

OFFICIAL STATEMENT DATED MAY 21, 2014

Rating: See "Rating" herein.
Standard & Poor's Rating Services: AAA

New Issue

In the opinion of Edwards Wildman Palmer 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").

TOWN OF NEEDHAM, MASSACHUSETTS
\$5,032,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2014 BONDS

DATED
Date of Delivery

DUE
May 15
(as shown below)

The Bonds are issuable only in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York.

Principal of the Bonds will be payable May 15 of the years in which the Bonds mature. Interest on the Bonds will be payable May 15 and November 15, commencing November 15, 2014.

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

In the opinion of Bond Counsel, the Bonds are valid general obligations of the Town of Needham, Massachusetts and the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Table with 10 columns: Due May 15, Principal Amount, Rate, Yield, Cusip 639846, Due May 15, Principal Amount, Rate, Yield, Cusip 639846. Rows include data for years 2015 through 2020.

\$450,000 Coupon Rate 2.65% Term Bond Maturing May 15, 2029 Yield @ 2.65% Cusip #639846 S54
\$745,000 Coupon Rate 3.50% Term Bond Maturing May 15, 2034 Yield @ 3.25% Cusip #639846 T20

The Bonds are offered subject to the final approving opinion of Edwards Wildman Palmer LLP, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale (see "Opinion of Bond Counsel.")

FTN FINANCIAL CAPITAL MARKETS

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

SUMMARY STATEMENT

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

Date of Sale: Wednesday, May 21, 2014, 11:00 a.m. (E.T).

Location of Sale: First Southwest Company, 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.

Issuer: Town of Needham, Massachusetts.

Issue: \$5,032,000 General Obligation Municipal Purpose Loan of 2014 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.

Official Statement Dated: May 21, 2014.

Dated Date of the Bonds: Date of Delivery.

Principal Due: Serially on May 15, 2015 through May 15, 2026, Term Bonds maturing May 15, 2029 and May 15, 2034, as detailed herein.

Purpose and Authority: Bond proceeds will finance various municipal projects as authorized by the Town under provisions of Chapter 44 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 will be valid general obligations of the Town of Needham, Massachusetts, and the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

Credit Rating: Standard & Poor's Rating Services has assigned a rating of AAA to 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 of Bond Counsel".

Continuing Disclosure: Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate".

Bank Qualification: The Bonds **WILL 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: Edwards Wildman Palmer LLP, Boston, Massachusetts. See "THE BONDS – Opinion of Bond Counsel".

Financial Advisor: First Southwest Company, Boston, Massachusetts.

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to the Depository Trust Company, or to its custodial agent, on or about June 2, 2014, 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, Senior Vice President, First Southwest Company, Boston, Massachusetts Telephone (617) 619-4409.

NOTICE OF SALE

TOWN OF NEEDHAM, MASSACHUSETTS

\$5,032,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2014 BONDS

The Town of Needham, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Wednesday, May 21, 2014, for the purchase of the following described General Obligation Municipal Purpose Loan of 2014 Bonds of the Town (the "Bonds"):

\$5,032,000 General Obligation Municipal Purpose Loan of 2014 Bonds payable May 15 of the years and in the amounts as follows:

<u>Due May 15</u>	<u>Principal Amount</u>	<u>Due May 15</u>	<u>Principal Amount</u>
2015	\$ 572,000	2025	* \$ 150,000
2016	555,000	2026	* 150,000
2017	540,000	2027	* 150,000
2018	460,000	2028	* 150,000
2019	235,000	2029	* 150,000
2020	235,000	2030	* 150,000
2021	235,000	2031	* 150,000
2022	235,000	2032	* 150,000
2023	235,000	2033	* 150,000
2024	235,000	2034	* 145,000

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

The Bonds will be dated as of their date of delivery. Principal of the Bonds will be payable on May 15 of the years in which the Bonds mature. Interest will be payable on November 15, 2014 and semi-annually thereafter on May 15 and November 15.

The Bonds will be issued by means of a book-entry system with no physical distribution of Bond certificates made to the public. One Bond certificate for each maturity 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, with the exception of two \$1,000 denominations maturing in 2015, 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 2015 through 2024 will not be subject to redemption prior to maturity. The Bonds maturing on and after May 15, 2025 shall be subject to redemption prior to maturity, at the option of the Town, on or after May 15, 2024, 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 May 15, 2025, 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 two Term Bonds.

Term Bonds, if any, shall be subject to mandatory redemption on May 15 of the year or years immediately prior to the stated maturity of such Term Bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule 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.

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 or (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent. No bid of less than par and accrued interest to date of delivery will be considered.

As between proposals which comply with this Notice, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of June 2, 2014, discounts semiannually all future payments on account of principal and interest to the price bid. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the Town Treasurer by lot among all such proposals.

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 First Southwest Company, 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 First Southwest Company, telephone (617) 619-4400 at least one-half hour prior to the 11:00 a.m. sale and after receipt of the faxed bid form by First Southwest Company. First Southwest Company will act as agent for the bidder, but neither the Town nor First Southwest Company 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 Board of Selectmen.

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 he/she shall be furnished, without cost, with (a) the approving opinion of the firm of Edwards Wildman Palmer LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated May 13, 2014 (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 the date of sale the Preliminary Official Statement did not, 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.

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 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 May 13, 2014, 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 First Southwest Company, 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 First Southwest Company to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of May 21, 2014 (the “Sale Date”), the purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the “issue price” of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

CUSIP identification numbers will be printed on the Bonds at the option of the purchaser, 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. All expenses in relation to the printing of CUSIP numbers on said Bonds shall be paid for by the issuer. The Town no assumes responsibility for any CUSIP Service Bureau of other charge that may be imposed for the assignment of such numbers.

The Bonds in definitive form will be delivered to the Depository Trust Company, or its custodial agent, on or about June 2, 2014 for settlement in Federal Reserve Funds.

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

May 13, 2014

OFFICIAL STATEMENT

TOWN OF NEEDHAM, MASSACHUSETTS

\$5,032,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2014 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 \$5,032,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2014 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 May 15 and November 15 commencing November 15, 2014. The Bonds shall mature on May 15 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, with the exception of two \$1,000 denomination maturing in 2015. 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 2015 through 2024 will not be subject to redemption prior to maturity. The Bonds maturing on and after May 15, 2025 shall be subject to redemption prior to maturity, at the option of the Town, on or after May 15, 2024, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

Mandatory Redemption

The Bonds maturing May 15, 2029 and May 15, 2034 (the "Term Bonds") are subject to mandatory redemption or maturity on each of the dates and in each of the principal amounts set forth below (the particular portion of such Term Bonds 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.

\$450,000 Term Bond Maturing May 15, 2029

<u>May 15</u>	<u>Principal Amount</u>
2027	\$150,000
2028	150,000
2029 *	150,000

*Final maturity.

\$745,000 Term Bond Maturing May 15, 2034

<u>May 15</u>	<u>Principal Amount</u>
2030	\$150,000
2031	150,000
2032	150,000
2033	150,000
2034 *	145,000

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

Book-Entry Transfer System

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

DTC, the world's largest 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other 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.

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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

The 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 to Beneficial Owners.

