\$ 53,756,523	\$ 6,839,779	\$ 148,222	\$ 17,104,731	\$ 77,849,255
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Warrants and accounts payable	\$ 1,569,639	\$ 91,760	\$ 61,177	\$ 1,291,772	\$ 3,014,348
Unearned revenue	-	-	-	594,994	594,994
Accrued liabilities	4,053,656	-	-	133,216	4,186,872
Anticipation notes payable	-	-	6,700,000	2,160,000	8,860,000
Refunds payable	925,717	-	-	-	925,717
Other liabilities	200,528	-	-	1,615	202,143
TOTAL LIABILITIES	6,749,540	91,760	6,761,177	4,181,597	17,784,074
DEFERRED INFLOWS OF RESOURCES	10,047,765	11,160	-	521,642	10,580,567
FUND BALANCES					
No spendable	-	-	-	188,478	188,478
Restricted	666,280	6,736,859	-	6,786,521	14,189,660
Committed	10,114,230	-	-	6,185,837	16,300,067
Assigned	5,413,861	-	-	-	5,413,861
Unassigned	20,764,847	-	(6,612,955)	(759,344)	13,392,548
TOTAL FUND BALANCES	36,959,218	6,736,859	(6,612,955)	12,401,492	49,484,614
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 53,756,523	\$ 6,839,779	\$ 148,222	\$ 17,104,731	\$ 77,849,255

(1) Extracted from the audited Financial Statements of the Town.

**TOWN OF NEEDHAM, MA
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AS OF JUNE 30, 2018 (1)**

	General	Community Preservation	Sunita L. Williams School	Rosemary Recreation Complex	Needham High School Expansion	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 132,578,018	\$ 2,300,322	\$ -	\$ -	\$ -	\$ -	\$ 134,878,340
Excise taxes	5,910,555	-	-	-	-	-	5,910,555
Penalties, interest, and other taxes	2,132,175	2,453	-	-	-	-	2,134,628
Charges for services	1,528,075	-	-	-	-	6,967,230	8,495,305
Departmental	1,852,700	-	-	-	-	-	1,852,700
Licenses and permits	2,598,567	-	-	-	-	-	2,598,567
Intergovernmental	20,403,002	368,739	2,017,071	-	-	7,130,486	29,919,298
Investment income (loss)	682,322	(176,907)	-	-	-	154,872	680,287
Fines and forfeitures	192,010	-	-	-	-	-	192,010
Contributions	-	-	-	-	-	429,729	429,729
Other	313,342	-	-	-	-	31,347	344,689
Total Revenues	168,190,766	2,494,607	2,017,071	-	-	14,713,664	187,416,108
Expenditures:							
Current:							
General government	5,617,952	5,182	-	-	-	119,117	5,742,251
Public safety	16,842,201	-	-	-	-	1,180,774	18,022,975
Education	86,532,516	-	-	-	-	11,508,817	98,041,333
Public works	8,860,429	-	-	-	-	1,749,368	10,609,797
Maintenance	9,077,653	-	-	-	-	-	9,077,653
Health and human services	1,837,753	-	-	-	-	557,542	2,395,295
Culture and recreation	2,342,237	-	-	-	-	366,142	2,708,379
Employee benefits	12,616,631	-	-	-	-	-	12,616,631
Other	521,244	-	-	-	-	-	521,244
Capital outlay	-	946,647	11,249,083	11,060,244	4,445,253	9,642,658	37,343,885
Debt service:							
Principal	8,139,526	-	-	-	-	-	8,139,526
Interest	2,461,942	-	-	-	-	-	2,461,942
Intergovernmental	1,333,038	-	-	-	-	-	1,333,038
Total Expenditures	156,183,122	951,829	11,249,083	11,060,244	4,445,253	25,124,418	209,013,949
Excess (deficiency) of revenues over expenditures	12,007,644	1,542,778	(9,232,012)	(11,060,244)	(4,445,253)	(10,410,754)	(21,597,841)
Other Financing Sources (Uses):							
Bond premium	-	-	-	-	-	6,400	6,400
Transfers in	2,007,530	75,000	575,000	1,030,000	2,634,000	6,420,894	12,742,424
Transfers out	(11,262,143)	(1,479,164)	-	-	-	(374,952)	(13,116,259)
Total Other Financing Sources (Uses)	(9,254,613)	(1,404,164)	575,000	1,030,000	2,634,000	6,052,342	(367,435)
Net change in fund balances	2,753,031	138,614	(8,657,012)	(10,030,244)	(1,811,253)	(4,358,412)	(21,965,276)
Fund Balances, at beginning of year, as reclassified	45,300,057	5,477,235	(1,896,142)	3,254,440	-	13,952,651	66,088,241
Fund Balances, at end of year	\$ 48,053,088	\$ 5,615,849	\$ (10,553,154)	\$ (6,775,804)	\$ (1,811,253)	\$ 9,594,239	\$ 44,122,965

