

Revenue SummaryFunding Sources Summary
Table 2.1

Description	FY2024 Actual^	FY2025 Recap	FY2026 Estimate	\$ Change	% Change
General Fund	237,878,008	246,909,270	255,023,789	8,114,519	3.3%
Enterprise Funds	18,921,077	19,126,749	19,406,661	279,912	1.5%
Community Preservation Fund	4,386,477	11,352,212	3,982,000	(7,370,212)	-64.9%
Total Funding Sources*	261,185,562	277,388,231	278,412,450	1,024,219	0.4%

* Before adjustments, reimbursements, and subsidies

The General Fund accounts for revenues and expenditures necessary to provide governmental services and expenses. All financial resources that are not required to be accounted for in other funds are accounted for in the General Fund. The above table 2.1 shows that the total estimated funding sources for FY2026 will increase by approximately \$1 million or 0.4%. The overall funding resources total is reflective of a \$7.4 million decrease in CPA funding because there is no assumption on how much, if any of the CPA reserves would be appropriated for FY2026. The FY2025 CPA Fund total of \$11,352,212 is inclusive of \$7,317,000 in use of reserves. The General Fund is increasing by \$8.1 million with a total estimate of \$255 million for FY2026 compared to \$247 million for FY2025. The amount of Free Cash available for General Fund appropriation is not yet known, but we estimate the amount will be similar to the amount certified last year, in part because approximately \$6.5 million was returned. For this budget plan, we assume a Free Cash amount of \$19 million available for appropriation. This compares to the \$17,330,783 of Free Cash that was appropriated last year. Enterprise Fund appropriations for FY2025 included the use of \$2,637,314 of retained earnings and \$691,299 in other one-time funds (prior capital projects). This budget plan has \$3,966,661 in retained earnings being used for appropriations and receipts of \$15,440,000 for FY2026 (combined enterprise \$19,406,661). The Community Preservation Act (CPA) revenue estimate is \$3,982,000, but as mentioned earlier, there is no assumption on the amount of CPA reserves that would be used to fund the seven requests submitted to the Community Preservation Committee (CPC) for FY2026. There are several funding requests from the Needham Housing Authority to the Community Preservation Committee, which if funded will require a substantial amount of the CPA reserves to fund.

GENERAL FUND

Table 2.2 (next page) shows total revenue available for General Fund appropriations projected at **\$257,146,746** or \$8,077,434 more than FY2025. Revenue from the property tax is estimated to grow by approximately \$9.9 million, state aid is estimated to grow by \$487,323, and local receipts are estimated at \$1.2 million more than the current year. Free Cash for appropriation has been assumed at \$19 million for FY2026.

The use of reserves and other available funds is approximately \$5.1 million lower than was used for FY2025. Free Cash is \$1,669,217 more than the \$17,330,783 used for FY2025. The estimated total adjustment to General Fund revenues is \$37,085 less for FY2026 compared to FY2025. It is important to note that these are preliminary revenue projections. They are subject to change and should be viewed in this context for reasons discussed later.

Fiscal Year 2026 Proposed Budget

Summary of General Fund Resources
Table 2.2

Description	FY2022 Actual	FY2023 Actual	FY2024 Actual [^]	FY2025 Recap	FY2026 Estimate	\$ Change
Property Taxes	170,417,731	179,124,962	182,769,187	192,425,222	202,281,021	9,855,800
State Aid	13,852,710	15,416,389	15,578,355	16,175,722	16,663,045	487,323
Local Receipts	16,217,044	22,944,733	22,257,192	15,413,000	16,658,000	1,245,000
Use of Reserves and Other Available Fund:	1,324,796	3,912,320	2,750,424	5,564,543	421,723	(5,142,820)
Free Cash	11,526,630	14,644,455	14,522,850	17,330,783	19,000,000	1,669,217
General Fund Revenue	213,338,911	236,042,860	237,878,008	246,909,270	255,023,789	8,114,519
<u>Adjustments to General Fund Revenue</u>						
Reimbursements & Subsidies	1,407,415	1,216,515	1,356,398	771,960	760,000	(11,960)
CPA Share of Debt Service	1,021,397	969,632	1,078,631	1,388,082	1,362,957	(25,125)
Adjustments to General Fund Revenue	2,428,812	2,186,147	2,435,029	2,160,042	2,122,957	(37,085)
Available for General Fund Expenditures	215,767,723	238,229,007	240,313,037	249,069,312	257,146,746	8,077,434
[^] subject to final audit						

FY2026 GENERAL FUND REVENUE ESTIMATE ASSUMPTIONS

Property Taxes

Under Massachusetts General Laws, property taxes overall are restricted to increases of 2.5% plus tax revenues derived from new growth. This is referred to as the annual levy limit. An additional tax limitation under Proposition 2½ is the levy ceiling. The tax levy ceiling is equal to 2.5% of the Town's valuation. The total taxable value of the Town as of January 1, 2024, was \$16,106,555,650. This puts the tax ceiling at \$402,663,891. The tax levy including debt exclusions for FY2025 was \$192,425,222, so the Town is well below its legal ceiling.

The new growth tax revenue is derived from improvements to property by its use, reconstruction, or new construction, and is added to the tax base. The annual levy limit may also be increased by the amount of any general override (usually for operating expenses), and capital exclusion override. The annual levy limit is also increased by the amount of debt service that is payable during the year for debt that has been approved by the voters as a debt exclusion override. The increase in the FY2026 tax levy attributable to new growth is estimated based upon information provided by the Assessing and Building Departments.

Property Tax Levy

The property tax levy (refer to Table 2.3.1 on the next page) represents approximately 79.3% (Table 2.8) of all general fund revenues before adjustments. The FY2026 property tax levy is estimated to increase approximately 5.1% over the FY2025 actual tax levy, or approximately \$9.9 million. This compares to the nearly \$7.9 million increase that FY2025 tax levy was over the FY2024 actual levy, or approximately 5.3% increase. The tax revenue to support operations within the levy limit is increasing by an estimate of 5.9% over FY2025. Property Tax New Growth revenue has been much higher in recent years and the amount of New Growth for FY2025 (\$5,854,748) was \$865,960 more than FY2024 and New Growth for FY2024 (\$4,988,788) was over one million dollars more than FY2023 (\$3,968,707). Higher interest rates have had a dampening impact on the real estate new construction market, but lower cost homes continue to rise in value (market value increases do not generate New Growth revenue) at a much higher rate than high-end homes have. Many of the larger projects approved during the 2021 – early 2024 period have been completed or are nearing completion. Currently, there is no known plan for the former Muzi dealership property

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redevelopment, and the land remains vacant. The FY2026 budget plan assumes New Growth revenue of \$2.5 million but may be amended when building activity through the end of 2024 is captured. The New Growth revenue during recent years was higher due to the significant investment and installation of equipment by the public utilities. New Growth revenue increase during those years resulted from the reduction of the exemption in the Tax Incremental Financing (TIF) agreement with TripAdvisor from 76% of the original new construction value to one percent of the initial value. With the reduction in the TIF amount for TripAdvisor, the new tax revenue increased by more than \$1.4 million. The one percent exemption continues through FY2028. The State has allowed the TIF to remain in place even though TripAdvisor fell short on some of its required benchmarks, which were primarily due to COVID. COVID impacted much of the economy, but the hospitality and travel markets were impacted much more than many other industries. The Town also has a ten-year TIF agreement with NBCU which provides for a 70% deferral of the initial new growth value for four years, then declines to a 5% deferral for the fifth year, and then declines to a deferral of 1% of the original growth for the last five years of the agreement. As mentioned previously, the redevelopment of the former MUZI site that was anticipated to generate \$3 to \$5 million in New Growth revenue has not materialized as the developer's plans have been put on hold for an indeterminate period. Therefore, we have not included any amount in the FY2026 New Growth estimate related to that property. However, when a project is identified and approved, we recommend that a significant portion of the New Growth revenue that may be generated be dedicated to the Debt Service Stabilization Fund (DSSF). Town Meeting approval is required. The Town can take proactive steps now to secure those funds for the considerable investment in Town assets in the coming years.

Fiscal Year Tax Levy
Table 2.3.1

Description	FY2022 Recap	FY2023 Recap	FY2024 Recap	FY2025 Recap	FY2026 Estimate	\$ Change
Prior Year Base	150,539,475	159,039,704	166,984,404	176,147,802	186,406,245	
2-1/2 Allowance	3,763,487	3,975,993	4,174,610	4,403,695	4,660,156	
New Growth	4,731,856	3,968,707	4,988,788	5,854,748	2,500,000	
General Override						
Levy in Abeyance	(603,818)	(1,175,906)	(2,166,858)	(3,704,218)		
General Tax Levy Limit	158,431,000	165,808,498	173,980,944	182,702,027	193,566,401	10,864,375
Total Excluded Debt	14,375,000	13,844,279	10,764,226	9,794,891	8,763,317	
Less Excluded Debt Offsets	(766,324)	(727,478)	(27,668)	(24,130)	(21,723)	
Debt Exclusion Adjustment	(1,205,777)	(32,385)	(151,579)	(47,566)	(26,974)	
Excluded Debt to be Raised on Tax Levy	12,402,899	13,084,416	10,584,979	9,723,195	8,714,620	(1,008,575)
Property Tax Levy	170,833,899	178,892,914	184,565,923	192,425,222	202,281,021	9,855,800
Collections by Year End*	170,417,731	179,124,962	182,769,187			

*Includes collections of prior year taxes and pending refunds

The tax levy limit is calculated by increasing the allowed FY2025 levy limit, exclusive of debt exclusions, by 2.5% and then adding a component for new growth. New growth is a function of the additional value generated by construction during the preceding year. The additional tax dollar amount for new growth is determined by the value on the January 1 assessment date and is then multiplied by the applicable FY2025 tax rate. The tax rates for FY2025 declined from the tax rates for FY2024. The residential rate declined from \$12.52 per \$1,000 to \$10.60 and the commercial rates declined from \$24.57 per \$1,000 to \$20.91.

The increase in the levy limit above the allowable annual limit and new growth is limited to the amount to be raised to pay the debt that has been excluded from the levy limit by the

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voters of Needham. The base tax levy, before accounting for debt exclusions, is expected to increase by approximately \$10.9 million over the FY2025 actual base levy. The amount of tax excluded debt that is to be paid by property taxes is estimated to decrease by \$1,008,575 for FY2026 over the FY2025 tax levy. The total excluded debt declined from \$10,764,226 in FY2024 to \$9,794,892 in FY2025. The excluded debt in FY2026 will decline to \$8,763,316. The excluded debt service and its effect on the tax levy will decline every year going forward, unless and until new projects are approved by the voters of Needham.