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

Authorization of the Bonds and Use of Proceeds

This Issue	Purpose	Amount Originally Authorized	Bond Anticipation Notes Outstanding	Date of Authorization	Law Cite (Ch. 44)	Article
\$ 129,000	Road, Bridges, Sidewalks	\$ 1,236,300	\$ 800 (1)	5/3/2010	7(5), 7(6) or 7(1)	36
150,000	Road, Bridges, Sidewalks	1,100,000	-	5/2/2011	7	39
117,500	Land Acquisition	1,175,000	-	5/14/2012	7(3)	8
25,000	Land Acquisition	630,000	-	5/16/2012	7(3)	31
150,000	Land Acquisition	1,100,000	-	11/13/2012	7(1)	17
100,000	Public Works Infrastructure	600,000	-	5/13/2013	7(6) or 7(1)	41
210,000	Public Works Infrastructure	600,000	-	5/7/2012	7(5), 7(6) or 7(7)	33
800,000	DPW Facility Remodeling	1,100,000	-	5/13/2013	7(3A)	42
1,050,500	Senior Center Construction	8,051,808	-	11/7/2011	7(3)	14
95,000	Pollard School Boiler	1,100,000	-	5/13/2013	7(3A)	40
1,995,000	St. Mary's Pump Station	5,565,100	-	5/13/2013	8(4)	47
210,000	Recycling & Transfer Station Equipment	324,400	-	5/6/2013	7(9)	44
<u>\$ 5,032,000</u>			<u>\$ 800</u>			

(1) On June 2, 2014, the Town will retire \$800 bond anticipation notes with revenue funds.

Principal Maturities by Purpose

May 15	General	School	Water	Recycling & Transfer Station	Total
2015	\$ 377,000	\$ 25,000	\$ 100,000	\$ 70,000	\$ 572,000
2016	360,000	25,000	100,000	70,000	555,000
2017	345,000	25,000	100,000	70,000	540,000
2018	340,000	20,000	100,000	-	460,000
2019	135,000	-	100,000	-	235,000
2020	135,000	-	100,000	-	235,000
2021	135,000	-	100,000	-	235,000
2022	135,000	-	100,000	-	235,000
2023	135,000	-	100,000	-	235,000
2024	135,000	-	100,000	-	235,000
2025	50,000	-	100,000	-	150,000
2026	50,000	-	100,000	-	150,000
2027	50,000	-	100,000	-	150,000
2028	50,000	-	100,000	-	150,000
2029	50,000	-	100,000	-	150,000
2030	50,000	-	100,000	-	150,000
2031	50,000	-	100,000	-	150,000
2032	50,000	-	100,000	-	150,000
2033	50,000	-	100,000	-	150,000
2034	50,000	-	95,000	-	145,000
Total	<u>\$ 2,632,000</u>	<u>\$ 95,000</u>	<u>\$ 1,700,000</u>	<u>\$ 210,000</u>	<u>\$ 5,032,000</u>

Tax Exemption

In the opinion of Edwards Wildman Palmer 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 (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The 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 the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). 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 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.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

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.

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") 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 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 and 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, 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 Edwards Wildman Palmer 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

Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. Group has assigned a rating of AAA to the Bonds. The rating only reflects the rating agency's views and will be subject to revision or withdrawal, which could affect the market price of the Bonds.

Financial Advisory Services of First Southwest Company

First Southwest Company, 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 enumerated 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.

The Town has never failed to comply in all material respects with any 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 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 limited form of town meeting and by a five-member Board of Selectmen. 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>
Selectman, Chairman	John A. Bulian	Elected	2015
Selectman, Vice-Chair	Maurice P. Handel	Elected	2015
Selectman, Clerk	Matthew D. Borrelli	Elected	2017
Selectman	Marianne B. Cooley	Elected	2017
Selectman	Daniel P. Matthews	Elected	2016
Town Manager	Kate Fitzpatrick	Appointed	2016
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	2016
Town Counsel	David S. Tobin	Appointed	Indefinite
Superintendent of Schools	Daniel E. Gutekanst	Appointed	2014

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 currently operates 1 pre-school, 5 elementary schools, 2 middle schools (High Rock and Pollard), and a senior high school. Total capacity is sufficient to meet current enrollment. The Town's capital plan reflects the need for further renovations. The Town has recently completed the construction and/or reconstruction of 3 elementary schools, the middle school, and the high school. A portion of the debt service on such borrowings has been exempted from the limits of Proposition 2 1/2. The following table sets forth the trend in public school enrollments. This does not include pre-school or out of district students.

PUBLIC SCHOOL ENROLLMENTS - OCTOBER 1,

	Actual				
	2009	2010	2011	2012	2013
Elementary (K-5)	2,617	2,585	2,568	2,601	2,613
Middle/Junior High(6-8)	1,183	1,261	1,270	1,313	1,317
Senior High(9-12)	1,490	1,412	1,522	1,562	1,606
Totals	<u>5,290</u>	<u>5,258</u>	<u>5,360</u>	<u>5,476</u>	<u>5,536</u>

The Town is a member of the Minuteman Regional Vocational Technical School District, which is located in Lexington, and includes 16 member towns.

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				
	2008	2009	2010	2011	2012
Construction	908	754	686	689	607
Manufacturing	917	994	950	974	905
Trade, Transportation and Utilities	2,438	2,266	2,128	2,198	2,104
Information	2327	1,534	1,355	1,063	1,159
Financial Activities	1,603	1,236	1,273	1,278	1,423
Professional and Business Services	5,372	5,144	5,021	5,096	5,280
Education and Health Services	4,332	4,457	4,511	4,741	5,277
Leisure and Hospitality	967	933	1,197	1,241	1,143
Other Services	829	801	847	879	921
Total Employment	<u>19,693</u>	<u>18,119</u>	<u>17,968</u>	<u>18,159</u>	<u>18,819</u>
Number of Establishments	1,337	1,295	1,370	1,405	1,381
Average Weekly Wages	\$ 1,576	\$ 1,574	\$ 1,659	\$ 1,675	\$ 1,698
Total Wages	<u>\$ 1,644,565,055</u>	<u>\$ 1,514,865,471</u>	<u>\$ 1,583,284,580</u>	<u>\$ 1,612,703,181</u>	<u>\$ 1,696,831,400</u>

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence.

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

LARGEST EMPLOYERS

Name	Product/Function	No. of Employees Approximate
Parametric Technology Corp.	Software Development	1,000+
Coca Cola Of Boston	Bottling & Distributing	500-999
Bitpipe Inc.	Information Technology	250-499
Charles River Associates	Consulting	250-499
Community Newspaper Co.	Publishing	250-499
Dialogic Inc.	Wireless Communications	250-499
Newton Tab	Publishing	250-499
North Hill Living Care Center	Retirement Center	250-499
WCVB Channel 5	Television	250-499
Briarwood Healthcare	Health Care	100-249
Olin College of Engineering	Education	100-249
Partners Community Health Care	Health Care	100-249
Beth Israel Deaconess Hospital	Health Care	100-249

SOURCE: Individual Employers listed.

Needham Crossing (formerly the Needham Business Center) 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). Needham Crossing receives a consistent demand for space from both local and outside industry. The business park originally contained primarily warehouses and offices and now, over 20 years later, is a site for both manufacturing and research. Present occupants include Coca Cola and a Sheraton Hotel. Construction of a 100,000 square foot Marriott Residence Inn hotel has completed and it is open for business.

A state highway project is currently underway to widen Route 95/128 through Needham. The project will expand the highway from three lanes to four lanes and add an additional ramp in Needham. The project is expected to be completed by 2016, and the Town anticipates that the roadway improvement will have an overall positive effect and economic benefit for the Needham Business Center, as well as the community.

Labor Force, Employment and Unemployment

According to the Massachusetts Department of Employment and Training preliminary data, in March 2014, the Town had a total labor force of 14,552 of which 13,957 were employed and 595 or 4.1% were unemployed as compared with 6.6% for the Commonwealth and 6.8% for the United States (unadjusted).

The following table sets forth the Town's average labor force and unemployment rates for each of the last five calendar years and the unemployment rate for the Commonwealth and country as a whole for the same period.

Calendar Year	Town of Needham			Massachusetts Unemployment Rate	United States Unemployment Rate
	Labor Force	Employment	Unemployment Rate		
	2013	14,423	13,736		
2012	14,424	13,786	4.4	6.7	7.8
2011	14,242	13,555	4.8	6.8	8.9
2010	14,250	13,418	5.8	8.3	9.4
2009	14,234	13,350	6.2	9.3	10.1

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 2009 through 2013. Permits are filed for both private constructions as well as for Town projects.