(1) Extracted from the audited Financial Statements of the Town.

**TOWN OF NEEDHAM, MA
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AS OF JUNE 30, 2017 (1)**

	<u>General</u>	<u>Community Preservation Fund</u>	<u>Sunita L. Williams School</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 124,517,284	\$ 2,136,893	\$ -	\$ -	\$ 126,654,177
Excise taxes	5,701,527	-	-	-	5,701,527
Penalties, interest, and other taxes	2,156,902	2,307	-	-	2,159,209
Charges for services	1,094,057	-	-	6,228,684	7,322,741
Departmental	1,674,120	-	-	-	1,674,120
Licenses and permits	4,477,430	-	-	-	4,477,430
Intergovernmental	26,506,734	417,108	-	9,360,566	36,284,408
Investment income	389,769	111,618	-	163,439	664,826
Fines and forfeitures	188,756	-	-	-	188,756
Contributions	-	-	355,277	2,704,043	3,059,320
Other	41,949	-	-	37,035	78,984
	<u>166,748,528</u>	<u>2,667,926</u>	<u>355,277</u>	<u>18,493,767</u>	<u>188,265,498</u>
Total Revenues					
Expenditures:					
Current:					
General government	5,160,845	6,729	-	137,722	5,305,296
Public safety	16,006,396	-	-	251,212	16,257,608
Education	89,570,046	-	-	10,497,497	100,067,543
Public works	8,044,770	-	-	13,004	8,057,774
Maintenance	9,509,897	-	-	-	9,509,897
Health and human services	1,678,736	-	-	444,252	2,122,988
Culture and recreation	2,270,267	81,435	-	778,792	3,130,494
Employee benefits	11,572,484	-	-	-	11,572,484
Other	532,195	-	-	-	532,195
Capital outlay	-	413,073	2,259,693	11,454,082	14,126,848
Debt service:					
Principal	8,102,006	-	-	-	8,102,006
Interest	2,259,034	-	-	-	2,259,034
Intergovernmental	1,309,161	-	-	-	1,309,161
	<u>156,015,837</u>	<u>501,237</u>	<u>2,259,693</u>	<u>23,576,561</u>	<u>182,353,328</u>
Total Expenditures					
Excess (deficiency) of revenues over expenditures	10,732,691	2,166,689	(1,904,416)	(5,082,794)	5,912,170
Other Financing Sources (Uses):					
Issuance of bonds	-	-	-	10,480,000	10,480,000
Bond premium	-	-	-	654,769	654,769
Transfers in	2,383,365	-	-	6,017,269	8,400,634
Transfers out	(4,775,217)	(3,426,313)	-	(642,416)	(8,843,946)
	<u>(2,391,852)</u>	<u>(3,426,313)</u>	<u>-</u>	<u>16,509,622</u>	<u>10,691,457</u>
Total Other Financing Sources (Uses)					
Net change in fund balances	8,340,839	(1,259,624)	(1,904,416)	11,426,828	16,603,627
Fund Balances, at beginning of year, as restated	36,959,218	6,736,859	-	5,788,537	49,484,614
Fund Balances, at end of year	<u>\$ 45,300,057</u>	<u>\$ 5,477,235</u>	<u>\$ (1,904,416)</u>	<u>\$ 17,215,365</u>	<u>\$ 66,088,241</u>

(1) Extracted from the audited Financial Statements of the Town.

