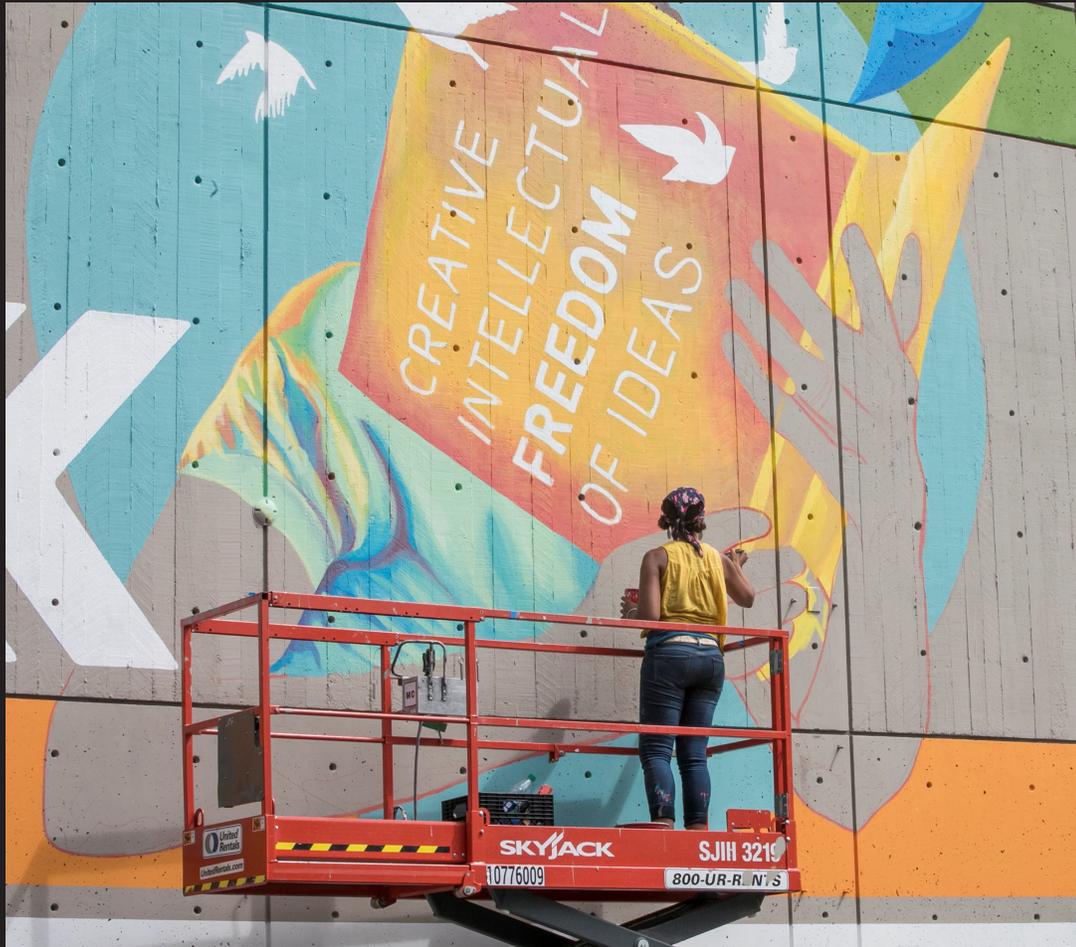


CITY OF CAMBRIDGE,  
MASSACHUSETTS



ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
JULY 1, 2022 – JUNE 30, 2023

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Annual Comprehensive  
Financial Report

Fiscal Year  
July 1, 2022 through June 30, 2023

Yi-An Huang  
City Manager

Michele Kincaid  
Acting Assistant City Manager for Fiscal Affairs

Joseph McCann  
City Auditor

Prepared by:  
Finance Department  
City of Cambridge, Massachusetts

**Cover Photo:**

Silvia Lopez Chavez paints a mural on the Central Square Branch Library, in partnership with the Central Square Business Improvement District. (Photo credit: Greg Cook)

# CITY OF CAMBRIDGE, MASSACHUSETTS

## Annual Comprehensive Financial Report

June 30, 2023

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**CITY OF CAMBRIDGE, MASSACHUSETTS**

Annual Comprehensive  
Financial Report

June 30, 2023

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# CITY OF CAMBRIDGE, MASSACHUSETTS