BUILDING PERMITS

Calendar Year	New Construction				Additons/Alterations				Totals	
	Residential		Non-Residential		Residential		Non-Residential		No.	Value
	No	Value	No.	Value	No	Value	No.	Value		
2013	104	\$ 43,260,044	9	\$ 87,468,435	901	\$ 29,704,213	254	\$ 37,865,698	1,268	\$ 198,298,390 (1)
2012	65	29,309,250	6	70,092,432	933	45,019,656	198	40,324,037	1,202	184,745,375 (2)
2011	87	35,456,868	2	10,065,007	1,065	29,860,259	170	44,925,785 (3)	1,324	120,307,919 (4)
2010	107	33,088,039	9	9,595,896	892	28,827,786	94	21,936,216	1,102	93,447,937
2009	113	22,712,299	12	6,602,782	650	21,728,991	104	4,740,806	879	55,784,878 (5)

SOURCE: Report of the Building Inspector.

- (1) Includes Trip Advisor (\$34.5 million office building and \$13.2 million parking garage), 865 Central Ave. North Hill (\$25 million), Beth Israel Hospital (\$2.2 million) and 50 Dedham Ave (\$3.4 million).
- (2) Includes Senior Center (\$5,548,000) and Charles River Pump Station (\$5,391,706) and one new non-residential building permit for the Marriott Residence Inn Motel, (\$9.4 million).
- (3) Includes Town Hall and High School.
- (4) Includes Pollard Middle School (\$3,842,500), Hillside Elementary School (\$31,524) and Newman Elementary School (\$18,014,745).
- (5) Includes Public Services Administration Building (\$4,083,000).

Transportation

The principal highways serving the Town are State Routes 9, 135 and 128 (I-95). There are three exits off Interstate 95 that provide direct access to Needham. A project is currently underway to widen Route 128 through Needham. This add-a-lane project is expected to be completed by 2016. 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 Boston, as well as to 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.

Population and Income

The table below illustrates the Town's changes in median age, median family income, and per capita income according to the federal census.

POPULATION AND INCOME

	Needham	Massachusetts	United States
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 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Total Appropriations(1)	\$ 132,000,100	\$ 130,345,271	\$ 133,196,506	\$ 141,800,888	\$ 151,203,653
Additions:					
State & County Assessments	1,068,405	1,080,311	1,198,244	1,238,429	1,273,564
Overlay Reserve	960,626	1,584,557	2,135,466	1,876,905	2,151,633
Other Additions	162,602	109,559	176,784	74,736	508,749
Total Additions	<u>2,191,633</u>	<u>2,774,427</u>	<u>3,510,494</u>	<u>3,190,070</u>	<u>3,933,946</u>
Gross Amount to be Raised	<u>134,191,733</u>	<u>133,119,698</u>	<u>136,707,000</u>	<u>144,990,958</u>	<u>155,137,599</u>
Deductions:					
Local Estimated Receipts: (2)	33,381,188	25,683,741	26,968,184	27,362,876	29,353,230
State Aid:					
Current Year	8,456,131	8,972,394	9,323,654	10,059,745	10,296,504
Available Funds (3)	1,376,871	1,823,780	788,442	1,759,346	1,344,380
Free Cash Used to Reduce Tax Rat	3,145,416	3,566,037	3,380,269	5,366,720	8,135,372
Total Deductions	<u>46,359,606</u>	<u>40,045,952</u>	<u>40,460,549</u>	<u>44,548,687</u>	<u>49,129,486</u>
Net Amount to be Raised	<u>\$ 87,832,127</u>	<u>\$ 93,073,746</u>	<u>\$ 96,246,451</u>	<u>\$ 100,442,271</u>	<u>\$ 106,008,113</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.

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". See "Debt Limits under INDEBTEDNESS" below.

A revaluation of all real and personal property in the Town to full and fair cash value was completed for use in fiscal year 2012.

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)
2014	\$ 7,886,696,905	\$ 182,036,090	\$ 8,068,732,995	\$ 106,008,113	\$ 3,670
2013	7,746,219,400	177,770,530	7,923,989,930	100,442,271	3,477
2012 (2)	7,672,492,080	160,657,470	7,833,149,550	96,246,451	3,332
2011	7,409,432,738	166,825,350	7,576,258,088	93,071,746	3,222
2010	7,282,261,953	149,501,950	7,431,763,903	87,832,127	3,041

(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
2014	\$11.64	\$22.99
2013	11.30	22.18
2012	10.95	21.50
2011	10.90	21.50
2010	10.53	20.68

Classification of Property

The following is a breakdown of the Town's assessed valuation in fiscal years 2012, 2013 and 2014.

Property Type	2012 (1)		2013		2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$6,840,404,198	87.3 %	\$6,922,042,800	87.4 %	\$7,003,705,577	86.8 %
Commercial	710,846,482	9.1	703,067,800	8.9	741,516,228	9.2
Industrial	121,241,400	1.5	121,108,800	1.5	141,475,100	1.8
Personal	160,657,470	2.1	177,770,530	2.2	182,036,090	2.3
Total Real Estate	<u>\$7,833,149,550</u>	<u>100.0 %</u>	<u>\$7,923,989,930</u>	<u>100.0 %</u>	<u>\$8,068,732,995</u>	<u>100.0 %</u>

(1) Revaluation year.

LARGEST TAXPAYERS

The following table lists the ten largest taxpayers in the Town based upon assessed valuation for fiscal 2014. All of the largest taxpayers are current in their tax payments.

Name	Nature of Business	Total Assesed Valuation for Fiscal 2014	% of Total Assesed Value
Digital 128 First Avenue, LLC	Data Storage Facility	\$81,153,000	1.02 %
Lofts at Charges River Landing	Residential Apartments Complex	70,862,700	0.89
General Dynamics C4 Systems, Inc.	Data Communications	55,331,400	0.70
Babson College	Higher Education	45,150,000	0.57
BP 140 Kendrick Street Property	Software Design	44,164,100	0.56
Intercontinental Fund III	Office Complex	24,886,200	0.31
Digital Cabot, LLC	Data Storage Facility	23,343,200	0.29
Starwood Needham CMBS	Hotel	22,874,700	0.29
Coca-Cola Bottling Co.	Bottling & Distributing	21,223,000	0.27
Teacher's Insurance & Annuity	Office Complex	18,348,700	0.23
Total		<u>\$407,337,000</u>	<u>5.14 %</u>

State Equalized Valuation

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

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

January 1,	State Equalized Valuation	% Change
2012	\$8,141,495,500	5.3 %
2010	7,730,432,400	1.2
2008	7,637,636,300	4.5
2006	7,307,708,400	16.3
2004	6,285,224,900	22.3
2002	5,139,824,700	28.7

Abatements and Overlay

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

The following table sets forth the amount of the overlay reserve for the last five fiscal years and the amounts of abatements and exemptions granted as of June 30, 2013.

Fiscal Year	Net Tax Levy (1)	Overlay Reserve		Abatements and Exemptions Granted Through June 30, 2013
		Dollar Amount	As a % of Net Levy	
2013	\$ 98,565,366	\$ 1,876,905	1.90 %	\$ 271,551
2012	94,110,985	2,135,466	2.27	336,192
2011	91,487,189	1,584,557	1.73	306,902
2010	86,871,501	960,626	1.11	319,158
2009	80,825,650	1,100,000	1.36	287,261

(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 6/30/2013 (2)(3)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2013	\$ 100,442,271	\$ 1,876,905	\$ 98,565,366	\$ 99,107,154	100.55 %	\$ 99,107,154	\$ 100.55 %
2012	96,246,451	2,135,466	94,110,985	94,677,572	100.60	95,247,168	101.21
2011	93,071,746	1,584,557	91,487,189	91,812,299	100.36	92,344,032	100.94
2010	87,832,127	960,626	86,871,501	86,254,089	99.29	87,105,253	100.27
2009	81,925,650	110,000	81,815,650	80,654,781	98.58	81,192,924	99.24

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

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

(3) Collections for the current fiscal year are comparable to previous 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>
2013	\$ 1,016,567	\$ 619,572
2012	904,840	561,509
2011	938,247	538,488
2010	801,305	591,918
2009	870,252	589,611

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). On April 8, 2014, the Town voted a general override in the amount of \$1,500,000 for school purposes. 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, and \$27,412,128 principal and the interest thereon for the Newman School renovation project.