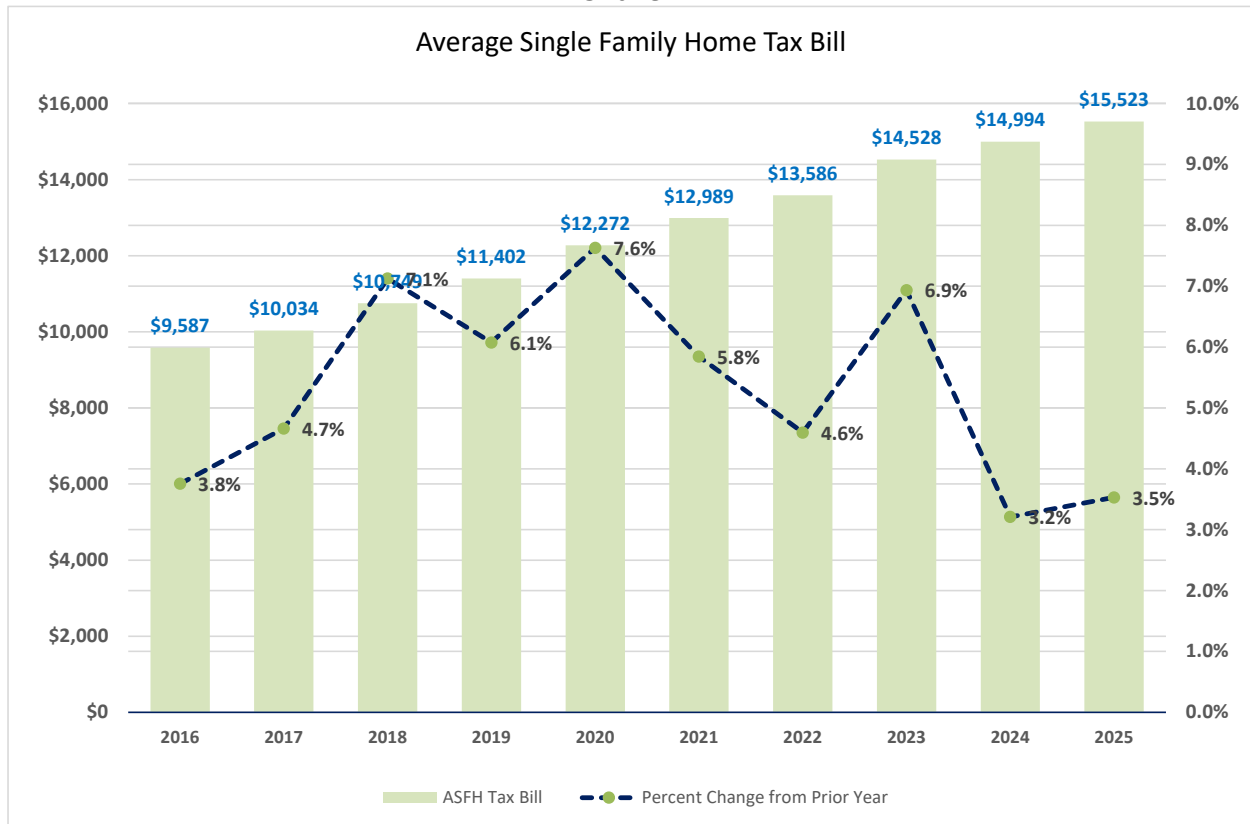
Table 2.3.2 shows the annual debt service by project that was added to the tax levy for fiscal years 2022 through 2025, and the amount to be added to FY2026. The table shows the percentage that the gross excluded debt would have increased the tax levy, and the percentage that the net excluded debt (the gross debt adjusted for offsets and adjustments) made up of the total tax levy. For FY2025, the total excluded debt service was \$9,794,891 which could have added 5.4% to the tax levy, but after accounting for the allowed adjustments, the actual amount added to the tax levy was \$9,723,195 which represented 5.1% of the total tax levy for the year. For FY2026, the \$8,763,316 in total excluded debt would add 4.5% to the estimated levy for the year, but after accounting for the credits that are available, the net to be raised as the percentage of the levy would be 4.3%.

Debt Exclusions Added to Tax Levy FY2022 - FY2026
Table 2.3.2

Description	FY2022	FY2023	FY2024	FY2025	FY2026
Debt Service					
Broadmeadow School	708,700	678,000	642,600	-	-
Eliot School	284,400	269,500	259,700	249,900	-
High Rock & Pollard Schools	1,041,410	1,007,160	970,760	924,410	888,360
High School	1,438,687	1,388,240	1,333,015	1,282,865	757,390
Newman School	1,058,043	1,033,975	1,000,845	977,110	948,810
Public Safety Buildings	7,443,229	7,129,823	4,282,675	4,148,925	4,020,025
Williams School	2,400,531	2,337,581	2,274,631	2,211,681	2,148,731
Total	14,375,000	13,844,279	10,764,226	9,794,891	8,763,316
General Tax Levy	158,431,000	165,808,498	173,980,944	182,702,027	193,566,401
Excluded Debt as a % of the General Tax Levy*	9.1%	8.3%	6.2%	5.4%	4.5%
Offsets and Adjustments					
MSBA Credits	(695,148)	(695,150)			
Premium Credits	(71,176)	(32,328)	(27,668)	(24,130)	(21,723)
Other Adjustments	(1,205,777)	(32,385)	(151,579)	(47,566)	(26,974)
Total	(1,972,101)	(759,863)	(179,247)	(71,696)	(48,697)
Net Excluded Debt Raised on Tax Rate	12,402,899	13,084,416	10,584,979	9,723,195	8,714,619
Total Tax Levy (Excluded and Within the Levy Limit)	170,833,899	178,892,914	184,565,923	192,425,222	202,281,021
Net Excluded Debt as a % of the Total Tax Levy	7.3%	7.3%	5.7%	5.1%	4.3%

*Before Offsets and Adjustments

The property tax that one pays is primarily influenced by three factors: 1) Town Meeting appropriations and other amounts that the Town is required to pay, 2) property values (assessments), and 3) the property tax allocation between commercial and residential. The real estate market in Needham has remained strong compared to other areas in the state and the nation. The actual New Growth Figure will not be finalized until the fall and cannot be incorporated in the tax recap until certified by the Massachusetts Department of Revenue.

Chart I

The Average Single-Family Home (ASFH) property tax bill for FY2025 in the Town of Needham was \$15,523. This represents a 3.5% increase over FY2024 (\$14,994). The Chart I above shows the ASFH tax bill for Needham and the percentage change from the prior year for the period of FY2016 to FY2025. Based on the most current data from the Department of Revenue, Needham's average single family home property tax bill is in the middle of 22 nearby or comparable communities (Chart II), but well over the state-wide average of \$7,896. Other than the City of Framingham and the Town of Norwood, all the communities in the group are above the state-wide average. This should not be unexpected as the value of many homes in this area is much greater than in the state overall. The average assessed value is more than one million dollars in 16 of the 22 communities. The state-wide average single-family value is \$715,362. The average single family home assessment in Needham is \$1,464,398. The average tax bill of the identified communities (excluding Needham), for FY2025 was \$16,087 which is 6.0% more than the average of those communities in FY2024 (\$15,178). The average single family home tax bill in Needham for FY2025 increased by 3.53% from FY2024 (\$15,523 vs \$14,994). The average single family home tax bill increase state-wide was 6.72% (\$7,896 vs \$7,399).

Chart II

Average Single Family Home Tax Bill Area Communities		
Municipality	FY2025	FY2025 Average Assessment
Brookline	\$27,447	\$2,780,851
Weston	\$25,464	\$2,294,016
Concord	\$20,970	\$1,581,435
Lincoln	\$20,470	\$1,597,993
Wellesley	\$19,792	\$1,925,282
Sherborn	\$19,483	\$1,175,118
Lexington	\$19,306	\$1,578,591
Belmont	\$18,775	\$1,648,400
Dover	\$18,563	\$1,647,074
Wayland	\$17,854	\$1,142,311
Winchester	\$17,703	\$1,596,316
Sudbury	\$16,426	\$1,121,972
Newton	\$16,314	\$1,664,692
Needham	\$15,523	\$1,464,398
Westwood	\$15,412	\$1,204,037
Bedford	\$11,876	\$986,414
Arlington	\$11,600	\$1,077,060
Milton	\$11,406	\$1,028,487
Natick	\$10,500	\$877,913
Walpole	\$10,061	\$784,202
Dedham	\$9,616	\$761,990
Framingham	\$7,798	\$653,116
Norwood	\$7,084	\$673,348
Group Average (excluding Needham)	\$16,087	
State-Wide Average*	\$7,896	
Source: DOR		
* The State-Wide Average Tax Bill was based on 342 municipalities. Nine communities tax rates were pending at the time this chart was produced.		

Another variable which affects the residential tax bill is whether a community shifts some of the tax levy from residential and open space classified properties to commercial, industrial, and personal (CIP) classified properties. The Department of Revenue reviews the total taxable valuation of each class type submitted by the Town to determine the maximum shift that the Town may consider. A municipality may shift a portion of the taxes that would be paid by residential and open space properties to CIP properties. However, the CIP share of the tax levy cannot increase by more than 50% of what those taxpayers would have paid under a single tax rate (no shift). Another requirement is that residential properties must raise at least 65% of what they would have paid if there was no shift. The law was amended which now allows the CIP share of the tax levy to increase up to 75% of what they would pay under a single tax rate. We refer to this as the 1.75 shift. However, for a community to adopt a shift under 1.75 allowance, the residential share of the tax levy must be higher than the actual share levied on the residential properties in the prior fiscal year. Residential properties

must pay 50% or more of what would be raised if there was no shift. Many communities cannot use the 1.75 shift rules and are limited to the 1.50 shift rules. DOR provides calculations to determine which rules the Town may follow. The Select Board must hold an annual public hearing prior to submitting approval of the tax rate to the Department of Revenue on whether to adopt split tax rates and if so to what extent. The Town of Needham was allowed to adopt a shift up to 1.75 for FY2025. The Town has adopted that shift level for a number of years. Of the 22 nearby or comparable communities, 12 adopted a shift of taxes from residential to commercial and ten communities did not shift taxes (adopting a single tax rate for all property) for FY2025 (Chart III next page). The range of the shift for communities that did adopt a shift was 1.30 (Walpole) to 1.75 (Bedford, Brookline, Dedham, Lexington,

and Newton). The Town approved the full shift of 1.75 to CIP properties for FY2025. This action resulted in a property tax savings for the average single-family home of \$1,962 or an 11.2% reduction for FY2025.