TOWN OF NEEDHAM, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
AS OF JUNE 30, 2016 (1)

	General	Community Preservation	Owens Farm Property Acquisition	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 119,108,696	\$ 2,028,800	\$ -	\$ -	\$ 121,137,496
Excise taxes	5,627,887	-	-	-	5,627,887
Penalties, interest, and other taxes	2,410,193	2,379	-	-	2,412,572
Charges for services	985,609	-	-	5,936,113	6,921,722
Departmental	1,038,922	-	-	-	1,038,922
Licenses and permits	2,314,222	-	-	-	2,314,222
Intergovernmental	10,901,975	579,514	-	5,868,297	17,349,786
Investment Income	197,107	60,537	-	29,325	286,969
Fines and forfeitures	186,517	-	-	-	186,517
Contributions	-	-	-	444,166	444,166
Other	69,941	-	-	29,395	99,336
TOTAL REVENUES	\$ 142,841,069	\$ 2,671,230	\$ -	\$ 12,307,296	\$ 157,819,595
EXPENDITURES					
Current:					
General government	\$ 4,970,776	\$ 40,078	\$ -	\$ 291,004	\$ 5,301,858
Public safety	14,812,811	-	-	83,958	14,896,769
Education	69,073,634	-	-	10,991,245	80,064,879
Public works	7,216,857	-	-	288,061	7,504,918
Maintenance	9,019,331	-	-	-	9,019,331
Health and human services	1,569,348	-	-	472,616	2,041,964
Culture and recreation	2,249,111	19,754	-	872,467	3,141,332
Employee benefits	10,754,691	-	-	-	10,754,691
Other	518,998	-	-	-	518,998
Capital Outlay	-	3,549,305	6,612,955	5,376,915	15,539,175
Debt Service:					
Principal	8,232,133	-	-	-	8,232,133
Interest	2,635,519	-	-	-	2,635,519
Intergovernmental	1,281,985	-	-	-	1,281,985
TOTAL EXPENDITURES	132,335,194	3,609,137	6,612,955	18,376,266	160,933,552
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,505,875	(937,907)	(6,612,955)	(6,068,970)	(3,113,957)
OTHER FINANCING SOURCES (USES)					
Issuance of refunded debt	6,645,000	-	-	-	6,645,000
Bond premium	1,069,480	-	-	-	1,069,480
Transfers in	2,211,732	-	-	4,114,562	6,326,294
Deposit to refunding escrow	(7,607,593)	-	-	-	(7,607,593)
Transfers out	(5,400,996)	(1,132,438)	-	(440,477)	(6,973,911)
TOTAL OTHER FINANCING SOURCES (USES)	(3,082,377)	(1,132,438)	-	3,674,085	(540,730)
NET CHANGE IN FUND BALANCES	7,423,498	(2,070,345)	(6,612,955)	(2,394,885)	(3,654,687)
FUND BALANCES - BEGINNING OF YEAR	29,535,720	8,807,204	-	14,796,377	53,139,301
FUND BALANCES - END OF YEAR	\$ 36,959,218	\$ 6,736,859	\$ (6,612,955)	\$ 12,401,492	\$ 49,484,614

(1) Extracted from the audited Financial Statements of the Town.

TOWN OF NEEDHAM, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
AS OF JUNE 30, 2015 (1)