## Annual Comprehensive Financial Report

June 30, 2023

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**CITY OF CAMBRIDGE, MASSACHUSETTS**

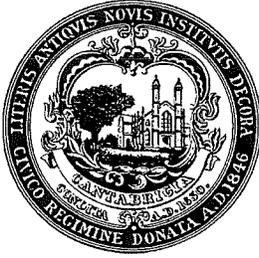
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# INTRODUCTORY SECTION



# City of Cambridge

## Office of the City Auditor

### Auditing Department

Joseph McCann  
City Auditor

January 29, 2024

Mr. Yi-An Huang  
City Manager  
City of Cambridge  
Cambridge, Massachusetts 02139

Dear Mr. Huang:

The Annual Comprehensive Financial Report (ACFR) of the City of Cambridge, Massachusetts (the City), for the fiscal year ended June 30, 2023 is presented for your review. The report was prepared by the City's Finance Department. The responsibility for the accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. We believe that the data presented is accurate in all material respects; that it is presented in a manner designed to show fairly the financial position and results of operations of the City as measured by the financial activities of its various funds; and that all disclosures deemed necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The financial information in this report is presented in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities and conforms to accounting standards as promulgated by the Governmental Accounting Standards Board (GASB).

### **Accounting System and Budgetary Control**

#### *Basis of Accounting*

The accounting records of the City's general government operations, as reported in the general fund, capital projects fund, affordable housing trust fund, city grants fund and other governmental funds are maintained on a modified accrual basis at the fund level. Accordingly, revenues are recorded when measurable and available and expenditures are recorded when the services or goods are received, and the liabilities are incurred and payable with expendable available resources. The accrual basis of accounting is followed when reporting on a government-wide basis as shown on pages 15 and 16.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of internal accounting control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. It is our belief that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### *Budgetary Control*

As a part of its internal control structure, the City maintains budgetary controls. The objective of these controls is to ensure compliance with the legally mandated budget adopted by the City Council. Activities of the General Fund are included in the annual budget.

Budgetary control defines the level at which expenditures cannot legally exceed the appropriated amount. For the General Fund, this control is at the department level. Budgetary controls reside within the City's financial system and are monitored by the Office of Budget Management and the Auditing Department to ensure compliance.

The City uses encumbrance accounting in its governmental funds as a method of recording commitments under purchase orders and contracts. Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of funds are recorded as expenditures to reserve that portion of the applicable appropriation, is employed in the governmental fund types as a significant aspect of budgetary control.

### *Collateralized Deposits*

The City of Cambridge requires collateral for the majority of its certificates of deposit, money market accounts, checking, or savings accounts when dealing with major banking institutions in the Boston area.

### *The Reporting Entity*

The basic financial statements present information on the City of Cambridge, Massachusetts (the primary government) and its component units as required by GASB. Component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The inclusion of component units in the City's basic financial statements does not affect their legal standing.

The City has three component units, which are the Cambridge Retirement System, the Cambridge Health Alliance and the Cambridge Redevelopment Authority.

The financial statements of the Cambridge Retirement System are presented for the year ended December 31, 2022 which is its fiscal period for reporting to the Public Employee Retirement Administration Commission of the Commonwealth of Massachusetts.

### *Acknowledgments*

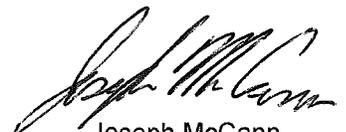
The City continues to show a strong financial position through responsible management of financial operations and through improved accounting and financial reporting practices. The sound financial decisions continued during the past fiscal year and will benefit the City in the years to come.

In closing, we would like to thank all employees of the City's Finance Department for their dedicated work and support during the past fiscal year.

Respectfully submitted,



Michele Kincaid  
Acting Assistant City Manager  
for Fiscal Affairs



Joseph McCann  
City Auditor



# City of Cambridge

## Executive Department

**YI-AN HUANG**  
City Manager

January 29, 2024

The Honorable Mayor, the City Council, and the residents and taxpayers of Cambridge:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Cambridge (City) for the year ending June 30, 2023. This report was prepared by the City's Finance Department and is presented in accordance with U.S. generally accepted accounting principles (GAAP), as established by the Governmental Accounting Standards Board (GASB) and meets the requirements of the Commonwealth of Massachusetts finance laws and the City Charter.