Chart III

Property Tax Shift			
Residential to Commercial, Industrial, and Personal Property Municipality	CIP % of Total Value	Maximum Shift Allowed	Adopted Shift*
Arlington	5.3%	1.50	No Shift
Bedford	22.9%	1.75	1.75
Belmont	5.4%	1.50	No Shift
Brookline	9.2%	1.75	1.75
Concord	6.8%	1.50	No Shift
Dedham	17.3%	1.75	1.75
Dover	2.9%	1.50	No Shift
Framingham	19.7%	1.75	1.69
Lexington	13.6%	1.75	1.75
Lincoln	3.7%	1.50	1.50
Milton	4.4%	1.50	1.49
Natick	17.1%	1.50	No Shift
Needham	13.1%	1.75	1.75
Newton	8.1%	1.75	1.75
Norwood	24.4%	1.75	1.74
Sherborn	4.8%	1.50	No Shift
Sudbury	6.9%	1.50	1.40
Walpole	11.2%	1.50	1.30
Wayland	4.2%	1.50	No Shift
Wellesley	10.6%	1.50	No Shift
Weston	4.1%	1.50	No Shift
Westwood	12.8%	1.75	1.70
Winchester	4.3%	1.50	No Shift

* Adopted shift of property taxes from residential to commercial (rounded)

Source: DOR

State Aid

Most State aid, especially Cherry Sheet aid, is a function of the State budget. The Governor released her FY2026 budget plan on Wednesday, January 22, 2025. We have relied upon the preliminary state aid estimates which were released based on the Governor's spending plan for this budget. The Governor's budget provides for an increase of \$414,225 in Chapter 70 aid and \$47,290 more in Unrestricted General Government Aid (UGGA). The increase in Chapter 70 aid for FY2026 represents an increase of 3.0%. The UGGA funding is 2.2% more than FY2025. The total of the other Cherry Sheet aid programs is \$159,021 for FY2026 which compares to the \$133,213 estimated by the State for FY2025. During the winter and spring months, the Legislature will review the Governor's budget proposal

and will release its own budget proposal. In past years, such changes to local aid have altered both the amount of aid and the method of distribution.

The Governor's budget is presented to the Legislature, and the House of Representatives reviews it. The House Ways and Means Committee will develop its own recommendations to present to the full House for debate and amendment. After the House adopts a budget plan, it is forwarded to the Senate for a similar process. After the Senate prepares and votes on its budget plan, the House and Senate conference by way of a committee to resolve any differences between the two budget plans. A single budget document is then presented to the full body of the House and subsequently to the Senate for final debate and vote. The approved budget is then sent to the Governor for approval or veto. During this entire process, amendments are usually made which can alter the amount of aid the Town will receive.

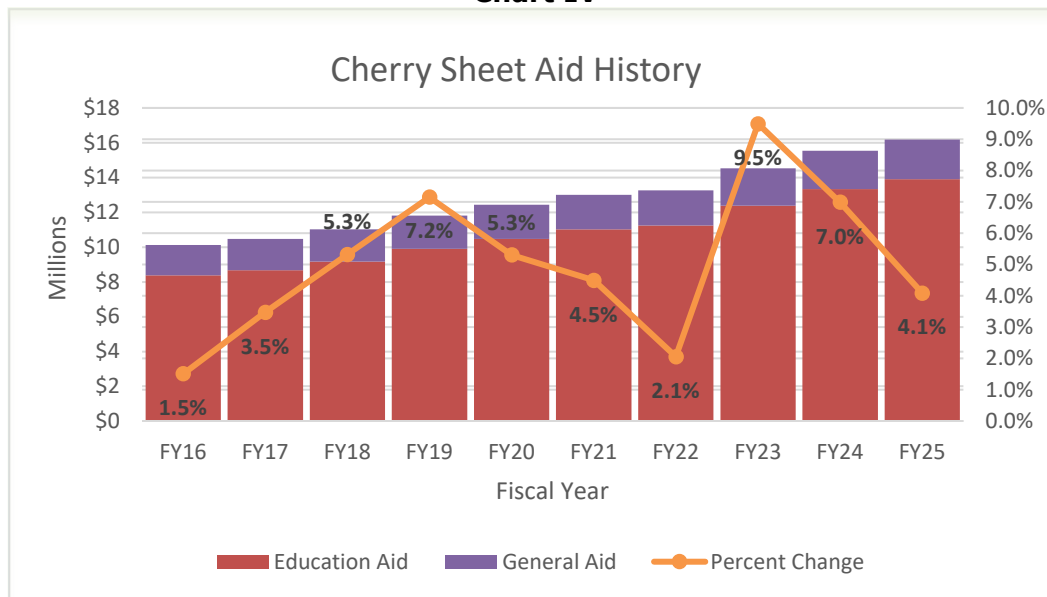
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State aid (Table 2.4) represents approximately 6.5% (Table 2.8) of the total general fund before adjustments. The Governor's budget proposal is subject to review and amendment, and final figures are not expected until late spring.

State Aid Table 2.4						
Description	FY2022 Actual	FY2023 Actual	FY2024 Actual [^]	FY2025 Recap	FY2026 Estimate	\$ Change
Chapter 70	11,192,613	12,371,314	13,312,456	13,892,984	14,307,209	414,225
School Transportation						
Charter School Tuition	28,264	17,758	49,062	13,686	13,613	(73)
Homeless Transportation	23,764		1,159			
State Aid for Education	11,244,641	12,389,072	13,362,677	13,906,670	14,320,822	414,152
Unrestricted General Government Aid	1,801,326	2,182,096	2,086,917	2,149,525	2,196,815	47,290
Veterans Benefits	13,693	14,794	7,252	9,639	14,444	4,805
Chapter 59 Elderly Exemptions	48,878	43,708	4,518	31,551	51,154	19,603
Public Library Aid	48,842	64,401	69,953	78,337	79,810	1,473
State Aid for General Government	1,912,739	2,304,999	2,168,639	2,269,052	2,342,223	73,171
Total Cherry Sheet Aid	13,157,380	14,694,071	15,531,316	16,175,722	16,663,045	487,323
MSBA Payments	695,148	695,150				
Other State Payments	182	27,168	47,039			
Other State Aid	695,330	722,318	47,039			
Total State Aid	13,852,710	15,416,389.46	15,578,355	16,175,722	16,663,045	487,323

[^]subject to final audit

Chart IV

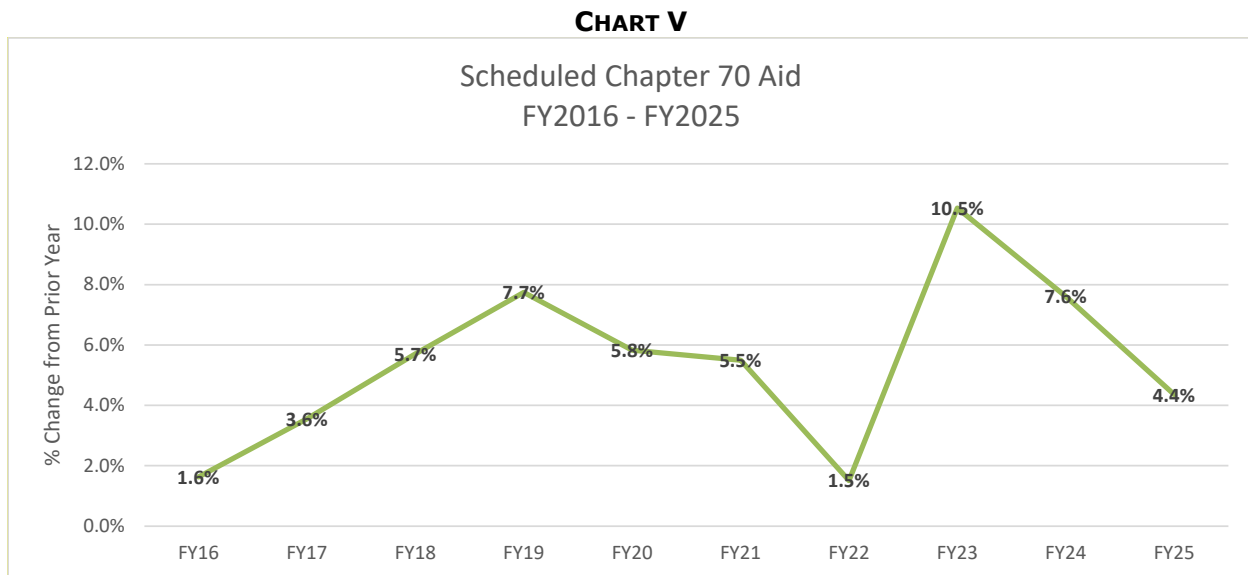


Cherry Sheet Aid

Cherry Sheet aid comes from the Commonwealth where funds are allocated either through distribution formulas or reimbursement formulas. Distribution formulas often incorporate equity factors such as property wealth, income, and effort. Reimbursement formulas provide

full or partial funding for program expenditures or foregone revenues. In addition to reimbursements and distributions, there are also Cherry Sheet programs designated as Offset Items. These items are amounts that constitute categorical aid, i.e., funds that must be spent on specific programs. The funds received under programs designated as Offset Items may be spent without appropriation by the Town for the intended purpose (see Adjustments to General Fund Revenue). All other receipt items on the Cherry Sheet are considered revenues of the Town's general fund and may be spent for any purpose subject to appropriation. Chart IV (previous page) reflects the history of the total amount of Cherry Sheet aid broken out by general and education aid with the annual percentage change in the total for the years FY2016 through FY2025.

Chapter 70 aid is commonly referred to as general school aid. The State explains that Chapter 70 is a formula aid program that is based on a Foundation Budget that is calculated by the Commonwealth for each school system, which considers enrollment, pupil characteristics, inflation, and geographical differences in costs such as wages. The Foundation Budget is what the State has determined to be the minimum spending level for a school system. The formula takes into consideration a community's ability to pay the cost of education based on property values and income. This information is based on equalized property valuations calculated by the Massachusetts Department of Revenue every other year and income data from State tax returns. The State's goal was to ensure that a minimum of 17.5% of the calculated budget for each school system was made up of State aid. This is not 17.5% of what a community may choose to fund.



The Town has received increases in Chapter 70 funding every year since FY2016. Chart V (above) shows the annual percent change in Chapter 70 aid from FY2016 through FY2025. The range of the increase during that period shows a low of 1.5% for FY2022 and a high of 10.5% for FY2023. The Town received \$134,050 more in FY2016, an increase of 1.6%, followed by a \$297,605 increase, 3.6% during FY2017. The distribution from the State in FY2018 was \$494,965 more or 5.7% over the previous year, followed by a \$709,792 (7.7%) increase for FY2019. The Town received a 5.8% increase or \$575,563 in FY2020, and

\$574,068 more in FY2021 or 5.5%. During FY2022 the Town received \$166,830, just 1.5% more than FY2021, the lowest increase during the ten-year period, but during FY2023 the Town received \$1,178,701 more than FY2022, or 10.5% more, the highest increase during the ten-year period. The Town received a total of \$13,312,456 in Chapter 70 aid, or \$941,142 more (7.6%) during FY2024 than the prior year. The Town is budgeted to receive \$13,892,984, or \$670,528 more (4.4%) for FY2025. Based on the Governor's budget submission for FY2026, the Town would receive \$414,225 (3.0%) more than the current year for a total of **\$14,307,209**, and that is the amount used for this budget plan.