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 112,329,687	\$ 1,950,156	\$ -	\$ 114,279,843
Excise taxes	5,242,444	-	-	5,242,444
Penalties, interest, and other taxes	1,852,862	2,456	-	1,855,318
Charges for services	987,849	-	6,123,560	7,111,409
Departmental	654,516	-	-	654,516
Licenses and permits	1,702,030	-	-	1,702,030
Intergovernmental	10,799,610	566,099	5,380,602	16,746,311
Investment Income	168,567	154,529	42,332	365,428
Fines and forfeitures	204,198	-	-	204,198
Contributions	-	20,518	1,455,025	1,475,543
Other	345,471	-	15,240	360,711
TOTAL REVENUES	\$ 134,287,234	\$ 2,693,758	\$ 13,016,759	\$ 149,997,751
EXPENDITURES				
Current:				
General government	\$ 4,673,887	\$ 455,295	\$ 106,259	\$ 5,235,441
Public safety	14,829,123	-	149,027	14,978,150
Education	65,814,871	-	10,686,070	76,500,941
Public works	7,678,186	-	215,243	7,893,429
Maintenance	8,660,730	-	4,423,569	13,084,299
Health and human services	1,453,707	-	238,976	1,692,683
Culture and recreation	2,156,905	-	417,795	2,574,700
Employee benefits	10,084,343	-	-	10,084,343
Other	518,182	-	-	518,182
Debt Service:				
Principal	8,374,612	-	-	8,374,612
Interest	2,632,650	-	-	2,632,650
Intergovernmental	1,272,800	-	-	1,272,800
TOTAL EXPENDITURES	128,149,996	455,295	16,236,939	144,842,230
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,137,238	2,238,463	(3,220,180)	5,155,521
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	2,850,000	2,850,000
Issuance of refunded debt	7,337,000	-	-	7,337,000
Bond premium	1,225,361	-	-	1,225,361
Transfers in	2,301,520	-	5,837,871	8,139,391
Deposit to refunding escrow	(8,325,359)	-	-	(8,325,359)
Transfers out	(7,704,812)	(475,763)	(465,348)	(8,645,923)
TOTAL OTHER FINANCING SOURCES (USES)	(5,166,290)	(475,763)	8,222,523	2,580,470
NET CHANGE IN FUND BALANCES	970,948	1,762,700	5,002,343	7,735,991
FUND BALANCES - BEGINNING OF YEAR	28,564,772	7,044,504	9,794,034	45,403,310
FUND BALANCES - END OF YEAR	\$ 29,535,720	\$ 8,807,204	\$ 14,796,377	\$ 53,139,301

(1) Extracted from the audited Financial Statements of the Town.

**TOWN OF NEEDHAM, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
AS OF JUNE 30, 2014 (1)**

REVENUES:	General	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Property Taxes	\$ 105,482,632	\$ 1,791,323	\$ -	\$ 107,273,955
Excise Taxes	4,923,980	-	-	4,923,980
Penalties, Interest & Other Taxes	1,642,864	1,860	-	1,644,724
Charges for Services	975,393	-	6,268,448	7,243,841
Departmental	695,239	-	-	695,239
Licenses and Permits	2,306,750	-	-	2,306,750
Intergovernmental	22,891,596	886,498	6,906,632	30,684,726
Investment Income	166,796	56,252	329,361	552,409
Fines and Forfeitures	196,181	-	-	196,181
Contributions	-	-	484,046	484,046
Other	165,670	-	82,353	248,023
Total Revenues	\$ 139,447,101	\$ 2,735,933	\$ 14,070,840	\$ 156,253,874
 EXPENDITURES:				
General Government	4,699,929	790,054	95,935	5,585,918
Public Safety	14,678,174	-	44,317	14,722,491
Education	73,372,843	-	10,329,315	83,702,158
Public Works	6,842,282	-	109,866	6,952,148
Maintenance	7,957,103	-	12,483,541	20,440,644
Health and Human Services	1,253,052	-	434,590	1,687,642
Culture and Recreation	2,109,233	-	843,280	2,952,513
Employee Benefits	10,638,023	-	-	10,638,023
Other	507,278	-	-	507,278
Debt Service				-
Principal	7,786,979	-	-	7,786,979
Interest	2,800,219	-	-	2,800,219
Intergovernmental	1,270,948	-	-	1,270,948
Total Expenditures	133,916,063	790,054	24,340,844	159,046,961
Excess (Deficiency) of Revenues Over Expenditures	5,531,038	1,945,879	(10,270,004)	(2,793,087)
Other Financing Sources (Uses)				
Issuance of Bonds	-	-	8,912,000	8,912,000
Bond Premium	146,553	-	-	146,553
Transfers In	2,553,023	53,478	7,627,396	10,233,897
Transfers out	(9,261,701)	(711,000)	(237,126)	(10,209,827)
Total Other Financing Sources - Net	(6,562,125)	(657,522)	16,302,270	9,082,623
Net Change in Fund Balances	(1,031,097)	1,288,357	3,761,768	4,019,028
Fund Balances, at Beginning of Year	29,595,859	5,756,147	3,761,768	39,113,774
Fund Balances, at End of Year	\$ 28,564,762	\$ 7,044,504	\$ 7,523,536	\$ 43,132,802

(1) Extracted from the audited financial statements of the Town.