Responsibility for the accuracy, completeness, and reliability of the information contained in this report, rests with management. The City is also responsible for establishing and maintaining an internal control structure designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The concept of reasonable assurance recognizes that the cost of internal control should not exceed its anticipated benefits.

The accounting firm KPMG LLP has issued unmodified opinions on the City's financial statements for the year ended June 30, 2023. The independent auditors' report is located at the front of the financial section of this report.

The City also undergoes an annual audit of its federal grant funds as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). KPMG LLP issues a separate report on the City's internal control system and compliance with applicable laws and regulations that meet the requirements of the Uniform Guidance.

Management's discussion and analysis (MD&A) follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter is intended to compliment the MD&A and should be read in conjunction with it.

### **Profile of the Government**

The City of Cambridge is located in southeast Middlesex County across the Charles River from the City of Boston and occupies a land area of 6.26 square miles. Cambridge is bordered by the Towns of Watertown and Belmont on the west and by the Town of Arlington and the City of Somerville on the north. The 2020 U.S. Census reported 118,403 residents in Cambridge, which is an increase from the 105,162 reported in the 2010 Census.

Originally inhabited by the Algonquin Native American tribe, which had largely vacated the area years earlier, the region which now includes Cambridge was settled by Europeans from the Massachusetts Bay Company in 1630. Cambridge was founded as Newtowne in 1630 and served as the capital of Massachusetts Bay Colony until 1634. The name was changed to Cambridge in 1638, and it became a city in 1846. Since 1942, the City has had a council-manager form of government with nine City

Councilors elected at-large every two years. The City Council elects a Mayor and Vice Mayor from among its members with the Mayor also serving as Chair of the School Committee.

The City Manager is the Chief Administrative Officer and carries out the policies of the City Council. With the assistance of a Deputy City Manager and three Assistant City Managers, the City Manager coordinates the functions of 34 municipal departments and is responsible for the delivery of services to residents. The City Manager is appointed by the City Council and serves at the pleasure of the Council. The present City Manager is employed under a contract which expires September 5, 2025. The School Committee is comprised of six elected members plus the Mayor, all of whom are elected for two-year terms. The School Superintendent is responsible for the day-to-day activities of the School Department and serves at the pleasure of the School Committee. The present Superintendent is employed under a contract which expires June 30, 2025.

The City provides a wide range of services including police and fire protection; education; refuse collection, snow and leaf removal, traffic control; building inspections; licenses and permits; vital statistics; construction and maintenance of streets and other infrastructure; water distribution; recreational and cultural activities; library services; community development; and other human service programs.

The accounting records of the City's general government operations, as reported in the general fund, capital projects fund, affordable housing trust fund, city grants fund and other governmental funds are maintained on a modified accrual basis at the fund level. Accordingly, revenues are recorded when measurable and available and expenditures are recorded when the services or goods are received, and liabilities are incurred and payable with expendable available resources. The accrual basis of accounting is followed when reporting on a government-wide basis.

The basic financial statements present information on the City and its component units as required by GASB. Component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The inclusion of component units in the City's basic financial statements does not affect their legal standing. The City has three component units, the Cambridge Retirement System, the Cambridge Health Alliance, and the Cambridge Redevelopment Authority.

The budget cycle for FY23 was initiated in December 2021. At that time, budget staff met with the City Manager and Finance Director to update the City's 5-year financial projections in order to establish general budgetary guidelines and limitations for the coming year. By state law, the budget must be submitted to the City Council within 170 days after the Council organizes in early January. The City Manager submitted the FY23 Budget to the City Council on May 2, 2022 and it was adopted on June 6, 2022. The Annual Budget for FY23 became effective July 1, 2022.

### **Demographic Summary**

- Cambridge is a city of 13 neighborhoods. Most neighborhoods have their own political and community organizations. Residents often participate vocally in City debates.
- Cambridge is ethnically diverse. 55.4% of residents are White Non-Hispanic. Minority residents are highly diverse, with no single race, language group, country of origin, or ethnic identity dominant. (Source: 2020 U.S. Census)
- 29% of residents are foreign born. Of those, over 46% were born in Asia and 22% were born in Europe. (Source: 2017-2021 ACS)
- 35% of residents speak a language other than English at home. Of these, 19% speak Spanish and 32% speak an Asian language, about half of whom speak Chinese. The remainder uses a wide variety of languages. (Source: 2017-2021 ACS)