The **Unrestricted General Government Aid (UGGA)** program provides funding for local government services, which is one of the only aid programs that allows the Town flexibility in how best to use the funds, whereas most state aid programs designate where and how the funds may be expended. The Town received \$1,801,326 in FY2022. The Town was scheduled to receive \$1,918,602 for FY2022 or \$64,880 (3.5%) more than the prior year, but the State distribution was not received until after the end of the fiscal year. The monies were credited to FY2023. The Town received a total of \$2,182,096 during FY2023 which was 21.1% more. The Town received \$2,086,917 for FY2024 which was \$95,179 less than what was credited during FY2023. However, as previously mentioned, FY2023 total included a payment (\$52,396) from FY2022 which was not received until after the close of the fiscal year and the Town also received an additional \$107,493 above what was expected for FY2023. The FY2025 UGGA estimate is \$2,149,525 which is \$62,608 (3.0%) more than FY2024. The Governor's budget submission for FY2026 has the Town of Needham receiving **\$2,196,815**, which is \$47,290 (2.2%) more than the current year.

The total for all the **other Cherry Sheet aid** programs that have been identified for Needham - charter school tuition, homeless transportation reimbursements, veterans' benefits, property tax exemption reimbursements, and aid to public libraries totaled \$163,441 for FY2022. The Town received \$140,661 in FY2023, and \$131,943 during FY2024. The total of the other Cherry Sheet aid programs is \$133,213 for FY2025 and the plan for FY2026 has the Town receiving **\$159,021**.

Local Receipts

Our time-honored approach of conservatively estimating local receipts is based on a target range. Our goal is to have a local estimate total, by the time the tax rate is sent to the Department of Revenue (DOR) for review, which is less than 80 percent of the prior year's actual receipts excluding non-recurring revenue. The FY2024 actual receipts were lower than FY2023 receipts by \$687,541. The FY2023 actual receipts were higher than FY2022 receipts by \$6,743,398. But the FY2023 local receipt increase was primarily due to some very large building projects being permitted and interest income. The FY2024 actual receipts of \$22,257,192 included \$302,125 of receipts that are classified as nonrecurring receipts. We have estimated that total local receipts will increase by 8.1% over the FY2025 estimate. The estimate, excluding nonrecurring revenue, is currently projected at approximately 75.9% of the 2024 actual receipts. The estimate as a percentage of the prior year's actual is a reflection of the local receipt category where the FY2024 revenue was exceptionally high. Interest income increased from \$1,520,840 for FY2023 to \$3,014,707 for FY2024, nearly double the amount. The FY2022 interest income was only \$194,651. The high interest income earnings are not expected to continue for FY2026.

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We prepared the projections of local receipts by comparing FY2024 estimated receipts to actual receipts, FY2024 actual receipts to FY2023 actual receipts, FY2025 estimated receipts to the FY2024 actual receipts, and FY2025 year-to-date numbers. We also look at trend lines over three and five years. The Department of Revenue will only allow a community to forecast local revenue up to the level of collection in the previous fiscal year. Under certain circumstances and with appropriate documentation, the Department of Revenue may allow a community to exceed its prior year actual revenue, e.g., by establishing a new fee or significantly increasing an existing fee or charge. During this analysis, the FY2025 estimated receipts were revised. As the year progresses, further analysis of collections will be performed to determine if fiscal year 2025 activity demonstrates a trend that deviates from projections. It is also important to note that if certain budgetary reductions are made to departments that generate or manage the collection of receipts, the estimate may need to be revisited.

Consequences of overly aggressive local receipt estimation include a reduction in the margin between budgeted and actual receipts to cover unanticipated drops in other revenue sources and unexpected increases in expenses (particularly non-appropriated costs), and lower Free Cash certification for the future year than would otherwise be possible. A tighter margin could also negatively affect the Town's credit rating and hence increase borrowing costs for the Town and consequently higher tax bills for residents.

Local Receipts
Table 2.5

Description	FY2022 Actual	FY2023 Actual	FY2024 Actual [^]	FY2025 Recap	FY2026 Estimate	\$ Change
Motor Vehicle Excise	5,837,070	6,779,778	7,316,406	6,000,000	6,180,000	180,000
Other Excise	1,415,760	1,967,568	2,218,645	1,500,000	1,815,000	315,000
Penalties & Interest	515,392	877,076	579,708	400,000	415,000	15,000
Payment in Lieu of Tax	147,913	103,860	720		85,000	85,000
Solid Waste Fees	1,189,410	1,461,825	1,250,845	1,100,000	1,100,000	
Charges for Services	2,245,676	2,669,089	3,492,676	2,450,000	2,800,000	350,000
Fees	419,607	146,866	204,793	160,000	165,000	5,000
Rents	208,202	167,972	173,080	143,000	143,000	
School Income						
Library Department Income						
Recreation Department Income	236,392	561,474	307,980	250,000	250,000	
Other Department Income	600,976	641,663	551,491	485,000	485,000	
Licenses & Permits	2,771,497	5,099,527	2,737,879	1,925,000	2,190,000	265,000
Special Assessments		8,915				
Fines & Forfeits	110,191	101,457	83,832			
Investment Income	194,651	1,520,840	3,014,707	1,000,000	1,030,000	30,000
Medicaid Reimbursement	1,642		16,160			
Miscellaneous Income	3,296	220,618	3,145			
Nonrecurring Income	319,369	616,205	305,125			
Total	16,217,044	22,944,733	22,257,192	15,413,000	16,658,000	1,245,000

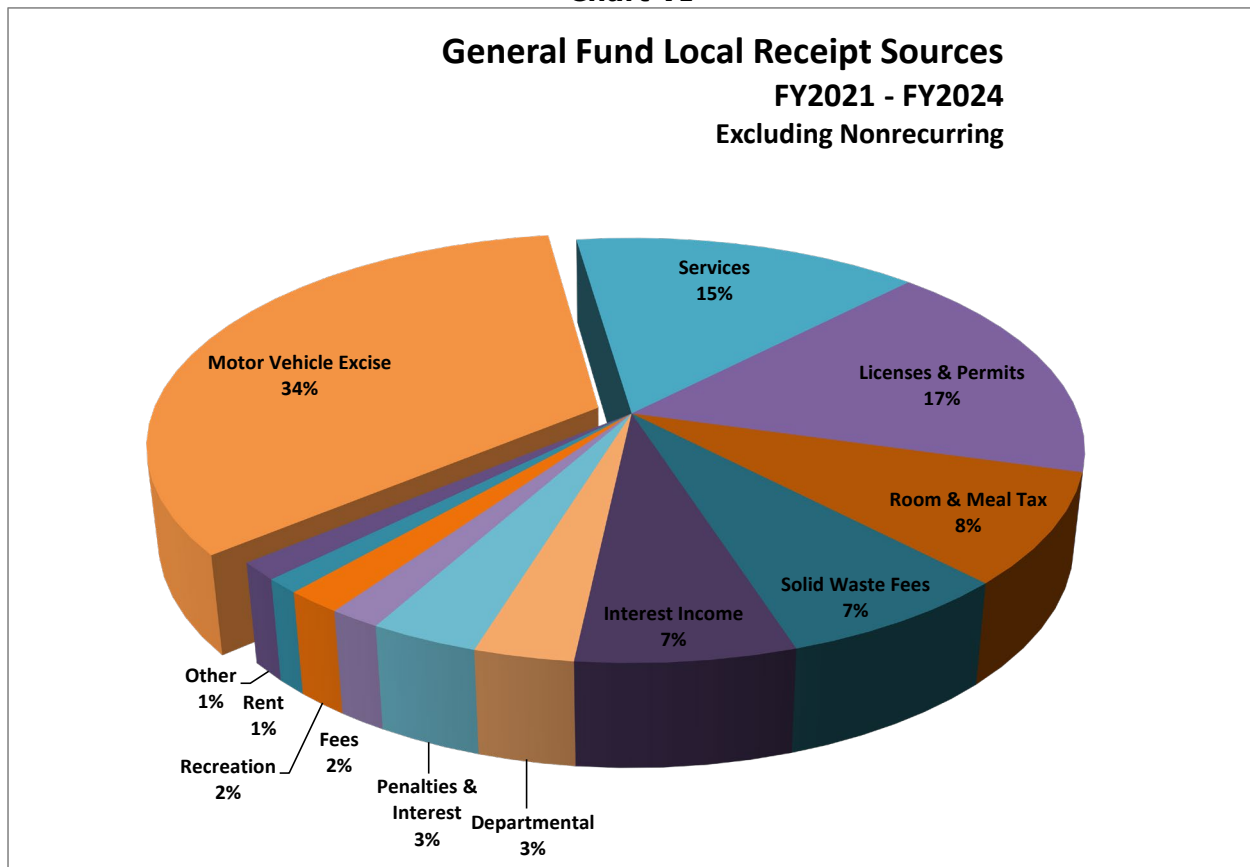
[^]subject to final audit

Local receipts represent approximately 6.5% (Table 2.8) of the total general fund before adjustments. Local receipts consist of items such as other taxes and excises, licenses and permits, and penalties, fines and forfeitures, investment income, and income from departmental activities and services. The budget estimate for FY2026 of **\$16,658,000** (Table 2.5) is an increase of \$1,245,000 or 8.1% from the revised FY2025 budget of \$15,413,000. When completing the tax rate setting process, we reduced some of the estimates and increased others for the FY2025 receipts based on FY2024 results and trends. The total was near the target range for estimation but on the lower side because some receipts for FY2024 were exceptionally (investment income) higher than the prior year (FY2023) actual receipts,

and several actual local receipt types declined in FY2024 from FY2023 which was not expected (PILOT, recreation department income and other department income).

The three major sources of local receipts, which made up more than 65% of total receipts over the last four years (Chart VI), are Motor Vehicle Excise, Services, and License and Permits. Year after year motor vehicle excise tax is the major local revenue source accounting for as much as 37% of the total local receipts in a given year and the average percentage over the 2021 – 2024 period was 33.8%. Therefore, an overestimation of this revenue will have a negative impact on the Town's financial position. All three receipt categories are influenced by the economy, locally and nationally, more so than other receipts.

Chart VI



All vehicle owners who have their vehicles registered in the Commonwealth of Massachusetts pay an annual **Motor Vehicle Excise** tax to the community in which the vehicle is principally garaged. The Registry of Motor Vehicles provides listings several times during the year with the vehicles that are registered in Needham, along with the value for each. The vehicle values are the manufacturers' list prices for vehicles in their year of manufacture. The present market value, price paid, and/or condition are not considered for excise tax purposes. The excise tax law establishes its own formula for valuation for state tax purposes whereby only the manufacturer's list price and the age of the motor vehicle are considered. In the year preceding the model year of the vehicle (i.e., vehicle purchased in 2025) the value is 50%;

in the model year the value is 90%; in the second year the value is 60%; in the third year the value is 40%; in the fourth year the value is 25%; and in the fifth and succeeding years the value is 10%. The Town relies on this information to calculate and issue excise bills. The motor vehicle excise tax rate is set by State law at \$25 per \$1,000 valuation. The rate is uniform throughout the Commonwealth.