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.

<u>Fiscal Year</u>	<u>Free Cash (July 1)</u>	<u>Unassigned General Fund Balance</u>
2018	\$ 10,387,871	\$ 17,817,111
2017	13,518,622	19,434,334
2016	13,849,687	20,764,847
2015	6,890,372	15,247,969
2014	6,207,875	13,245,277

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.

<u>Fiscal Year</u>	<u>Stabilization Fund Balance (June 30)</u>
2019	\$ 4,187,517
2018	4,128,628
2017	4,001,401
2016	3,946,174
2015	3,876,809

Capital Improvement Fund

The Town continues to provide additional funding to its capital improvement fund, which helps ensure the replacement of capital equipment, however there were no draws on the Town's Stabilization Fund to support any operating or capital expenditures. The following table sets forth the trend in Capital Improvement Fund balance.

<u>Fiscal Year</u>	<u>Capital Improvement Fund Balance (June 30)</u>
2019	\$ 910,577
2018	747,227
2017	707,506
2016	701,081
2015	668,954

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.

Fiscal Year	Capital Facility Fund Balance
2019	\$ 1,886,376
2018 (1)	26,767
2017	1,829,877
2016	1,312,275
2015	1,307,397

(1) During fiscal year 2018, \$1,817,000 was drawn from the Capital Facility Fund for the High School Expansion project. At the 2018 Annual Town Meeting a transfer of \$1,817,000 back into the Fund was approved. The transfer was comprised of \$1,386,000 from Free Cash and \$431,000 from the fiscal 2019 tax levy.

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.

Fiscal Year	Athletic Facility Fund Balance
2019	\$ 2,686,229
2018 (1)	4,409,021
2017	3,051,708
2016	2,643,429
2015	1,970,353

(1) In fiscal 2018 \$1.8 million was appropriated from the Athletic Facility Fund for the Memorial Park building construction (article 30 of the 2018 Annual Town Meeting) and \$550,000 for Athletic Facilities improvement (turf field replacement).

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.

Fiscal Year	Debt Service Stabilization Fund Balance
2019	\$ 2,114,506
2018	2,062,952
2017	1,091,874
2016	320,186

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.

The Town has a TIF agreement with TripAdvisor, 13 years in total, currently at a 76% exemption that will decline 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.

INDEBTEDNESS

Authorization Procedure and Limitations

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Provision is made 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 selectmen. 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 debt in anticipation of the 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 a city or 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. A city or 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 ("MFOB") composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, sewer bonds, bonds for water, gas, electric and telecommunication systems, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for housing, urban renewal and economic development (subject to various debt limits). Revenue bonds are not subject to these debt limits. The General Debt Limit applies at the time the debt is authorized. The other 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" under "PROPERTY TAXATION" 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. 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 first principal payment of any of the bonds or notes being refunded thereby, 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 MFOB, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the MFOB. 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. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) 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. The Town has not issued revenue anticipation notes during the past twenty fiscal years.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. 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, for projects financed under the Commonwealth’s Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

**DIRECT DEBT SUMMARY (1)
as of June 30, 2019**

Long-Term Debt Outstanding:		
Within the General Debt Limit:		
Schools	\$ 47,321,000	
Sewers & Drains	5,645,614	
Other Inside General	21,874,000	
Total Within the General Debt Limit		\$ 74,840,614
Outside the General Debt Limit:		
Schools	\$ 18,000,000	
Water	6,199,532	
Sewer	423,638	
Other Outside General	4,724	
Total Outside the General Debt Limit		24,627,894
This Issue of Bonds		27,500,000
Total Bonded Debt After This Issue		126,968,508
Short-Term Debt Outstanding:		
Bond Anticipation Notes Outstanding (2)	34,820,000	
To be retired with revenue funds and unexpended Note Proceeds (3)	(5,529,000)	
To be retired with Bond Proceeds	(29,291,000)	
Total Bond Anticipation Notes Outstanding after this Issue		-
Total Direct Debt after This Issue:		\$ 126,968,508

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

(2) Payable October 1, 2019.