Unused Levy Capacity (1)

	Fiscal Year				
	2014	2013	2012	2011	2010
Primary Levy Limit (2)	\$ 201,718,325	\$ 198,099,748	\$ 195,828,739	\$ 189,406,452	\$ 185,794,098
Prior Fiscal Year Levy Limit	93,756,886	89,636,531	85,836,102	82,052,951	76,202,247
2.5% Levy Growth	2,343,970	2,240,913	2,146,015	2,051,324	1,905,056
New Growth (3)	2,825,025	1,879,442	1,654,414	1,731,827	1,870,805
Overrides	-	-	-	-	1,887,929
Growth Levy Limit	98,925,881	93,756,886	89,636,531	85,836,102	81,866,037
Debt Exclusions	7,109,986	6,705,439	6,626,235	7,255,895	6,004,469
Capital Expenditure Exclusions	-	-	-	-	-
Other Adjustments	-	-	-	-	-
Tax Levy Limit	106,035,867	100,462,325	96,262,766	93,091,997	87,870,506
Tax Levy	106,008,113	100,442,271	96,246,451	93,071,746	87,832,127
Unused Levy Capacity (4)	27,754	20,054	16,315	20,251	38,379
Unused Primary Levy Capacity (5)	\$ 102,792,444	\$ 104,342,862	\$ 106,192,208	\$ 103,570,350	\$ 103,928,061

(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 "PROPERT 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, including a \$19.2 million town hall preservation/restoration project financed, in part, with bonds in 2011 and 2012.

Community Preservation Fund Revenues

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>State Contribution</u>	<u>Total</u>
2013	\$ 1,697,455	\$ 437,167	\$ 2,134,622
2012	1,614,398	417,271	2,031,669
2011	1,566,385	401,199	1,967,584
2010	1,472,781	481,111	1,953,892
2009	1,384,981	888,287	2,273,268

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" 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.

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 2011 through 2015, as voted at the town meeting. As such, said budgets reflect neither revenues nor certain mandatory items.

BUDGET COMPARISON (1)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
General Government	\$3,539,581	\$3,625,375	\$3,807,723	\$3,943,011	\$4,036,311
Land Use and Development	343,203	369,378	385,926	411,156	423,211
Public Safety	11,812,664	12,030,242	12,145,898	13,027,952	13,714,066
Education(2)	46,483,339	48,999,008	51,892,719	54,729,548	58,854,499
Public Works & Facilities	12,822,796	12,790,755	12,916,949	13,313,148	13,497,982
Health & Human Services	1,024,791	1,026,923	1,077,278	1,187,497	1,247,688
Culture & Recreation	1,889,547	1,918,356	1,945,917	1,994,757	2,073,654
Employee Benefits(3)	18,177,878	18,402,953	19,778,577	20,523,425	21,095,270
Other Operating Expenses	955,000	1,177,000	1,266,000	1,017,550	1,247,252
Debt Service(4)	11,379,319	10,843,572	11,288,276	12,108,851	11,587,884
Reserve Fund	1,251,363	1,059,763	1,199,821	1,373,243	1,464,490
Total Expenditures	<u>\$109,679,481</u>	<u>\$112,243,325</u>	<u>\$117,705,084</u>	<u>\$123,630,138</u>	<u>\$129,242,307</u>

(1) Budget reflects only the amount appropriated by Town Meeting and thus does not include overlay or State assessments.

(2) Includes regional vocational school assessment.

(3) Includes pension and OPEB funding.

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

Revenues

Property Taxes: Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION-- Tax Limitations" above. In fiscal year 2010, property taxes totaled \$86,639,841. In fiscal year 2011, property taxes totaled \$92,580,193. In fiscal year 2012, property taxes totaled \$95,268,408. In fiscal year 2013, property taxes totaled \$99,390,107. The revenue from property taxes is estimated to be approximately \$106,008,113 for fiscal 2014.

State Aid: The Town's state aid entitlement is based upon a number of different formulas, and while said 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 Town received \$8,332,661 and \$8,542,051 in fiscal years 2011 and 2012, respectively and received \$9,212,185 in fiscal year 2013. State aid receipts are expected to total approximately \$9,601,356 in fiscal 2014.

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. In fiscal year 2010, motor vehicle excise totaled \$3,879,790. In fiscal year 2011, motor vehicle excise totaled \$4,256,790. In fiscal year 2012, motor vehicle excise totaled \$4,357,996. In fiscal year 2013, motor vehicle excise totaled \$4,620,449. The revenue from motor vehicle excise taxes is estimated to be approximately \$3,850,000 for fiscal 2014.

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 Board of Selectmen. In fiscal year 2011, water and sewer revenues totaled \$14,833,214 and expenditures totaled \$12,048,070 including debt service, retirement costs and overhead. In fiscal year 2012, water and sewer revenues totaled \$13,819,336, which includes \$469,610 general fund receipt, and expenditures totaled \$13,112,987 including debt service, retirement costs and overhead. The Town has an ascending block rate schedule ranging from \$2.50 to \$4.40 per 100 cubic feet for water and from \$7.70 to \$9.70 per 100 cubic feet for sewer. Water irrigation rates range from \$4.85 to \$5.34 per 100 cubic feet for water. The Town has not raised water and sewer rates since 2006. In fiscal year 2013, water and sewer revenues totaled \$14,923,190, which includes \$493,392 general funds, and expenditures totaled \$13,682,552 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. In fiscal year 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. In fiscal year 2011, local options meals tax revenues totaled \$393,957. In fiscal year 2012, local options meals tax revenues totaled \$404,409. In fiscal year 2013, local options meals tax revenues totaled \$443,716. The revenue from local options meals taxes is estimated to be approximately \$355,000 for fiscal 2014.

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. In fiscal year 2011, room occupancy tax revenues totaled \$408,883. In fiscal year 2012, room occupancy tax revenues totaled \$454,378. In fiscal year 2013, room occupancy tax revenues totaled \$539,026. The revenue from room occupancy taxes is estimated to be approximately \$440,000 for fiscal 2014.

Interest and Dividends: Fiscal year 2010 interest and dividends totaled \$496,885. Fiscal year 2011 interest and dividends totaled \$275,705. Fiscal year 2012 interest and dividends totaled \$103,130. Fiscal year 2013 interest and dividends totaled \$84,802. Interest and dividends are estimated to be approximately \$67,500 for fiscal 2014.

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 range of reimbursement rates for new project grant applications submitted to the MSBA on or after July 1, 2007 has been reduced to between 40% and 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 term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in 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 are audited by Melanson, Heath & Company, P.C., Nashua, New Hampshire. A copy of the fiscal 2013 audit is attached hereto as Appendix A.

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, 2013, June 30, 2012 and June 30, 2011, the Statement of Revenues, Expenditures and Changes in Fund Balance for the fiscal year ended June 30, 2013, 2012 and June 30, 2011 and a Comparative Statement of Revenues, Expenditures and Changes in Fund Balance--General Fund, for fiscal years ended June 30, 2009 and June 30, 2010. All said financial statements have been extracted from the Town's audited financial statements.