We have assumed approximately a three percent increase or \$180,000 from the FY2025 revised estimate of \$6 million. Motor vehicle excise receipts for FY2026 are projected at approximately **\$6.2 million** which is 84.5% of the actual FY2024. This is a revenue source that we continue to monitor closely. We do not anticipate increasing this revenue estimate any higher because a negative swing with this revenue item can have a notable impact on Free Cash.

In 1986, the Town of Needham adopted a local option room excise tax at 4%; the Town adopted the State-allowed rate of 6% which became effective January 1, 2010. Hotels, motels, and certain other establishments collect this excise on the taxable portion of rents they collect. Businesses remit the funds to the State. The State sends payments to the Town during the year, which is accounted for as **Other Excise** under the local receipts group. The Town of Needham also accepted the 0.75% local option meals excise effective January 1, 2010. The local establishments report and remit the meals tax to the Department of Revenue (DOR). Collections from both the room excise and the meals excise have shown recovery after the downturn due to COVID, which negatively impacted these revenue sources for a couple of years. A history of the last six completed fiscal years for each excise is shown in Chart VII. During FY2023 the Town received \$1,967,568 (\$599,284 meals excise and \$1,368,285 room excise) which was an increase of \$551,809 from the prior year. Revenues for FY2024 also increased from the prior year but by a lesser amount (\$251,076) and smaller percentage (12.8% vs 39.0%). However, the growth level of the past three years supported revising the estimate for FY2025 from \$1,400,000 to \$1,500,000. We are forecasting another increase for next year, but we anticipate a flattening in the growth rate in the future which would impact the estimates in the following year if not two. The FY2026 estimate is **\$1,815,000**, a 21% increase over the FY2025 revised estimate and represents approximately 82% of the FY2024 actual.

Chart VII

Meals Excise				Room Excise			
Fiscal Year	Meals Excise	Fiscal Year	Meals Excise	Fiscal Year	Room Excise	Fiscal Year	Room Excise
2019	\$543,389	2022	\$501,341	2019	\$1,357,713	2022	\$914,419
2020	\$499,167	2023	\$599,284	2020	\$1,185,706	2023	\$1,368,285
2021	\$329,495	2024	\$638,249	2021	\$313,986	2024	\$1,580,395

The **Penalties & Interest** category includes interest and penalties charged for the late payment of real estate and motor vehicle excise bills, tax lien redemptions, and interest accrued on other bills. This is a revenue source that can have major swings from year to year. The interest rates for overdue real and personal property taxes are set by State Law at 14%; the law was recently amended which reduced the interest rate charged on tax title accounts from 16% to 8%. The interest rate charged on deferred taxes is four percent; this rate was approved by Town Meeting. The interest rate for delinquent motor vehicle excise tax bills is 12% from the due date. If real and personal property taxes are not paid in full by

May 1, a demand for payment notice is sent to delinquent taxpayers. The demand notice includes a penalty of ten dollars. Tax bills not paid within the 14 days after the issuance of a demand notice become subject to a tax taking (which the Tax Collector advertising the delinquency and records notice of the taking at the Registry of Deeds/Land Court) and upon executing the tax taking then becomes a tax title account. Delinquent motor vehicle taxpayers are sent a demand notice, which if not paid within 14 days is subject to a warrant and then sent to a deputy tax collector who then follows up with the taxpayer with two different notices, each which comes with additional penalties. Miscellaneous bills which are not paid by their due date are subject to an interest charge of 14%. The fluctuations in actual collections reflect the unpredictability of the timing of payments, particularly settlements on deferred taxes and tax title accounts. The FY2022 actual receipts were \$515,392 and FY2023 receipts were \$877,076 as the Town saw more overdue accounts settle as entities recover from the economic effects of the pandemic. The FY2024 receipts were \$579,708. The revised estimate for FY2025 was increased to \$400,000 and we have set the FY2026 estimate at **\$415,000** which is a 3.8% increase over the current year and is approximately 72% of the prior year actual.

Payment In Lieu of Tax is a voluntary payment made by certain tax-exempt entities. The Town receives payments from BID/Needham and the Needham Housing Authority (NHA), but most payments from the NHA are dependent on Federal funding. The Town and the Hospital executed a new PILOT agreement in November 2023. The Town received \$147,913 in FY2022 which decreased by \$44,053 in FY2023 for a total of \$103,860. During FY2024 the Town received only \$720. This was due to delayed billing and delayed payments. However, the Town had to revise its estimate for FY2025 to zero. We do expect the current and prior years payments to be received during the current year. The Needham Housing Authority has sent a request to the Town that it be excused from some PILOT payments going forward for the properties to be redeveloped, as of the submission of this budget a formal action has not been taken on the request. The estimate for FY2026 is **\$85,000** based on the assumption that payments will resume on a timely basis for FY2026.

Solid Waste Fees are the charges and fees collected for the disposal of solid waste and other items. Prior to FY2020, the Recycling and Transfer Station (RTS) operations were funded as an enterprise fund, but as the annual contribution from the General Fund, both in terms of the amount and percentage of the total, was going up, that it was determined that the operation should be absorbed into the Public Works General Fund operating budget, but that the Town would continue to recover some of the costs of those services through user fees and recycling sales. The Town charges for the disposal of trash by the sale of pay-to-throw trash bags and over the scale fees based on weight for those who do not use the bags. There are fees for the disposal of individual items such as appliances, tires, electronics, etc. The Town requires a Town issued sticker be affixed to the windshield of the vehicle entering the RTS which is free for residents but an annual charge for commercial haulers is collected. The FY2022 actual receipts were \$1,189,410 and during FY2023 the Town received \$1,461,825, an increase of \$272,415 (22.9%). FY2024 receipts declined by \$210,980 (-14.4%) to \$1,250,845 for FY2024. The estimate for FY2025 was held at \$1,100,000. The estimate for FY2026 is level dollar at **\$1,100,000**. This represents approximately 88% of the FY2024 actual amount.

The category of **Charges for Services** includes charges for ambulance services, certain parking revenue, and charges by the DPW. A history of the last six completed fiscal years

collections is shown in Chart VIII. This revenue also includes solar electric payments the Town receives from Eversource for power generated by the solar array at the former landfill. The amount generated from the solar array is a significant portion of the total receipts under this category but fluctuates. The revenue generated from solar payments is affected by the amount of power produced, the time of day the power is provided (the utility pays different rates depending on the peak and off-peak demands), and the actual rate Eversource must pay for the electric production. The other sizable revenue source accounted for under this category are ambulance service receipts, which are also broken out by year under Chart VIII as well. The total of all services provided was \$2,245,676 in FY2022 of which \$905,263 was from solar payments and \$1,241,756 was from ambulance service receipts. FY2023 total revenue increased to \$2,669,089 and increased to \$3,492,676 for FY2024 which was primarily due to the increase in solar energy payments (\$1,866,267) from Eversource. The revised estimate for FY2025 is \$2,450,000. We have increased the estimate by \$350,000 to **\$2,800,000** for FY2026. This represents an increase of 14.3% and is approximately 80% of the FY2024 actual revenue. This is another local receipt category that we anticipate will grow at a slower rate and perhaps decline depending on changes that might be made at the Federal level which could impact solar energy and medical reimbursements for emergency services so estimates beyond FY2026 could be impacted.

Chart VIII

All Services

Fiscal Year	Payment	Fiscal Year	Payment
2019	\$2,285,167	2022	\$2,245,676
2020	\$1,889,262	2023	\$2,669,089
2021	\$2,435,242	2024	\$3,492,676

Solar Energy Payments

Fiscal Year	Payment	Fiscal Year	Payment
2019	\$1,147,907	2022	\$905,263
2020	\$807,467	2023	\$1,188,079
2021	\$1,234,585	2024	\$1,866,267

Ambulance Receipts

Fiscal Year	Ambulance	Fiscal Year	Ambulance
2019	\$1,021,061	2022	\$1,241,756
2020	\$1,069,374	2023	\$1,396,189
2021	\$1,046,564	2024	\$1,561,567

The Town collects various **Fees** which include returned checks, FID cards, administrative fees for details, Registry of Motor Vehicle license and registration non-renewal releases, and parking meter receipts. The total fees collected in FY2022 was \$419,607 which included payment of cannabis related fees of \$228,025. Fees collected during FY2023 declined to \$146,866 which was not entirely unexpected due to a change in state law that restricted local agreements with cannabis operators from making payment to the municipality beyond direct cost offsets so the estimate for FY2023 was lowered to \$155,000. However, the total actual income from fees also decreased with a total of \$146,866, a decrease of 65% (\$272,741) from FY2022. The FY2024 actual receipts increased to \$204,793. The revised estimate for FY2025 is \$160,000. The estimate for FY2026 is **\$165,000** which is 3.1% more than the estimate for FY2025 and represents approximately 81% of the actual FY2024.

Rental Income is collected on a lease with the Needham Golf Club. The Town has a long-term lease with the Needham Golf Club (NGC) which runs for twenty years. The land which the NGC leases is considered taxable. The Town also has a rental agreement with Tesla for

use of the former landfill site where the solar panels are located. The Town also collects rent on the use of Town facilities such as Powers Hall. Total rental income for FY2022 was \$208,202 and declined to \$167,972 for FY2023. The total rent collected during FY2024 increased to \$173,080. The estimate for FY2025 is \$143,000. The FY2026 estimate has also been set at **\$143,000**, which is approximately 83% of the FY2024 actual.

Recreation fees are collected by the Park and Recreation Department for Rosemary Pool, summer programs, and rental of fields. Other Park and Recreation programs are accounted for separately in a revolving fund. Park and Recreation was one of the departments that were financially impacted negatively because of COVID. FY2020 actual receipts totaled \$358,649, which was a decline from the previous year and FY2021 revenue declined to \$196,578. Revenue increased during FY2022 with \$236,392 as most activities were running and attendance levels high. FY2023 saw income increase to a level above the pre-COVID years, with \$561,474 collected by year end. However, unexpectedly revenue declined during FY2024 to \$307,980, a decline of more than 45% from the prior year. The estimate for FY2025 was revised downward from \$450,000 to \$250,000. We have level dollar the estimate for FY2026 at **\$250,000** which is approximately 81% of the actual FY2024.

Other Department Income includes revenue collected by the various Town departments, which are not properly accounted for in the other accounts. This would include amounts received by the planning and conservation departments. The total receipts for FY2022 were \$600,976 which increased slightly for FY2023 to \$641,663. However, receipts declined during FY2024 to \$551,491, a decline of more than 14%. This decline was attributable in part to a slowdown in the number of projects coming before the various land use boards and commissions. The revised estimate for FY2025 is \$485,000. The estimate for FY2026 has been held at the **\$485,000** level, which is approximately 88% of the FY2024 actual.