(3) \$4,429,000 will be retired with revenue funds and \$1,100,000 will be retired with unspent BAN proceeds.

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 (2010 Federal Census)	Local Assessed Valuation	Per Capita Debt	Debt as a % of Assessed Valuation
2019	\$ 99,468,508	28,886	\$ 10,168,817,191	\$ 3,443	0.98 %
2018	78,242,389	28,886	9,885,655,649	2,709	0.79
2017	86,146,163	28,886	9,241,074,496	2,982	0.93
2016	85,544,217	28,886	9,068,188,822	2,961	0.94
2015	95,610,417	28,886	8,738,727,746	3,310	1.09

Principal Payments by Purpose

The following table sets forth the principal payments by purpose for the Town's outstanding bonds as of June 30, 2019.

GENERAL OBLIGATION BONDS Principal Payments by Purpose as of June 30, 2019

Year	General	School	Water	Sewer	Total (1)
2020	3,507,724	6,007,000	641,606	491,416	10,647,746
2021	2,638,000	5,547,000	632,379	429,649	9,247,028
2022	2,333,000	5,522,000	633,169	435,816	8,923,985
2023	2,028,000	5,112,000	628,974	442,117	8,211,091
2024	2,013,000	5,017,000	514,795	342,644	7,887,439
2025	1,898,000	4,377,000	515,633	349,222	7,139,855
2026	1,822,000	3,633,000	451,488	355,942	6,262,430
2027	1,817,000	3,173,000	452,359	362,809	5,805,168
2028	1,447,000	2,768,000	453,248	394,825	5,063,073
2029	1,437,000	2,393,000	246,029	391,993	4,468,022
2030	1,097,000	1,603,000	236,953	344,317	3,281,270
2031	1,097,000	1,603,000	237,898	351,800	3,289,698
2032	1,047,000	1,598,000	190,000	359,446	3,194,446
2033	1,047,000	1,598,000	185,000	367,258	3,197,258
2034	875,000	1,045,000	180,000	-	2,100,000
2035	505,000	1,045,000	-	-	1,550,000
2036	505,000	720,000	-	-	1,225,000
2037	505,000	720,000	-	-	1,225,000
2038	485,000	720,000	-	-	1,205,000
2039	475,000	720,000	-	-	1,195,000
2040	250,000	720,000	-	-	970,000
2041	250,000	720,000	-	-	970,000
2042	250,000	720,000	-	-	970,000
2043	-	720,000	-	-	720,000
2044	-	720,000	-	-	720,000
TOTAL	\$ 29,328,724	\$ 58,521,000	\$ 6,199,532	\$ 5,419,252	\$ 99,468,508

(1) \$51,020,724 of principal and \$13,463,835 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, 2019, including debt service subsidies expected to be received from the MSBA and Massachusetts Clean Water Trust.

GENERAL OBLIGATION DEBT as of June 30, 2019 (1)

Fiscal Year	Outstanding		Less	Less	Total	Cumulative % Retired
	Principal	Interest	MSBA Subsidies	MCWT Subsidies	Net Debt Service	
2020	\$ 10,647,746	\$ 3,951,710	\$ (695,148)	\$ (9,583)	\$ 13,894,725	10.7
2021	9,247,028	2,988,568	(695,148)	-	11,540,448	20.0
2022	8,923,985	2,644,447	(695,148)	-	10,873,284	29.0
2023	8,211,091	2,327,999	(695,148)	-	9,843,942	37.2
2024	7,887,439	2,029,950	-	-	9,917,390	45.2
2025	7,139,855	1,752,849	-	-	8,892,704	52.3
2026	6,262,430	1,511,350	-	-	7,773,779	58.6
2027	5,805,168	1,293,152	-	-	7,098,320	64.5
2028	5,063,073	1,091,602	-	-	6,154,675	69.6
2029	4,468,022	913,875	-	-	5,381,897	74.0
2030	3,281,270	781,015	-	-	4,062,286	77.3
2031	3,289,698	682,512	-	-	3,972,209	80.7
2032	3,194,446	585,509	-	-	3,779,955	83.9
2033	3,197,258	487,264	-	-	3,684,522	87.1
2034	2,100,000	400,481	-	-	2,500,481	89.2
2035	1,550,000	340,819	-	-	1,890,819	90.8
2036	1,225,000	298,050	-	-	1,523,050	92.0
2037	1,225,000	259,200	-	-	1,484,200	93.2
2038	1,205,000	218,250	-	-	1,423,250	94.4
2039	1,195,000	177,525	-	-	1,372,525	95.6
2040	970,000	140,800	-	-	1,110,800	96.6
2041	970,000	107,750	-	-	1,077,750	97.6
2042	970,000	73,000	-	-	1,043,000	98.6
2043	720,000	37,800	-	-	757,800	99.3
2044	720,000	12,600	-	-	732,600	100.0
Total	\$ 99,468,508	\$ 25,108,079	\$ (2,780,592)	\$ (9,583)	\$ 121,786,411	