TOWN OF NEEDHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2013 (1)

	General	Community Preservation Fund	Senior Center Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 18,265,436	\$ -	\$ 2,150,773	\$ 10,514,923	\$ 30,931,132
Investments	17,064,150	5,756,285	-	2,141,813	24,962,248
Receivables:					-
Property Taxes	3,262,683	10,891	-	-	3,273,574
Excises	737,908	-	-	-	737,908
Departmental	978,294	-	-	7,015	985,309
Intergovernmental	7,453,818	-	-	1,007,626	8,461,444
Other	66,900	-	-	-	66,900
Total Assets	<u>\$ 47,829,189</u>	<u>\$ 5,767,176</u>	<u>\$ 2,150,773</u>	<u>\$ 13,671,377</u>	<u>\$ 69,418,515</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Warrants and Accounts Payable	\$ 2,200,633	\$ -	\$ 745,361	\$ 665,717	\$ 3,611,711
Accrued liabilities	3,130,387	138	-	125,164	3,255,689
Refunds payable	344,885	-	-	-	344,885
Notes payable	-	-	6,500,000	4,017,125	10,517,125
Other Liabilities	199,824	-	-	-	199,824
Total Liabilities	<u>5,875,729</u>	<u>138</u>	<u>7,245,361</u>	<u>4,808,006</u>	<u>17,929,234</u>
Deferred Inflows of Resources	12,357,601	10,891	-	7,015	12,375,507
Fund Balance:					
Nonspendable	-	-	-	188,478	188,478
Restricted	1,076,293	5,756,147	-	7,553,134	14,385,574
Committed	6,638,948	-	-	2,312,078	8,951,026
Assigned	6,730,461	-	-	-	6,730,461
Unassigned	15,150,157	-	(5,094,588)	(1,197,334)	8,858,235
Total Fund Balances	<u>29,595,859</u>	<u>5,756,147</u>	<u>(5,094,588)</u>	<u>8,856,356</u>	<u>39,113,774</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 47,829,189</u>	<u>\$ 5,767,176</u>	<u>\$ 2,150,773</u>	<u>\$ 13,671,377</u>	<u>\$ 69,418,515</u>

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

TOWN OF NEEDHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2012 (1)

	General	Community Preservation Fund	Newman School Repaid Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 13,884,305	\$ -	\$ -	\$ 7,374,046	\$ 21,258,351
Investments	13,363,633	4,339,413	-	1,858,981	19,562,027
Due to Newman School Fund	4,289,304	-	-	-	4,289,304
Receivables:					-
Property Taxes	3,178,645	16,655	-	-	3,195,300
Excises	578,901	-	-	-	578,901
Departmental	820,241	-	-	14,054	834,295
Intergovernmental	8,199,192	-	448,832	384,592	9,032,616
Other	54,182	-	-	-	54,182
Total Assets	<u>\$ 44,368,403</u>	<u>\$ 4,356,068</u>	<u>\$ 448,832</u>	<u>\$ 9,631,673</u>	<u>\$ 58,804,976</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants and Accounts Payable	\$ 1,912,497	\$ 2,443	\$ 1,054,973	\$ 1,084,293	\$ 4,054,206
Due to General Fund	-	-	4,289,304	-	4,289,304
Deferred Revenue	12,562,923	16,655	-	14,066	12,593,644
Taxes collected in advance	3,102	-	-	-	3,102
Accrued Liabilities	3,213,014	135	-	115,741	3,328,890
Refunds Payable	846,316	-	-	-	846,316
Notes Payable	-	-	4,734,200	3,580,800	8,315,000
Other Liabilities	206,141	-	-	4,585	210,726
Total Liabilities	<u>18,743,993</u>	<u>19,233</u>	<u>10,078,477</u>	<u>4,799,485</u>	<u>33,641,188</u>
Fund Balance:					
Nonspendable	-	-	-	188,478	188,478
Restricted	448,175	4,336,835	-	7,307,657	12,092,667
Committed	5,744,220	-	-	1,542,872	7,287,092
Assigned	8,585,173	-	-	-	8,585,173
Unassigned	10,846,842	-	(9,629,645)	(4,206,819)	(2,989,622)
Total Fund Balances	<u>25,624,410</u>	<u>4,336,835</u>	<u>(9,629,645)</u>	<u>4,832,188</u>	<u>25,163,788</u>
Total Liabilities and Fund Balances	<u>\$ 44,368,403</u>	<u>\$ 4,356,068</u>	<u>\$ 448,832</u>	<u>\$ 9,631,673</u>	<u>\$ 58,804,976</u>

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

TOWN OF NEEDHAM, MASSACHUSETTS

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2011 (1)

	General	Community Preservation Fund	Town Hall Renovation Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 9,263,369	\$ -	\$ 2,480,536	\$ 14,768,394	\$ 26,512,299
Investments	14,882,578	2,719,038	-	1,865,078	19,466,694
Receivables:					
Property Taxes	2,925,803	11,549	-	-	2,937,352
Excise	605,881	-	-	-	605,881
Departmental	717,079	-	-	10,243	727,322
Intergovernmental	8,944,580	-	-	430,957	9,375,537
Other	66,825	-	-	-	66,825
Total Assets	\$ 37,406,115	\$ 2,730,587	\$ 2,480,536	\$ 17,074,672	\$ 59,691,910
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants and Accounts Payable	\$ 863,943	\$ -	\$ 611,192	\$ 2,222,059	\$ 3,697,194
Deferred Revenue	13,059,635	11,549	-	11,011	13,082,195
Taxes collected in advance	187,504	-	-	-	187,504
Accrued Liabilities	1,899,084	687	-	106,712	2,006,483
Refunds Payable	343,257	-	-	-	343,257
Other Liabilities	113,989	-	-	4,585	118,574
Total Liabilities	16,467,412	12,236	611,192	2,344,367	19,435,207
Fund Balance:					
Nonspendable	-	-	-	188,478	188,478
Restricted	500,990	2,718,351	1,869,344	13,047,777	18,136,462
Committed	5,214,132	-	-	1,534,534	6,748,666
Assigned	6,359,633	-	-	-	6,359,633
Unassigned	8,863,948	-	-	(40,484)	8,823,464
Total Fund Balances	20,938,703	2,718,351	1,869,344	14,730,305	40,256,703
Total Liabilities and Fund Balances	\$ 37,406,115	\$ 2,730,587	\$ 2,480,536	\$ 17,074,672	\$ 59,691,910

(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, 2013 (1)

REVENUES:	General	Community Preservation Fund	Senior Center Fund	Nonmajor Governmental Funds	Total Governmental Funds
Property Taxes	\$ 99,970,554	\$ 1,697,565	\$ -	\$ -	\$ 101,668,119
Excise Taxes	4,620,449	-	-	-	4,620,449
Penalties, Interest & Other Taxes	1,330,634	2,429	-	-	1,333,063
Charges for Services	887,648	-	-	5,762,393	6,650,041
Departmental	851,889	-	-	-	851,889
Licenses and Permits	1,869,446	-	-	-	1,869,446
Intergovernmental	22,193,047	437,167	-	5,619,279	28,249,493
Investment Income	161,042	40,751	-	268,009	469,802
Fines and Forfeitures	220,952	-	-	-	220,952
Contributions	-	-	-	917,571	917,571
Other	479,326	-	-	64,425	543,751
Total Revenues	\$ 132,584,987	\$ 2,177,912	\$ -	\$ 12,631,677	\$ 147,394,576
EXPENDITURES:					
General Government	4,718,884	208,600	-	56,941	4,984,425
Public Safety	13,445,757	-	-	209,889	13,655,646
Education	69,546,442	-	-	9,927,443	79,473,885
Public Works	6,498,065	-	-	22,451	6,520,516
Maintenance	8,043,322	-	5,473,672	10,396,722	23,913,716
Health and Human Services	1,191,925	-	-	325,825	1,517,750
Culture and Recreation	2,112,052	-	-	588,124	2,700,176
Employee Benefits	8,742,496	-	-	-	8,742,496
Other	480,929	-	-	-	480,929
Debt Service					-
Principal	7,117,979	-	-	-	7,117,979
Interest	2,339,358	-	-	-	2,339,358
Intergovernmental	1,181,083	-	-	-	1,181,083
Total Expenditures	125,418,292	208,600	5,473,672	21,527,395	152,627,959
Excess (Deficiency) of Revenues Over Expenditures	7,166,695	1,969,312	(5,473,672)	(8,895,718)	(5,233,383)
Other Financing Sources (Uses)					
Issuance of Bonds	-	-	1,000,000	16,959,000	17,959,000
Bond Premium	811,162	-	-	-	811,162
Transfers In	2,402,361	-	267,500	5,403,459	8,073,320
Transfers out	(6,408,769)	(550,000)	-	(701,344)	(7,660,113)
Total Other Financing Sources - Net	(3,195,246)	(550,000)	1,267,500	21,661,115	19,183,369
Net Change in Fund Balances	3,971,449	1,419,312	(4,206,172)	12,765,397	13,949,986
Fund Balances, at Beginning of Year	25,624,410	4,336,835	(888,416)	(3,909,041)	25,163,788
Fund Balances, at End of Year	\$ 29,595,859	\$ 5,756,147	\$ (5,094,588)	\$ 8,856,356	\$ 39,113,774