The category of **Licenses and Permits** includes licenses issued by the Select Board and Town Clerk, and permits issued by the Building, Fire, and Health Departments. Actual receipts in FY2020 were \$2,381,660, which was a decline from the prior year and the decline continued for FY2021 with total receipts of \$2,068,299, a drop of 13% from the prior year. Revenue increased during FY2022 with \$2,771,497 in total receipts, or \$703,199, approximately a 34% increase. FY2023 was a banner year with total income of \$5,099,527, primarily all from building permits. This was an increase of \$2,328,030 (84%) over the prior year. As expected, the FY2024 actual license and permit revenue declined to \$2,737,879; the decline in building permit income was \$2,367,291, nearly 51% less collected during FY2024 compared to FY2023. The estimate for FY2025 is \$1,925,000. The estimate for FY2026 is **\$2,190,000** which is a 13.8% increase and represents approximately 80% of the FY2024 actual. Building permit activity is the primary and substantial revenue stream for this category of receipts. Chart IX provides the history of the actual building permit revenue collected during the past six completed fiscal years. Over the six-year period, building permits generated revenue with a high of more than \$4.8 million (FY2023) and a low of \$1.8 million (FY2021). Building and construction activity is volatile, and has a greater sensitivity to changes in interest rates, and hence we generally estimate a lower percent of the actual than most receipts.

Chart IX
Building Permit Activity

Fiscal Year	Permits	Fiscal Year	Permits
2019	\$2,261,032	2022	\$2,508,020
2020	\$2,079,634	2023	\$4,820,695
2021	\$1,822,461	2024	\$2,453,404

Special Assessments are usually one-time or series events and are projected as they become known.

The category of **Fines and Forfeits** includes parking tickets, court fines, and other violations. Enforcement of parking regulations and other non-criminal infractions were limited due to concerns related to COVID but resumed in 2021. There has also been a growing trend across the United States to not overtly depend on fines and forfeiture to fund governmental activities, which tend to fall more heavily on those with limited means. The Needham Public Library ended the assessment of fines for overdue returns. The actual revenue during FY2022 was \$110,191, which declined to \$101,457 during FY2023, and FY2024 saw total receipts of \$83,832.

Chart X
General Fund Investment (Interest) Income

Fiscal Year	Interest	Fiscal Year	Interest
2019	\$979,649	2022	\$194,651
2020	\$834,163	2023	\$1,520,840
2021	\$228,969	2024	\$3,014,707

Investment (Interest) Income is another revenue stream that has significant up and down swings (Chart X). The actual interest earnings of \$834,163 during FY2020 were lower than FY2019 (\$979,649), and FY2021 saw a momentous decline in total interest of \$228,969, more than a 72% drop. The decline in interest earnings was driven by the actions taken by the Federal Reserve Board to lower interest rates to near zero to stimulate the economy during the Pandemic. We revised the original FY2022 estimate from \$264,000 to \$150,000. Actual income earned during FY2022 declined to \$194,651, a decline of nearly 15%. FY2023 was surprisingly a banner year as well with interest earnings of \$1,520,840 or a 681% increase over FY2022. The interest earnings continued to grow during FY2024, nearly double that of FY2023 with a total of \$3,014,707. The estimate for FY2025 was revised upward from \$500,000 to \$1 million. Interest rates can and do change, sometimes quickly, and hence this is another receipt that we are very cautious with estimating but do believe the modest increase of \$30,000 for FY2026 to a total of **\$1,030,000**, is keeping with the conservative approach. The estimate represents approximately 34% of the actual FY2024, which provides a buffer should interest rates decline next year.

Medicaid reimbursements are classified as a local-receipt revenue source, which often fluctuates from year to year (Chart XI), but in the last few years the trend has been one of the noticeable declines. In FY2020 the Town received \$67,188 in Medicaid revenue, which was a decline of \$113,484 or 62% from FY2019, and FY2021 the revenue declined to \$2,319. FY2022 was even lower at \$1,642, and during FY2023 the Town received no funds. FY2024 the Town received \$16,160. We made no estimate for FY2025, nor an estimate for FY2026.

CHART XI

Medicaid Reimbursements

Fiscal Year	Medicaid	Fiscal Year	Medicaid
2019	\$180,672	2022	\$1,642
2020	\$67,188	2023	\$0
2021	\$2,319	2024	\$16,160

Miscellaneous Income totaled \$3,296 for FY2022, but FY2023 saw \$220,618 collected. However, \$217,288 was from Opioid settlement payments, which is now credited directly to the Opioid Stabilization Fund that Town Meeting approved in May 2023. Excluding the opioid payments total receipts were \$3,330. FY2024 actual was \$3,145, a decline from similar receipts collected during FY2023. For recurring miscellaneous income, we have made no estimate for the current year nor FY2026.

Nonrecurring Income represents funds that may be received but are not expected to reoccur, e.g., one-time grants, financial assistance for an event, etc. In FY2022, the Town reported nonrecurring receipts of \$319,369. The Town received various refunds and rebates which totaled \$31,089. The sale of surplus equipment by the Town and the School departments generated \$266,691. The Town also received payment of \$10,159 for an energy rebate and \$8,662 in electricity refunds from Eversource. The Town collected \$2,768 in prior-year receivables that were previously deemed uncollectible and written off. For FY2023, the nonrecurring receipts included various refunds and rebates which totaled \$5,629. The sale of surplus equipment by the Town and the School departments generated \$331,858. The Town received a community payment of \$200,000 from Children's Hospital in connection with the construction of a new medical facility in Needham. The Town received \$35,515 in monies deemed abandoned. The Town also received payments of \$36,225 for energy rebates and \$2,537 in electricity refunds from a contractor. The Needham Public Schools received a payment of \$3,500 from National Center for Civil Innovation to reimburse for a stipend. The Town collected \$534 in prior year receivables that were previously deemed uncollectible and written off and \$407 in lost motor vehicle excise revenue from the Commonwealth. For FY2024 the Town received \$305,125 of receipts that are classified as nonrecurring receipts. Most of the non-recurring receipts were a result of various refunds and rebates which totaled \$12,884. The Town received \$205,000 from Eversource for road work repair. The sale of surplus equipment by the Town and the School departments generated \$50,291. The Needham Public Schools received a transportation reimbursement of \$22,257 from the Town of Medway. The Town also received payments of \$8,373 for energy rebates and \$154 in electricity refunds from a contractor. Other monies received by the departments during the year totaling \$3,932 were classified as nonrecurring. The Town collected \$2,234 on

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receivables that were previously deemed uncollectible and written off. There is no estimate for miscellaneous nonrecurring receipts for fiscal 2025 or 2026.

General Fund Recurring Receipts
Table 2.6

Description	FY2022 Actual	FY2023 Actual	FY2024 Actual [^]	FY2025 Recap	FY2026 Estimate	\$ Change
Property Taxes	158,014,832	179,124,962	182,769,187	182,702,027	193,566,401	10,864,375
State Aid	13,157,380	14,694,071	15,531,316	16,175,722	16,663,045	487,323
Local Receipts	15,897,676	22,328,528	21,952,067	15,413,000	16,658,000	1,245,000
Total Receipts	187,069,887	216,147,561	220,252,570	214,290,749	226,887,446	12,596,698

[^]subject to final audit

Other Available Funds

Other available funds (\$421,723) represent 0.2% (Table 2.8) of the total general fund before adjustments and offsets. Projections of reserves follow past budget methodology. The uses of the funds are based on historical uses of these funds. The two available funds that have been recurring are Debt Exclusion Offsets and Overlay Surplus. Other available funds are correlated to expenses. These funds must be specifically identified by Town Meeting in the motion for them to be used.

Debt Exclusion Offset is an amount equal to the amortized value of a premium that may have been received on a debt-excluded bond or note and is spread over the life of the loan. The offset reduces the amount of the excluded debt service that is raised on the tax levy. The amount for FY2026 is **\$21,723**.

Overlay Surplus is generated when it is determined that all claims for abatements and exemptions on property tax levies of a particular fiscal year have been resolved, and uncollected taxes for the year have been secured with a tax taking lien filed with the Registry of Deeds or Land Court, depending upon the type of property, leaving a balance in the overlay account. Abatement and exemption activity is tracked on a fiscal year basis, but the overlay reserve which covers those costs is held in a single account. From time to time the Board of Assessors may vote to release funds from the overlay fund, which then is considered a surplus and may be used as a funding source by Town Meeting during the year that the surplus is declared. Any funds declared as surplus and not appropriated by Town Meeting will be closed out to the fund balance and will contribute to the Free Cash certification in the following fiscal year. We have planned on the use of **\$400,000** to fund appropriations. Per state statute, the Board of Assessors must formally vote to release any determined surplus before it is available for appropriation. The Board approved the release of \$1,000,000 at the October 9, 2024 meeting. \$600,000 of the overlay surplus was appropriated at the October 21, 2024, Special Town Meeting.

The **Parking Meter Fund** is reserved for appropriation and the revenues are derived from parking meters, which under State Law must be used for parking-related purposes. With the passage of the Municipal Modernization Act, parking meter receipts collected after November 7, 2016, are now considered General Funds. The Act allows the Town to reestablish the Parking Fund, but this budget plan does not contemplate such action. The residual balance is \$244,224.

Transportation Infrastructure Funds are received from the Commonwealth through a state assessment on transportation network companies, such as Uber and Lyft, operating in the state. Each company reports to the State the number of rides that originated in Needham and remits a per-ride assessment of \$0.20, which is credited to the State's Transportation Infrastructure Enhancement Fund of which one half of the amount is sent to the Town. The distributed funds are special revenue, which require appropriation prior to use. The funds are reserved to be appropriated by Town Meeting for expenses related to the operation of transportation network services in the town including, but not limited to, the complete streets program established in Chapter 90 and other programs that support alternative modes of transportation. However, starting with distributions received on or about June of 2023, if the amount of the distribution to the Town is \$25,000 or less, the chief executive officer as defined in Section 7 of Chapter 4 of the General Laws may expend the funds for statutory purposes without further appropriation. St. 2022, c. 176, § 27. The amount for FY2026 is not yet known.

Other available funds in prior years have included items such as unexpended balances of prior warrant articles, grants, and general and dedicated reserves. The budget plan has not identified any sources to be used for the Annual Town Meeting.

Free Cash

Free Cash balance is largely a function of actual revenue collections in excess of estimates and expenditures less than appropriations. Given the nature of Free Cash, it should not be depended upon as an operating revenue source, but rather a supplemental source. We have taken deliberate steps to reduce the level of Free Cash that is used to support ongoing operating expenses, and recommend using it to improve reserves, invest in capital assets, support one-time or short duration programs, or as a temporary funding source for recurring expenses if an increase in recurring revenue is anticipated.