(1) \$51,020,724 of principal and \$13,463,835 of interest has been voted exempt from Proposition 2½, subject to the limits imposed by 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 unissued debt:

Amount	Purpose		Original Authorization
\$ 12,000	Water System Rehabilitation	(1)	\$ 635,000
12,202,110	School Construction	(2)	57,542,500
35,735	Waster Distribution System Improvements	(1)	1,300,000
115,000	Recreation Complex		11,000,000
25,000	High School Engineering		950,000
273,550	Sewer Pump Station Improvements	(1)	600,000
1,750,000	Public Safety Building & Fire Station #2	(3)	3,750,000
171,000	Needham High School Reconstruction & Expansion		11,125,000
568,000	Memorial Park Fieldhouse Construction		2,918,000
250,000	Infrastructure Improvements and Repairs		250,000
3,503,000	Public Works Storage Facility Design & Construction		3,503,000
645,000	RTS Property Repairs		645,000
54,245,000	Public Safety Building & Fire Station #2 Construction	(3)	66,245,000
4,500,000	Water Distribution Improvements		4,500,000
800,000	Sewer		800,000
<u>\$ 79,095,395</u>			

(1) Debt service on water and sewer authorizations is expected to be paid entirely from the Water and Sewer Enterprise Fund.

(2) The Town voted to exclude debt service on bonds and notes for the Hillside School project, including site acquisition, from the limitations of Proposition 2 ½.

(3) The Town voted to exclude debt service on bonds and notes for the Public Safety Building and Fire Station #2 construction projects from the limitations of Proposition 2 ½.

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 2020 dollar assessment for each (except as noted below).

Overlapping Entity	Outstanding Debt	Needham's Estimated Share (1)		Fiscal 2020 Dollar Assessment (2)
Norfolk County (3)	\$ 13,175,000	7.000	%	\$ 439,568
Massachusetts Water Resources Authority (4)				
Water	2,044,213,000	0.458		503,359
Sewer	3,449,020,000	1.304		4,287,372
Massachusetts Bay Transportation Authority (5)	5,093,530,000	0.405		673,546
Minuteman Regional Vocational Technical School District (6)	81,995,000	N/A		1,084,783

(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. Debt as of June 30, 2019. 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, 2018. The MWRA provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater, collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the MWRA may borrow up to \$6.1 billion for its corporate purposes. 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 special purpose 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. Assessment is for fiscal 2019.
- (5) SOURCE: MBTA. Debt as of June 30, 2019. 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, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. 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 its weighted percentage of the total population of the authority 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. Assessment is for fiscal 2019.
- (6) SOURCE: Minuteman Regional Vocational Technical School District. Debt as of June 30, 2019. 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 expiring June 30, 2028 for transportation and disposal of solid waste. The tipping fee rate is \$68.18 per ton for fiscal year 2019. The amount for this contract \$595,396 in fiscal 2014, \$640,513 in fiscal 2015, \$668,408 in fiscal 2016, \$730,544 in fiscal 2017 and \$622,983 in fiscal 2018. The Town budgeted \$653,045 for fiscal 2019.

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. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that the payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule.