(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, 2012 (1)

REVENUES:	General	Community Preservation Fund	Town Hall Renovation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Property Taxes	\$ 95,321,535	\$ 1,619,595	\$ -	\$ -	\$ 96,941,130
Excise Taxes	4,357,996	-	-	-	4,357,996
Penalties, Interest & Other Taxes	1,253,898	2,225	-	-	1,256,123
Charges for Services	937,946	-	-	5,781,445	6,719,391
Departmental	654,886	-	-	-	654,886
Licenses and Permits	1,950,768	-	-	-	1,950,768
Intergovernmental	20,983,554	417,271	6,067,548	6,481,766	33,950,139
Investment Income	257,434	52,255	-	12,535	322,224
Fines and Forfeitures	235,632	-	-	-	235,632
Contributions	-	-	-	482,130	482,130
Other	625,721	-	-	79,912	705,633
Total Revenues	\$ 126,579,370	\$ 2,091,346	\$ 6,067,548	\$ 12,837,788	\$ 147,576,052
EXPENDITURES:					
General Government	4,488,463	172,862	-	71,279	4,732,604
Public Safety	13,408,932	-	-	69,349	13,478,281
Education	66,722,685	-	-	10,350,310	77,072,995
Public Works	5,567,194	-	-	79,832	5,647,026
Maintenance	7,414,663	-	19,884,378	13,230,234	40,529,275
Health and Human Services	1,218,079	-	-	323,466	1,541,545
Culture and Recreation	2,043,808	-	-	899,221	2,943,029
Employee Benefits	7,725,321	-	-	-	7,725,321
Other	455,170	-	-	-	455,170
Debt Service					-
Principal	7,203,678	-	-	-	7,203,678
Interest	2,659,206	-	-	-	2,659,206
Intergovernmental	1,165,155	-	-	-	1,165,155
Total Expenditures	120,072,354	172,862	19,884,378	25,023,691	165,153,285
Excess (Deficiency) of Revenues Over Expenditures	6,507,016	1,918,484	(13,816,830)	(12,185,903)	(17,577,233)
Other Financing Sources (Uses)					
Issuance of Bonds	-	-	-	2,460,000	2,460,000
Issuance of Refunded Debt	10,995,000	-	-	-	10,995,000
Payment to Refunding Escrow Agent	(11,065,000)	-	-	-	(11,065,000)
Bond Premium	207,238	-	-	-	207,238
Transfers In	2,500,159	-	276,005	2,594,553	5,370,717
Transfers out	(4,458,706)	(300,000)	-	(724,931)	(5,483,637)
Total Other Financing Sources - Net	(1,821,309)	(300,000)	276,005	4,329,622	2,484,318
Net Change in Fund Balances	4,685,707	1,618,484	(13,540,825)	(7,856,281)	(15,092,915)
Fund Balances, at Beginning of Year as Reclassified	20,938,703	2,718,351	3,911,180	12,688,469	40,256,703
Fund Balances, at End of Year	\$ 25,624,410	\$ 4,336,835	\$ (9,629,645)	\$ 4,832,188	\$ 25,163,788

(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, 2011(1)**

REVENUES:	General	Community Preservation Fund	Town Hall Renovation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Property Taxes	\$ 93,024,263	\$ 1,564,254	\$ -	\$ -	\$ 94,588,517
Excise Taxes	4,256,790	-	-	-	4,256,790
Penalties, Interest & Other Taxes	1,230,729	2,653	-	-	1,233,382
Charges for Services	946,196	-	-	5,506,410	6,452,606
Departmental	842,350	-	-	-	842,350
Licenses and Permits	1,441,264	-	-	-	1,441,264
Intergovernmental	20,712,707	401,199	-	6,523,234	27,637,140
Investment Income	164,820	36,536	-	338,487	539,843
Fines and Forfeitures	260,862	-	-	-	260,862
Contributions	-	-	-	423,032	423,032
Other	130,218	-	-	32,748	162,966
Total Revenues	\$ 123,010,199	\$ 2,004,642	\$ -	\$ 12,823,911	\$ 137,838,752
EXPENDITURES:					
General Government	4,376,308	740,075	-	149,499	5,265,882
Public Safety	14,331,213	-	-	105,004	14,436,217
Education	64,720,506	-	-	9,747,801	74,468,307
Public Works	5,956,425	-	-	39,377	5,995,802
Maintenance	7,961,342	-	8,591,910	7,833,374	24,386,626
Health and Human Services	1,205,738	-	-	370,447	1,576,185
Culture and Recreation	2,078,044	-	-	707,447	2,785,491
Employee Benefits	7,069,136	-	-	-	7,069,136
Debt Service	-	-	-	-	-
Principal	8,426,975	-	-	-	8,426,975
Interest	2,579,079	-	-	-	2,579,079
Intergovernmental	1,099,885	-	-	-	1,099,885
Total Expenditures	119,804,651	740,075	8,591,910	18,952,949	148,089,585
Excess (Deficiency) of Revenues Over Expenditures	3,205,548	1,264,567	(8,591,910)	(6,129,038)	(10,250,833)
Other Financing Sources (Uses)	-	-	6,000,000	9,349,697	15,349,697
Issuance of Bonds	-	-	-	-	302,525
Bond Premium	302,525	-	-	-	3,874,054
Operating Transfers In	1,807,490	-	-	2,066,564	(3,162,615)
Operating Transfers Out	(2,846,999)	-	-	(315,616)	16,363,661
Total Other Financing Sources - Net	(736,984)	-	6,000,000	11,100,645	16,363,661
Net Change in Fund Balances	2,468,564	1,264,567	(2,591,910)	4,971,607	6,112,828
Beginning Fund Balance	18,470,139	1,453,784	4,461,254	9,758,698	34,143,875
Ending Fund Balance	20,938,703	2,718,351	1,869,344	14,730,305	40,256,703

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

TOWN OF NEEDHAM, MASSACHUSETTS
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GENERAL FUND (1)