The Free Cash has not yet been certified for FY2025. We have assumed **\$19,000,000** for this budget plan. Free Cash above the amount for this budget plan may be directed to larger capital projects and/or reserved for future years. The \$19 million represents 7.5% of the total general fund before adjustments and offsets. This is an increase of \$1,669,217 from the amount that was appropriated last year. The expected Free Cash figure is due to several factors: the FY2024 operating budget returns, comparable total local receipts, and using less of the certified Free Cash last year (during FY2024) for FY2025 appropriations so that a greater amount would be rolled over to this year. The Certified Free Cash in FY2024 was \$23,816,038 of which \$17,330,783 was appropriated and \$6,485,255 was closed out at the end of the year and should become part of the Free Cash that will be certified by the State this year. The Certified Free Cash in FY2023 was \$17,356,938 of which \$14,522,850 was used for FY2024 appropriations and \$2,834,088 was closed out at the end of the year. The Certified Free Cash in FY2022 was \$16,952,126 of which \$14,644,455 was used for FY2023 appropriations and \$2,307,671 was closed out at the end of the year. The Certified Free Cash in FY2021 was \$16,665,406 of which \$11,526,630 was used for FY2022 appropriations and the balance of \$5,138,776 was closed out at end of the year. The Certified Free Cash in FY2020 was \$12,369,898 of which \$7,862,473 was used for FY2020 and FY2021 appropriations and the balance of \$4,507,426 was closed out at the end of the year. Table 2.7.1 shows how much Free Cash was used for the operating budget, cash capital, other financial warrant articles, reserves, or closed out.

Fiscal Year 2026 Proposed Budget

Uses of Free Cash
Table 2.7.1

Certification Year	Fiscal Year Activity	Free Cash	Operating Statement Maximum	Budget	Capital	FWA	Reserves	Total of Uses	Returned
FY2020	2019	12,369,898	3,217,536	3,208,040	3,939,433	715,000	-	7,862,473	4,507,426
FY2021	2020	16,665,406	3,527,570	3,527,570	6,246,653	1,752,407	-	11,526,630	5,138,776
FY2022	2021	16,952,126	3,763,414	3,625,000	10,475,329	492,000	52,126	14,644,455	2,307,671
FY2023	2022	17,356,938	3,874,475	3,597,105	9,236,607	1,471,850	217,288	14,522,850	2,834,088
FY2024	2023	23,816,038	4,084,521	4,081,603	12,363,996	816,441	68,743	17,330,783	6,485,255
								-	-

Given that the Town of Needham develops its annual operating and capital budgets in such a way that Free Cash can be counted upon each year, some amount of Free Cash has been used to support operating expenses. We continue to recommend that the amount of Free Cash used to fund the operating budget should not be more than 2% of the budget turn back of the prior completed fiscal year or the actual amount returned, whichever is less. We use the final adjusted operating budget to calculate the two percent figure. We define the final adjusted operating budget as the total of the Departmental budgets and Townwide expenses, except for the Reserve Fund. We do not include any transfer from the Reserve Fund line into the Departmental budgets. Any return from the Reserve Fund would not be considered part of the budget return when calculating the lesser of the two calculations: two percent of the final adjusted budget, or actual return, whichever is less. In table 2.7.2, we show what the budget returns have been in the past four years and what two percent of the final adjusted operating budget would have been.

Operating Budget Returns
Table 2.7.2

Fiscal Year Activity	Final Budget	Returned	Adjusted Final Budget	Related Return	Percent of Budget	Reserve Fund Return	Reserve Fund Return as a % of Total Return	Two Percent of the Adjusted Final Budget
2020	178,260,006	7,634,782	176,378,506	5,783,282	3.3%	1,851,500	24.3%	3,527,570
2021	190,247,810	6,473,319	188,170,719	4,787,338	2.5%	1,685,981	26.0%	3,763,414
2022	195,800,817	7,658,330	193,723,726	6,354,076	3.3%	1,304,254	17.0%	3,874,475
2023	206,188,160	8,278,121	204,226,069	7,099,273	3.5%	1,178,848	14.2%	4,084,521
2024	214,275,097	6,918,286	212,289,622	5,766,328	2.7%	1,151,958	16.7%	4,245,792

Two percent of the FY2024 adjusted final budget equals \$4,245,792; the actual FY2024 budget return less the Reserve Fund return was \$5,766,328 which is more than two percent. The budget plan has **\$4,245,792** of the Free Cash being used for operating expenses (the maximum allowed under the policy). Free Cash is also proposed to be used to fund cash capital, warrant articles, and reserves in accordance with adopted policies and targets. Certification of Free Cash above the amount identified for use is proposed to fund capital that otherwise may not be funded or would be funded by debt, provide advance funding to the stabilization funds to reserve for future projects, or a combination of the aforementioned. The Town has been following the recommended practice of limiting the amount of Free Cash that supports the operating budget by using the funds to pay not only for needed cash capital, but also to put aside funds for future demands that may arise unexpectedly and for various one-time financial warrant articles.

Fiscal Year 2026 Proposed Budget

Revenue as a % of Total General Fund Revenue
Table 2.8

Description	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Recap	FY2026 Estimate
Property Taxes	79.9%	75.9%	76.8%	77.9%	79.3%
State Aid	6.5%	6.5%	6.5%	6.6%	6.5%
Local Receipts	7.6%	9.7%	9.4%	6.2%	6.5%
Other Available Funds	0.6%	1.7%	1.2%	2.3%	0.2%
Free Cash	5.4%	6.2%	6.1%	7.0%	7.5%
Total General Fund Revenue*	100.0%	100.0%	100.0%	100.0%	100.0%

*May not equal 100% due to rounding

ADJUSTMENTS TO GENERAL FUND REVENUE

While most enterprise fund expenses are accounted for in the enterprise fund, certain costs of the department are reflected in the general fund budgets of other Town departments (e.g., treasurer/collector, information technology, personnel, insurance, etc.). These enterprise-related general fund expenditures are funded with transfers of revenue from the enterprise fund to the general fund. The amount projected for FY2025 is based on the current year and is estimated at **\$760,000**.

The preliminary estimate for the sewer fund reimbursement is **\$300,000**. The estimate for the water fund is **\$460,000**. The lower estimates are due to the drop in water and sewer reimbursements for FY2025. Because indirect costs associated with the two funds are a factor of Town Meeting appropriations, the actual FY2026 transfers may be adjusted accordingly.

Enterprise Reimbursements to the General Fund
Table 2.9

Description	FY2022 Actual	FY2023 Actual	FY2024 Actual ^	FY2025 Recap	FY2026 Estimate	\$ Change
Sewer	507,526	500,948	476,616	308,495	300,000	(8,495)
Water	899,889	715,567	879,782	463,465	460,000	(3,465)
Total	1,407,415	1,216,515	1,356,398	771,960	760,000	(11,960)

FY2026 is the 15th operating budget that will include **CPA** supported debt service. The Town Hall financing plan calls for debt service paid by CPA funds to be \$344,725 which is a decrease of \$6,875 from FY2025. This is the seventh year that debt service related to the Rosemary Recreation Complex (RRC) project comes due. The amount payable during FY2025 is \$538,232 which is a decrease of \$18,250 from FY2025. The annual debt service will decline each year on the Town Hall and Rosemary Recreation Complex projects until they are paid off: Town Hall in 2031, and RRC in 2039. However, the Emery Grover project was approved by Town Meeting in May 2022 and is financed in part from CPA funded debt which has not yet been fully bonded so the final payment year is yet to be determined. The amount for FY2026 is \$480,000, which is the same as the current year.

The total transfer for FY2026 is **\$1,362,957**, a decrease of \$25,125, or approximately 1.8%. We reflect \$1,362,957 as another adjustment to General Fund revenue because the CPA debt is included in the general operating budget of the Town.

OTHER RESERVES AVAILABLE FOR APPROPRIATION

The available balance in the **Stabilization Fund** as of July 1, 2024, was \$4,826,405. The Stabilization Fund may be transferred, by vote of Town Meeting, for any municipal purpose. There is no appropriation from the Fund planned for FY2026.

The Town also established an **Athletic Facility Improvement Fund** for the purpose of reserving funds for future extraordinary athletic field and artificial turf replacement and maintenance costs. The balance in the Fund as of January 1, 2025, was \$202,706. The budget plan calls for an appropriation of **\$23,725** to the Fund, which is based on a share of the Park and Recreation receipts collected during the prior year for this purpose. There is no appropriation from the Fund planned for FY2026.

The Town also established a **Capital Equipment Fund** for the purpose of funding general fund capital equipment if the usual funding sources are not available or insufficient and deferring the appropriation could result in a safety or other hazard or would be imprudent to the overall operations of the Town. Town Meeting approved the change of the name from Capital Improvement Fund to Capital Equipment Fund and purpose of the Fund at the October 21, 2024, session. The balance in the Fund as of January 1, 2025, was \$1,705,752. An appropriation to the Fund is planned for the 2025 Annual Town Meeting, equal to the amount collected during the past year from the sale of surplus equipment. Starting with FY2026, the proceeds from the sale of surplus equipment will be credited directly to the Fund as approved by Town Meeting.

The Town also established a **Capital Facility Fund** for the purpose of reserving funds for future extraordinary capital facility maintenance costs. The balance in the Fund as of January 1, 2025, was \$2,176,406. An appropriation to the Fund equal to two percent of the amount certified as Free Cash (currently estimated at **\$380,000**) is planned for the 2025 Annual Town Meeting in accordance with the updated policy and funding target that no less than two percent of Free Cash certified by the Department of Revenue is to be appropriated to the Fund.

The Town also established a **Debt Service Stabilization Fund** for the purpose of setting aside funds to smooth out the impact of General Fund Debt Service that may exceed the Town's goal that only three percent of General Fund revenues be designated for debt and/or smooth out the impact of new exclude debt service obligations. The balance in the Fund as of January 1, 2025, was \$2,429,662. No appropriation to the Fund is anticipated for the 2025 Annual Town Meeting but there may be an appropriation recommendation to the Fund at a Special Town Meeting.

The Town also established a **Stormwater Stabilization Fund** for the purpose of reserving funds for future capital costs associated with compliance with the National Pollutant Discharge Elimination System (NPDES) program. The Town Meeting authorization for this fund allows 100% of the community stormwater mitigation assessments collected to be credited directly into the Fund. Use of the monies in the Fund may only happen, the same way as with all the other special stabilization funds, by appropriation. The balance in the Fund as of December 23, 2024, was \$408,295. No appropriation to the Fund is necessary.

The Town also established an **Opioid Settlement Stabilization Fund**. As a result of a nationwide settlement with opioid distributors funds, the Town receives monies from the Commonwealth which are required to be used for programming and strategies for opioid use prevention, harm reduction, treatment, and recovery. The Fund was authorized by Town Meeting in the same manner as the Stormwater Stabilization Fund, which allows all opioid settlement payments to be credited directly to the Fund. Future expenditures out of the Fund are subject to appropriation by Town Meeting. The balance in the Fund as of December 2024 was \$357,433. No appropriation to the Fund is necessary.