Pursuant to recent legislation, 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, 2020 (budgeted)	\$ 8,688,258	\$ -
June 30, 2019	7,934,482	-
June 30, 2018	7,332,277	-
June 30, 2017	6,706,800	17,700
June 30, 2016	7,314,235	18,042
June 30, 2015	5,621,000	34,800

The unfunded actuarial accrued liability of the System as of January 1, 2018 was approximately \$71,661,841. The System is currently 68.80% funded according to the last actuarial study. The Town's current funding schedule amortizes the unfunded actuarial accrued liability to zero by 2030 as shown below.

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Actuarial Accrued Liability (with interest)	(4) Actuarially Determined Contribution (2) + (3)	(5) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in Contribution from Prior Year
2019	\$ 2,369,250	\$ 5,565,232	\$ 7,934,482	\$ 74,214,132	-
2020	2,461,368	6,226,890	8,688,258	73,625,945	9.50 %
2021	2,557,046	6,956,597	9,513,643	72,285,486	9.50
2022	2,656,420	7,761,019	10,417,439	70,065,233	9.50
2023	2,759,634	8,647,462	11,407,096	66,821,270	9.50
2024	2,866,835	9,623,935	12,490,770	62,391,409	9.50
2025	2,978,176	10,055,129	13,033,305	56,593,116	4.34
2026	3,093,815	10,507,609	13,601,424	49,911,991	4.36
2027	3,213,919	10,980,452	14,194,371	42,261,199	4.36
2028	3,338,659	11,474,572	14,813,231	33,548,601	4.36
2029	3,468,212	11,990,928	15,459,140	23,674,396	4.36
2030	3,602,764	12,530,520	16,133,284	12,530,520	4.36
2031	3,742,507	-	3,742,507	-	(76.80)

Notes:

- Actuarially determined contributions are assumed to be paid on July 1.
- Actuarially determined contribution for fiscal 2019 is set equal to the budgeted amount determined with prior valuation.
- Item (2) reflects 3.5% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to the generational mortality assumption.
- 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 4.50% 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 the 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.

<u>Fiscal Year</u>	<u>OPEB Contribution (1)</u>
June 30, 2020 (budgeted)	\$ 6,906,705
June 30, 2019	6,906,705
June 30, 2018	6,115,455
June 30, 2017	5,568,923
June 30, 2016	5,336,302
June 30, 2015	5,300,198

(1) Represents the Annual Required Contributions (ARC). The Town appropriated an additional amount of \$360,000 in fiscal year 2015.

The Governmental Accounting Standards Board ("GASB") Statement Nos. 74 and 75 require public sector entities to report the future costs of 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. The unfunded actuarial accrued liability (UAAL) for the Town was \$66,648,482 as of June 30, 2018 (net of the balance in the OPEB Trust Fund). The actuarial assumptions reflect a 7.0% 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 2020 is \$6,906,705, at an assumed 7.0% discount rate. The balance in the OPEB Trust Fund as of June 30, 2019 was \$38,337,121.

EMPLOYEE RELATIONS

The Town employs approximately 1,354 full-time equivalent employees (FTE), 945 FTE's employed by the School Department, 145 by the Public Works Department, 61 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, 2022. The Needham Independent Public Employees Association (Public Works) contract expires June 30, 2021. The contracts with the Needham Firefighters Local 1706 (all units) expired on June 30, 2019. The Needham Police Union contract expired June 30, 2019, and the Needham Police Superior Officers Association contract expired on June 30, 2019. The Needham Independent Town Workers Association (various administrative, professional and technical positions) contract expires June 30, 2021.

The Needham Public Schools have contracts in place with the Needham Education Association Unit A (teachers) through August 31, 2019, with the Needham Education Association Unit B (administrators) through June 30, 2019, with the Needham Education Association Unit C (Non DESE licensed staff) through June 30, 2020, and with the Needham Education Association Unit E (food service workers) through June 30, 2020. The expired contract with the Needham Education Association Unit D (clerical, secretarial and technical positions) expired June 30, 2020.

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.

September 17, 2019

TOWN OF NEEDHAM, MASSACHUSETTS
/s/ Ms. Evelyn M. Poness, Town Treasurer