	June 30,		
	2008	2009	2010
REVENUES:			
Property Taxes, net of Prov. For Abate.	\$ 77,308,742	\$ 81,525,742	\$ 87,242,948
Motor Vehicle Excise	4,392,444	4,129,367	3,879,790
Intergovernmental	18,600,195	19,172,726	19,337,306
Interest and Dividends	1,269,189	718,000	497,129
Departmental and Other	993,553	920,588	974,413
Charges for Services	846,261	948,713	958,007
Licenses and Permits	2,086,461	1,192,088	1,150,532
Fines and Forfeitures	253,127	264,567	250,588
Penalties, Interest & Other Income	649,643	713,231	813,967
Contributions	-	-	-
Other	298,934	67,043	96,818
Total Revenues	<u>\$ 106,698,549</u>	<u>\$ 109,652,065</u>	<u>\$ 115,201,498</u>
EXPENDITURES:			
General Government	3,756,182	4,157,763	4,072,409
Public Safety	13,185,701	13,559,276	14,199,625
Education	56,049,800	58,723,273	62,159,816
Public Works	4,968,015	5,751,399	5,248,762
Building Maintenance	6,770,648	7,468,136	7,288,825
Human Services	1,009,242	1,115,610	1,168,426
Culture and Recreation	1,912,175	1,955,017	2,003,985
Employee Benefits	6,897,381	6,911,134	6,863,095
Other	1,032,441	-	-
State and County Assessment	-	-	1,064,984
Debt Service	7,283,298	8,361,650	6,636,977
Intergovernmental	-	1,043,179	2,422,598
Total Expenditures	<u>102,864,883</u>	<u>109,046,437</u>	<u>113,129,502</u>
Excess (Deficiency) of Revenues Over Expenditures	3,833,666	605,628	2,071,996
Other Financing Sources (Uses)			
Refunding	-	-	-
Bond Premium	109,318	207,033	244,378
Payments to Escrow	-	-	-
Operating Transfers In	1,709,696	1,735,496	1,942,584
Operating Transfers Out	<u>(4,442,527)</u>	<u>(5,961,813)</u>	<u>(3,381,509)</u>
Total Other Financing Sources - Net	<u>(2,623,513)</u>	<u>(4,019,284)</u>	<u>(1,194,547)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	1,210,153	(3,413,656)	877,449
Beginning Fund Balance	<u>15,476,037</u>	<u>16,686,190</u>	<u>13,272,534</u>
Ending Fund Balance	<u>\$16,686,190</u>	<u>\$13,272,534</u>	<u>\$14,149,983</u>

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

Free Cash and Unassigned/Undesignated 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/Undesignated General Fund balance.

Fiscal Year	Free Cash (July 1)	Unassigned/Undesignated General Fund Balance
2013	\$ 2,153,808	\$ 15,150,157
2012	5,366,720	10,846,842 (1)
2011	5,380,269 (2)	8,863,948 (1)
2010	3,568,037	6,184,718
2009	3,145,416	6,140,369

(1) Due to the changes in GASB fund balance reporting practices, Unassigned General Fund Balance includes Stabilization Fund Balances.

(2) The Town's Free Cash increased due to several one-time factors, insurance recoveries, investment income earned on some temporary higher cash balances resulting from several school projects, and favorable trends with the Town's health insurance program.

Stabilization Fund

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

Fiscal Year	Stabilization Fund Balance (June 30)
2013	\$ 3,729,614
2012	3,718,000
2011	3,656,504
2010	3,628,348
2009	3,457,338

Capital Improvement Fund

The Town continues to provide additional funding to its newly established 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. Effective as of December 31, 2010, the balance in the capital improvement fund was \$560,238. The following table sets forth the trend in Capital Improvement Fund balance.

Fiscal Year	Capital Improvement Fund Balance (June 30)
2013	\$ 648,940
2012	649,000
2011	597,549
2010	561,002

Capital Facility Fund

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

<u>Fiscal Year</u>	<u>Capital Facility Fund Balance (June 30)</u>
2013	\$ 1,293,383
2012	1,150,251
2011	733,221

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 Town appropriated \$283,133 to the Fund in fiscal year 2013 and appropriated an additional \$50,450 for fiscal year 2014.

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 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above.)

Although not a development district as defined above, in December 2012, the Town established a tax increment district in connection with the relocation of Trip Advisors LLC, an internet based travel agency, with approximately 450 employees to Needham from Newton, Massachusetts. The economic opportunity area was created pursuant to Chapter 23A of the Massachusetts General Laws in conjunction with the Massachusetts Office of Business Development's Economic Assistance Coordinating Council. The 13-year agreement exempts 76% of Trip Advisors' growth in assessed value for the first five years and exempts 1% of the growth in years 6 through 13.

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, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to a separate limit). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply 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 five 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)
Projected as of June 30, 2014

Long-Term Debt Outstanding:			
Within the General Debt Limit:			
Schools	\$	56,271,000	
Sewers & Drains		9,061,131	
Other Inside General		25,939,000	
Total Within the General Debt Limit			\$ 91,271,131
Outside the General Debt Limit:			
Water		4,592,712	
Sewer		712,300	
Other Outside General		28,430	
Total Outside the General Debt Limit			<u>5,333,442</u>
Total Bonded Debt			96,604,574
			\$ 5,032,000
This Issue of Bonds to be dated June 2, 2014			
Short-Term Debt Outstanding:			
Bond Anticipation Notes Outstanding (2)		325,800	
Less:			
To Be Retired with Revenue Funds		(187,330)	
New Money Bond Anticipation Notes to be dated June 2, 2014		2,104,030	
Total Short-Term Debt Outstanding (3)			<u>2,242,500</u>
Total Direct Debt			<u><u>\$ 103,879,074</u></u>

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

(2) Payable June 2, 2014.

(3) Payable June 16, 2014 (\$635,500) and December 1, 2014 (\$1,607,000).

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
2014 (1)	\$ 101,636,574	28,886	\$ 8,068,732,995	\$ 3,519	1.26 %
2013	100,315,626	28,886	7,923,989,930	3,473	1.27
2012	85,101,441	28,886	7,833,149,500	2,946	1.09
2011	91,953,197	28,886	7,576,258,088	3,183	1.21
2010	85,433,027	28,886	7,431,763,903	2,958	1.15
2009	73,768,354	28,886	7,331,302,203	2,554	1.01

(1) Projected. Includes this issue of Bonds to be dated June 2, 2014.

Principal Payments by Purpose

The following table sets forth the principal payments by purpose for the Town's outstanding bonds projected as of June 30, 2014.

GENERAL OBLIGATION BONDS Principal Payments by Purpose Projected as of June 30, 2014 (Excludes This Issue of Bonds)

Fiscal Year	General	School	Water	Sewer	Total (1)	Cumulative % Retired
2015	\$ 3,147,810	\$ 4,827,000	\$ 759,835	\$ 1,048,003	\$ 9,782,648	10.1 %
2016	2,842,724	4,592,000	635,535	880,941	8,951,200	19.4
2017	2,817,724	4,377,000	646,249	868,257	8,709,230	28.4
2018	2,162,724	4,362,000	663,978	841,217	8,029,920	36.7
2019	1,982,724	4,322,000	685,722	839,399	7,829,845	44.8
2020	1,972,724	4,262,000	173,480	460,506	6,868,710	51.9
2021	1,193,000	4,147,000	194,253	398,739	5,932,992	58.1
2022	1,193,000	4,132,000	195,043	404,906	5,924,949	64.2
2023	1,118,000	4,057,000	195,848	411,207	5,782,055	70.2
2024	1,103,000	3,967,000	71,669	342,644	5,484,313	75.9
2025	1,073,000	3,337,000	72,506	349,222	4,831,728	80.9
2026	997,000	2,533,000	48,361	355,942	3,934,303	84.9
2027	992,000	2,033,000	49,233	362,809	3,437,042	88.5
2028	672,000	1,753,000	50,121	394,825	2,869,946	91.5
2029	662,000	1,348,000	56,029	391,993	2,458,022	94.0
2030	472,000	558,000	46,953	344,317	1,421,270	95.5
2031	472,000	558,000	47,898	351,800	1,429,698	97.0
2032	422,000	553,000	-	359,446	1,334,446	98.4
2033	422,000	553,000	-	367,258	1,342,258	99.7
2034	250,000	-	-	-	250,000	100.0
TOTAL	\$ 25,967,430	\$ 56,271,000	\$ 4,592,712	\$ 9,773,431	\$ 96,604,574	

(1) \$58,874,430 principal and \$13,887,134 interest has been voted exempt from Proposition 2½.

Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the Town projected as of June 30, 2014, including debt service subsidies expected to be received from the MSBA and Massachusetts Water Pollution Abatement Trust.