- While the majority of new units are currently marketed as rentals, the 2017-2021 ACS found 33% of occupied housing units to be owner-occupied, and 67% to be renter-occupied.
- The Census recorded 47,777 households in 2020. Of these, 37% are single person households, one of the largest proportions in Massachusetts; 41% are family households; and 22% consist of roommates or unmarried partners. (Source: 2017-2021 ACS)
- 19,584 families reside in Cambridge; 7,885 are families with minor children. (Source: 2017-2021 ACS)
- 80% of residents have a four-year college degree and 50% also have a graduate degree. Only 3.4% of residents age 25 or older lack a high school diploma. (Source: 2017-2021 ACS)

### **Local Economy**

Cambridge is widely known as the University City. Harvard, America's oldest university was established here in 1636, six years after the City itself was founded in 1630. It is also home to Lesley University, and the Massachusetts Institute of Technology. Yet Cambridge is more than a university city. It features high-tech workers and professionals, political activists, street musicians and immigrants from around the world.

- The City's per capita personal income of \$91,715 (Bureau of Economic Analysis, 2021) is identical to the Boston metro area average and higher than the Massachusetts, and U.S. averages.
- According to the Massachusetts Department of Labor, 2022 employment averaged 132,738 jobs, with private sector employment comprising 92% of total jobs.
- Cambridge's December 2022 unadjusted unemployment rate of 2.0%, is a decrease from the prior year. The rate remains lower than those of the Boston Primary Metropolitan Statistical Area, Massachusetts, and United States. (Source: MA DUA, 2022)
- Cambridge continues to maintain a high job to resident ratio, with 1.17 jobs for each resident.
- Professional and business services lead the way among employment sectors, followed by education and health services.
- Led by Harvard University and MIT, the higher education sector continues to drive the job market, employing over 23,000 people. Preeminent research institutions like Harvard, MIT, the Broad Institute, and the Whitehead Institute act as a magnet for commercial investment in the city and drive innovation.
- Seven of the top 25 employers fall into the biotechnology and pharmaceutical sector. Important firms include, Takeda/Millennium Pharmaceuticals, Novartis, Sanofi Aventis, Biogen, Moderna Therapeutics, Alnylam Pharmaceuticals, and Pfizer.
- The High-tech sector within the top 25 employers includes Google, HubSpot, Akamai Technologies, and CarGurus.
- Underpinning the boom in real estate investment activity is the City's increasing volume of venture capital and angel capital investments in startups and growing companies.

Due to its strong and healthy local economy, the City retained the rare distinction of being one of 26 municipalities in the United States with three AAA ratings from the nation's three major credit rating agencies. The City has received AAA ratings from Moody's Investors Service, Standard & Poor's and Fitch Ratings every year since 1999.

## **Financial Planning and Major Initiatives**

The City continues to show a strong financial position through responsible management of financial operations and through improved accounting and financial reporting practices. The sound financial decisions continued during the past fiscal year and will benefit the City in years to come.

During FY23, the City's free cash position decreased to \$192.3 million. This is a decrease of \$7 million from the previous year. Notable uses of Free Cash in FY23 included: radio system infrastructure; open space improvements; Universal pre-kindergarden (UPK) Stabilization Fund; Water MWRA fees and acquisition of parcels of land.

The City ended FY23 with a total general fund balance of \$325.7 million, which includes a 10.7% increase of general fund revenues, and is a 1.4% increase of fund balance as compared to FY22. Each year, a portion of the fund balance is allocated to committed, assigned, and nonspendable accounts. A total of \$113.6 million was held as committed, assigned or nonspendable in FY23, leaving an unassigned fund balance of \$212.1 million.

The property tax levy for FY23 increased by 7.4%. The ten-year average increase in the property tax levy is 5.31%. The FY23 Budget adopted by the City Council in June 2022 projected a property tax levy increase of \$41.5 million, or 8.4%, to \$536.3 million in order to fund operating and capital expenditures. The FY23 adopted operating budget increased by 6.5% over the FY22 Adjusted Budget.

In FY23, real estate property assessed valuations totaled \$71.1 billion, a \$7.2 billion or 11.2% increase from FY22. This change reflects the strength of the Cambridge real estate market. The strong commercial market, coupled with an increase in most residential property values, resulted in the continued property tax burden shift back to the commercial taxpayers from the residential taxpayers. As a result, 58% of the residential taxpayers received a property tax bill that was lower, the same or an increase less than \$100.