ENTERPRISE FUNDS

An enterprise fund is used to account for those operations that are financed and operated in a manner like a private business. The Department of Revenue states that Enterprise Funds allow a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy or other available funds, if any. The Town has established an Enterprise Fund for its water service operation and sewer service operation. The enterprise funds are reimbursing the general fund for their related indirect costs (e.g., enterprise employee benefits, property insurance, shared staff, etc.).

Description	FY2022 Actual	FY2023 Actual	FY2024 Actual [^]	FY2025 Budget	FY2026 Estimate	\$ Change
Sewer Enterprise	8,405,195	9,458,052	7,970,012	9,894,511	9,115,000	(779,511)
Water Enterprise	6,085,833	7,495,694	5,903,691	5,903,625	6,325,000	421,375
Total*	14,491,028	16,953,746	13,873,703	15,798,136	15,440,000	(358,136)

* Receipts before adjustments, reimbursements, and subsidies

[^]subject to final audit

The combination of the Sewer and Water Enterprise funds has total receipts at \$15,440,000 for FY2026 compared to the \$15,798,136 estimate for FY2025 (Table 2.10). This represents a decrease of \$358,136 or approximately 2.3%. However, the MWRA sewer and water assessments have not been received, and therefore we have level-funded the assessments. Any change will be reflected by an adjustment to receipts.

Description	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Budget	FY2026 Estimate	\$ Change
Sewer Enterprise	365,000	1,470,255	1,234,641	1,345,804	1,992,339	646,535
Water Enterprise	1,370,913	0	3,812,733	1,982,809	1,974,322	(8,487)
Total	1,735,913	1,470,255	5,047,374	3,328,613	3,966,661	638,048

The budget calls for the use of **\$1,992,339** of retained earnings and other available funds in Sewer Enterprise for a combination of funding the operating budget (\$797,339) and cash capital (\$1,195,000) for FY2026. The FY2025 Sewer Enterprise operating budget relied on \$745,804 in retained earnings. The Water Enterprise budget calls for the use of **\$1,974,322** retained earnings and other available funds for a combination of funding the operating budget

(\$496,337) and cash capital (\$1,477,985) for FY2026. The FY2025 Water Enterprise operating budget relied on \$726,995 in retained earnings. Table 2.11 shows the total appropriated from enterprise reserves and other one-time funds since FY2022.

Transfers to the Enterprise Funds

The Town approved a change effective with the FY2012 budget that the expenses associated with the Drains Program that were carried in the DPW General Fund Operating Budget are now part of the Sewer Enterprise Fund Budget. The employees who perform most of the drains-related work are assigned to either the water or sewer division. There are benefits for the Town to have the water and sewer employees perform the drain-related work rather than hiring additional staff for the sole purpose of drain work. The drains program is considered a general fund expense and not a sewer or water fund expense. The weekly tracking and processing of drains related procurement, accounts payable, and payroll, as well as the budgeting process is easier and more efficient (less cross-fund accounting work) to process the finance-related tasks through one of the enterprise funds, rather than the prior three fund process (general fund, sewer fund, and water fund). The General Fund still pays the drains-related costs, but the appropriation is made from the General Fund to the Sewer Enterprise Fund Budget. The FY2026 budget recommendation is **\$881,784, an increase of \$ 32,033 (3.8%) from the FY2025 funding of \$849,751.** Chart XII shows the payment made to the Sewer Enterprise Fund since FY2019. The FY2025 operating budget relied on retained earnings (\$745,804) to fund all the **operating expenses.** The preliminary outlook for FY2026 also will require retained earnings (\$785,154) to fund the budget and will require another increase to the sewer rates to avoid a General Fund subsidy. The next rate change is anticipated to be effective July 1, 2025.

Chart XII
General Fund Payment

Fiscal Year	Payment	Fiscal Year	Payment
2019	\$504,750	2022	\$526,368
2020	\$530,467	2023	\$835,251
2021	\$544,698	2024	\$810,358

ENTERPRISE FUND RETAINED EARNINGS

These sources are not available to support the General Fund and are shown for informational purposes only.

Similar to Free Cash, retained earnings are a function of the operations of the prior fiscal year and are generated by revenues collected in excess of estimates and unexpended balances of appropriations, as of June 30th. Once certified by the Massachusetts Department of Revenue, retained earnings are then available for appropriation or reserved to support the enterprise. Retained earnings for FY2025 have not been certified by the Department of Revenue as of the publication of this plan.

Table 2.12 shows the amounts which were certified as retained earnings by the Department of Revenue for the previous five completed fiscal years (FY2020 – FY2024). The decline in the Sewer retained earnings was due to a greater use to fund operations expenses in order not to raise rates or to lower the amount of the rate increases. Water and sewer services are essential for all residents, visitors, and workers, and protect the public's health. Many of the expenses are driven by factors not within the control of the Town and fluctuate due to individual demand and weather. Relying on retained earnings regularly to fund recurring expenses is problematic and not sustainable. Drawing down reserves to fund operations impacts the ability to fund water and sewer infrastructure, and to mitigate unexpected revenue declines. Consequently, user rates should be adjusted more frequently and may result in even higher percentage increases. The impact of fixed and higher recurring costs could be reduced if the number of accounts increased because those costs could be spread out over a greater number of customers.

Certified Retained Earnings
Table 2.12

Fund	FY2020	FY2021	FY2022	FY2023	FY2024
Sewer Enterprise	2,097,365	1,745,424	3,088,415	1,510,094	1,668,641
Water Enterprise	4,134,675	4,737,743	5,382,804	6,035,459	3,984,163

COMMUNITY PRESERVATION FUNDS

Town voters approved a 2% Community Preservation Act surcharge on real estate property tax bills effective July 1, 2005. The 2% surcharge is assessed on the total property tax due, adjusted for certain exemptions. The tax on the first \$100,000 of residential valuation is not included in the CPA surcharge, and there are also exemptions for certain low and/or moderate-income taxpayers. Actual CPA revenues collected by the Town in the prior year are eligible for matching funds from the State. The match is equal to a percentage determined annually based on available funds for distribution, not to exceed 100% of the receiving community's actual receipts.

The match rate received from the State on Needham's FY2020 CPA surcharge revenue was 28.63%. The match payment is distributed the following fiscal year, i.e., FY2020 is the basis for the FY2021 payment by the State to the Town. The match rate increased to 43.84% of the FY2021 surcharge (FY2022 revenue), but was followed by decline on the match to 38.51% (FY2023). The state match for FY2024 declined to 21.02%. The original estimate for the state match for FY2024 was \$1,131,787, which was a level dollar assumption, that was lowered to \$1,096,787. However, the actual distribution was \$656,397, a considerable decline. The estimate for FY2025 was \$578,615. The State notified the Town that the distribution will be approximately 18% or \$585,212.

We believe the distribution range in FY2026 on the FY2025 revenue will be between 10% and 25% and our revenue estimate is at the low end. The current estimate based on FY2025

collections that will be received as state matching funds in FY2026 is **\$345,000** or approximately 10%. The 2% **CPA surcharge** on FY2026 property tax bills is currently estimated at **\$3,637,000**. The total estimated receipts for FY2026 are currently \$3,982,000.

Town of Needham Community Preservation Fund Revenue and Appropriations FY2026	
<u>Community Preservation Fund Revenue Estimates</u>	
Surcharge Revenue Estimate	3,637,000
State Trust Fund Distribution Estimate	345,000
Revenue Estimate	3,982,000
<u>Community Preservation Fund Appropriation Estimates without Projects</u>	
Town Hall Project Debt Service (GF Debt Budget)	344,725
Rosemary Recreation Complex Project (GF Debt Budget)	538,232
Emergy Grover (GF Debt Budget)	480,000
Community Preservation Committee Administrative Budget	82,000
Community Housing Reserve	876,000
Historic Resources Reserve	0
Open Space Reserve	438,000
Community Preservation Fund Reserve	1,223,043
Appropriation Estimates	3,982,000
<u>Reserve Balances 12/31/2024</u>	
Community Housing Reserve	872,545
Historic Resources Reserve	106,669
Open Space Reserve	2,838,167
FY2025 General Reserve*	87,215
CPA Free Cash*	3,455,380
Total Reserves	7,359,976
<u>Specific Appropriation Requests</u>	
Ongoing Collections Storage Upgrades (Needham History Center & Museum)	46,712
NHA East Militia Heights Development/Charles River Center	3,500,000
NHA Seabeds Way & Captain Robert Cook Drive	5,600,000
NHA High Rock Estates Affordable Housing Land Study	150,000
Needham Trail Signage Improvements	104,400
Action Park & Pickleball Court (Design)	300,000
Eliot School Grounds Renovation (Design)	69,960
Total Project Requests	9,771,072

*This a single year reserve, any unused balance closes out June 30, 2025.

The estimate provides for \$82,000 to be appropriated to the Community Preservation Committee's (CPC) administrative budget and \$438,000 to be credited to the Open Space Reserve. The \$438,000 figure is approximately 11% of the new revenue estimate for FY2026. Because the final revenue estimate is usually not known until the actual tax rate has been approved and the bills calculated, the practice has been to appropriate an amount of 11% of the revenue estimate to each of the required reserves to better ensure that the minimum CPA

use requirement is satisfied. The amount assumed to be credited to the Community Housing Reserve is \$876,000 or approximately 22%, which is in keeping with the recent practice of the CPC of setting aside more funds for housing. The FY2026 debt budget includes \$344,725 of debt service for the Town Hall project and \$538,232 of debt service for the Rosemary Recreation Complex. FY2026 also includes \$480,000 for debt service related to the Emery Grover project. The Town Hall project was previously designated as a historic preservation project, and the portion of the Emery Grover project that is funded by CPA is also designated as a historic preservation project. The combined debt service for FY2026 for those two projects is \$824,725, which is more than our \$438,000 estimate to be reserved, so no appropriation from CPA receipts for Historic Resources is necessary. The balance of the CPA revenue estimate of \$1,223,043 would be transferred to the Community Preservation Fund General Reserve for FY2026. The amount that is appropriated to each reserve would be adjusted as needed based on CPC's project funding recommendations and Town Meeting votes on those recommendations.

CPA Free Cash for FY2025 was certified at \$3,755,380. However, \$300,000 of the CPA Free Cash was appropriated at the October 21, 2024, Special Town Meeting for the High School tennis courts project. The available balance is **\$3,455,380**. The amount remains available for appropriation until June 30, 2025. The FY2025 CPA General Reserve has a balance of **\$87,215** and the funds remain available for appropriation until June 30, 2025, as well. The CPA Free Cash and General Reserve will close out to the CPA fund balance after the end of the FY2025 and will not become available for use in FY2026 until after the CPA Free Cash is certified for the year. The Community Preservation Committee (CPC) has not yet made any funding recommendations for FY2026. The total of the requests for FY2026 exceeds the monies available for appropriation.