GENERAL OBLIGATION DEBT Projected as of June 30, 2014 (1)

Fiscal Year	Outstanding		This Issue of Bonds Dated June 2, 2014		Less MSBA	Less MVPAT	Total	Cumulative % Retired
	Principal	Interest	Principal	Interest	Subsidies	Subsidies	Net Debt Service	
2015	\$ 9,782,648	\$ 3,088,531	\$ 572,000	\$ 111,870	\$ (695,148)	\$ (62,190)	\$ 12,797,711	10.2 %
2016	8,951,200	2,784,478	555,000	105,975	(695,148)	(57,718)	11,643,787	19.5
2017	8,709,230	2,524,856	540,000	94,875	(695,148)	(54,353)	11,119,460	28.6
2018	8,029,920	2,262,597	460,000	84,075	(695,148)	(49,722)	10,091,722	37.0
2019	7,829,845	2,007,122	235,000	74,875	(695,148)	(45,857)	9,405,837	44.9
2020	6,868,710	1,733,350	235,000	70,175	(695,148)	(9,583)	8,202,504	51.9
2021	5,932,992	1,505,837	235,000	65,475	(695,148)	-	7,044,156	58.0
2022	5,924,949	1,293,616	235,000	60,775	(695,148)	-	6,819,192	64.0
2023	5,782,055	1,084,793	235,000	56,075	(695,148)	-	6,462,775	70.0
2024	5,484,313	880,594	235,000	51,375	(695,148)	-	5,956,134	75.6
2025	4,831,728	698,718	150,000	45,500	-	-	5,725,946	80.5
2026	3,934,303	544,050	150,000	41,750	-	-	4,670,103	84.5
2027	3,437,042	409,727	150,000	38,000	-	-	4,034,769	88.0
2028	2,869,946	303,002	150,000	34,025	-	-	3,356,973	91.0
2029	2,458,022	213,700	150,000	30,050	-	-	2,851,772	93.6
2030	1,421,270	155,365	150,000	26,075	-	-	1,752,711	95.1
2031	1,429,698	116,462	150,000	20,825	-	-	1,716,984	96.7
2032	1,334,446	76,009	150,000	15,575	-	-	1,576,030	98.1
2033	1,342,258	34,620	150,000	10,325	-	-	1,537,203	99.6
2034	250,000	5,000	145,000	5,075	-	-	405,075	100.0
Total	\$ 96,604,574	\$ 21,722,428	\$ 5,032,000	\$ 1,042,745	\$ (6,951,480)	\$ (279,423)	\$ 117,170,844	

(1) \$58,874,430 principal and \$13,887,134 in interest has been voted exempt from Proposition 2½.

Authorized Unissued Debt and Prospective Financing

Following the delivery of the Bonds, the Town will have the following authorized unissued debt:

Amount	Purpose	Original Authorization
\$ 42,500	Recreation Plans	\$ 100,000
30,000	Water	(1) 913,500
25,000	Sewer Mains	(1) 3,500,000
338,093	Sewer	(1) 1,806,800
600,294	Water Mains	(1) 600,294
18,000	Sewer Pump Station	(1) 770,000
64,000	Administration Building	5,725,000
50,497	Sewer Pump Station	(1) 577,500
157,000	Drainage	(1) 200,000
1,675,000	Town Hall Renovations	11,300,000
431,709	Newman School Repairs	(2) 26,962,128
65,000	Pollard School Roof	3,500,000
12,000	RTS Construction Equipment	86,000
152,000	Semi-Tractor Purchase	152,000
265,710	Sewer Pump Station	(1) 6,300,000
383,808	Senior Center Construction	8,051,808
190,000	Streets, Sidewalks & Brook Wall	600,000
218,000	Transfer Station	400,000
114,400	RTS Construction Equipment	324,400
440,000	Pollard School Boiler Replacement	1,100,000
500,000	Infrastructure Improvements	600,000
300,000	DPW Facility Remodeling	1,100,000
3,570,100	Water	(1) 5,565,100
1,458,000	Chestnut Street Land Acquisition	1,458,000
<u>\$ 11,101,111</u>		

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

(2) Debt service on these projects has been exempted from the limits 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 2014 dollar assessment for each.

Overlapping Entity	Outstanding Debt	Needham's Estimated Share (1)	Fiscal 2014 Dollar Assessment (2)
Norfolk County (3)	\$ 12,860,000	6.500 %	\$ 383,296
Massachusetts Water Resources Authority (4)			
Water	2,116,827,000	0.625	734,391
Sewer	4,033,856,000	1.337	3,615,119
Massachusetts Bay Transportation Authority (5)	5,561,383,476	0.510	733,961
Minuteman Regional Vocational Technical School District (6)	-	N/A	

(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, 2013. 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, 2013. 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.
- (5) SOURCE: MBTA. Debt as of June 30, 2013. 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.
- (6) SOURCE: Minuteman Regional Vocational Technical School District. Debt as of June 30, 2013. 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 \$74.81 per ton as of July 1, 2013 for fiscal year 2014. The amount budgeted for this contract in fiscal 2013 was \$606,543. The amount budgeted for fiscal year 2014 is \$648,549.

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, 2014 (budgeted)	\$5,420,454	\$34,100
June 30, 2013	4,997,421	33,400
June 30, 2012	4,722,775	32,700
June 30, 2011	4,552,978	59,400
June 30, 2010	4,271,094	89,000
June 30, 2009	4,121,326	119,000
June 30, 2008	3,979,000	117,000

The unfunded actuarial accrued liability of the System as of January 1, 2012 was approximately \$42,469,490. The System is currently 72.9% 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.

<u>Fiscal Year End</u>	<u>Amortization of Unfunded Actuarial Accrued Liability (with interest)</u>
2013	\$ 2,984,538
2014	3,358,722
2015	3,509,865
2016	3,667,809
2017	3,832,860
2018	4,005,339
2019	4,185,579
2020	4,373,930
2021	4,570,757
2022	4,776,441
2023	4,991,381
2024	5,215,993
2025	5,450,713
2026	5,695,995
2027	5,952,314
2028	6,220,168
2029	6,500,076
2030	6,792,579

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 five 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</u>
2014 (Budgeted)	\$ 4,727,462 (1)
2013	4,523,887 (1)
2012	3,906,275
2011	3,626,375
2010	3,446,556

(1) Represents the Annual Required Contributions (ARC). The Town appropriated additional amounts of \$500,000 and \$400,000 in fiscal years, 2012 and 2013, respectively.

The Governmental Accounting Standards Board (“GASB”) Statement Nos. 43 and 45 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 new 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 total liability for the Town is \$52,698,562 as of July 1, 2011 (net of the balance in the OPEB Trust Fund). The ARC in fiscal year 2012 is \$3,906,275. The actuarial assumptions included an 8% investment rate of return and an initial annual healthcare cost trend rate of 7% which decreases to a 4.5% long term rate for all healthcare benefits after five years.

In fiscal year 2002 the Town began funding its post-retirement health insurance liability. The approximate balance in the OPEB Trust Fund as of August, 2013 was \$15,016,798.

EMPLOYEE RELATIONS

The Town employs approximately 1,144 full-time equivalent employees (FTE), 781 FTE’s employed by the School Department, 87 by the Public Works Department, 57 by the Police Department, 72 by the Fire Department, 56 by Public Facilities, 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 800 Town employees are represented by unions including public works, general government, police, fire, teachers, and school administrators. The police patrolman and the superior officers’ contracts expire on June 30, 2015. The public works union contract expires June 30, 2014 and the firefighters’ contract expires on June 30, 2016. The building maintenance and custodial contracts expire on June 30, 2015. The teachers’ union contract expires August 31, 2016 and the administrators’ union contract expires on June 30, 2016. The cafeteria workers contract expires on June 30, 2014. The assistants & specialists and secretarial & clerical contracts all expire on June 30, 2016. The other Town union contract expires on June 30, 2014.

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, none of the pending litigation 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.

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

May 21, 2014