The City's property tax levy limit grew by \$41.2 million to \$732.6 million. The excess tax levy capacity, which is the difference between the levy limit and the tax levy was \$200.9 million in FY23, an increase of \$4.3 million or 2.2% from FY22.

The local portion of Community Preservation Act (CPA) funds are raised through a 3% surcharge on taxes. The total amount appropriated in FY23 was \$19.7 million (\$11.9 million local, \$4.7 million State, and \$3.1 million fund balance & Reserves) and the City continued to allocate funds as follows: 80% to affordable housing, 10% to historic preservation, and 10% to open space. Through FY23, the City has appropriated \$259.9 million in CPA funds with approximately \$63.7 million in State matching funds.

In conjunction with the operating budget, the City annually prepares both a capital budget for the upcoming fiscal year and a five-year improvement plan that is used as a guide for capital expenditures in future years. The Capital Improvement Program (CIP) for the five-year period from FY23-FY27, which was adopted by the City Council in June 2022, has an estimated cost of \$609.4 million.

The City issues a majority of its debt with a ten-year or shorter repayment schedule, which requires higher debt service payments in the short-term but results in a sizable interest savings. In addition, the CIP funds a portion of the program on a "pay-as-you-go" basis out of current revenues. The City's outstanding bonded debt as of June 30, 2023 totaled \$523.4 million.

## **Relevant Financial Policies**

One of the primary reasons that the City is held in high regard by the financial community is its development and implementation of a long-term financial plan. This plan is reviewed on an annual basis in conjunction with the City's bond sale and credit rating application process. The budget for the current fiscal year is used as the base year upon which future year projections are built. All expenditures, revenues, and property valuations are reviewed to ensure that the timeliest information is available to be used for future year projections.

The budget for the current year is also compared to the projections for that year from previous five-year plans to determine the accuracy of the projections. If modifications to the projection process are needed to ensure more accuracy, the City's financial staff will make changes accordingly. After careful review, this plan is submitted to the rating agencies prior to their review of the City's financial condition. This plan serves as a basis upon which important decisions concerning the City's financial future are made.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended June 30, 2022. This was the 37th consecutive year that the City has achieved this prestigious award. In order to be awarded the Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR that satisfied both GAAP and applicable program requirements. A Certificate of Achievement is valid for a period of one year. We believe our current ACFR continues to meet the GFOA Certificate of Achievement program's requirements, and we are submitting it to the GFOA for consideration for this year's award.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2022. The budget document was judged proficient as a policy document, financial plan, an operations guide, and a communications driver.

This report could not have been prepared without the skill, effort, and dedication of the staff of the Finance Department. We wish to express our appreciation to those who contributed to the preparation of this report. We would also like to thank the City Council for their concern and support in planning and constructing the financial operations of the City in a responsible and progressive manner.

Additionally, I would like to acknowledge all City employees who provide the wide array of high-quality services to the citizens of Cambridge and contributed to the accomplishments highlighted above.

Very truly yours,



Yi-An Huang  
City Manager

**Fiscal Year 2023**  
**Directory of Officials**  
**City Council**  
Sumbul Siddiqui, Mayor

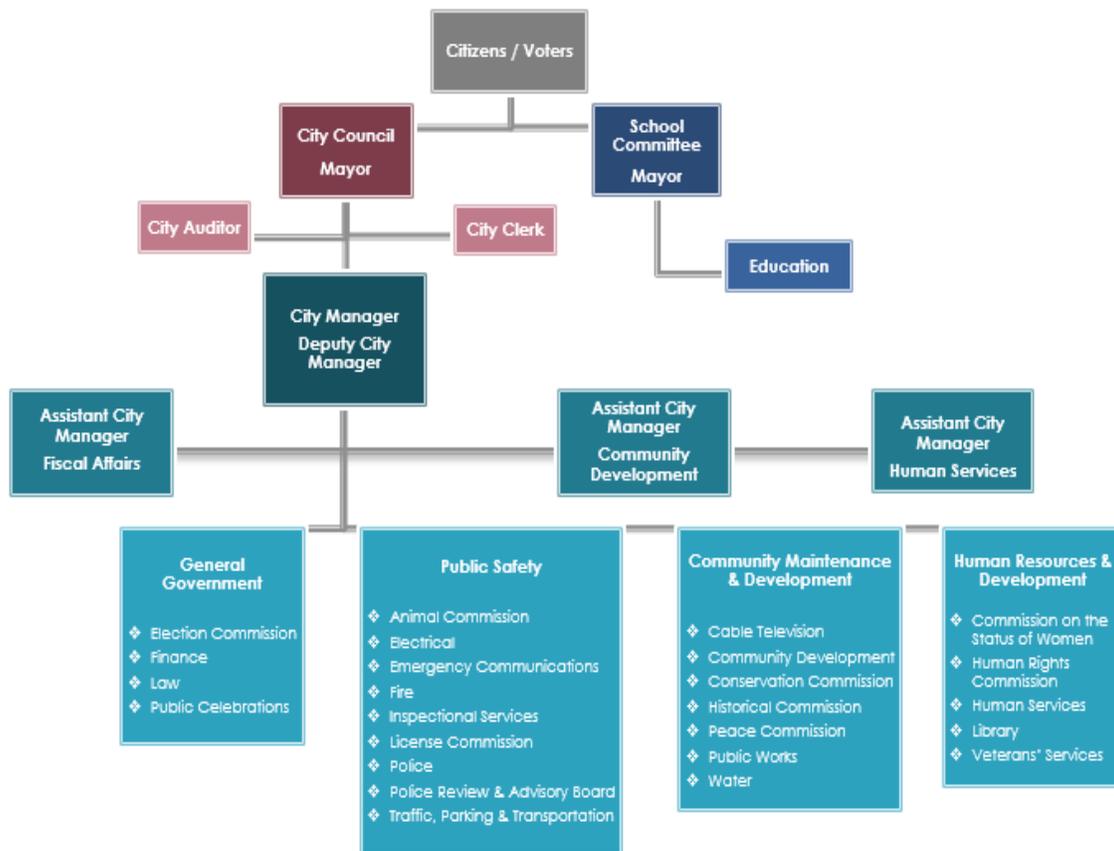
Alanna M. Mallon, Vice Mayor	Patricia M. Nolan
Burhan Azeem	E. Denise Simmons
Dennis J. Carlone	Paul F. Toner
Marc C. McGovern	Quinton Y. Zondervan

**School Committee**  
Sumbul Siddiqui, Chair

Caroline Hunter	David Weinstein
Alfred B. Fantini	Rachel Weinstein
Jose Luis Rojas Villarreal	Ayesha Wilson

**Principal Executive Officers**

City Manager	Yi-An Huang
Deputy City Manager	Owen O’Riordan
Acting Assistant City Manager for Fiscal Affairs	Michele Kincaid
Assistant City Manager for Community Development	Iram Farooq
Assistant City Manager for Human Services	Ellen M. Semonoff
City Auditor	Joseph McCann
Assistant City Auditor	Diane Meireles
Acting City Solicitor	Megan Bayer
City Clerk	Diane P. LeBlanc





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Cambridge  
Massachusetts**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# FINANCIAL SECTION



KPMG LLP  
Two Financial Center  
60 South Street  
Boston, MA 02111

## Independent Auditors' Report

The Honorable Mayor and City Council  
City of Cambridge, Massachusetts:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cambridge, Massachusetts (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the discretely presented component units listed in note 1(c) to the basic financial statements, which represent 100% of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going



concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed under the supplemental statements and schedules section in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**KPMG LLP**

Boston, Massachusetts  
January 29, 2024

**CITY OF CAMBRIDGE, MASSACHUSETTS**  
Management's Discussion and Analysis  
Required Supplementary Information (Unaudited)  
June 30, 2023

Management of the City of Cambridge (the City) provides this Management's Discussion and Analysis as part of the City's Annual Comprehensive Financial Report (ACFR) to assist readers of the basic financial statements in understanding the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the transmittal letter at the front of this report and the City's basic financial statements, which follow this section.

**Overview of the Financial Statements**

The City's financial statements present two types of statements each with a different view of the City's finances. This approach focuses on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City as a whole. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide statements report information about the City as a whole, and use accounting methods similar to those used by private-sector companies. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the City's economic position at the end of the fiscal year. The statements are prepared using the flow of economic resources measurement focus and the full accrual basis of accounting. All revenues and expenses connected with the fiscal year are reported even if cash involved has not been received or disbursed. The government-wide financial statements include two statements:

**Statement of Net Position** – Presents all the government's assets, deferred outflows, liabilities and deferred inflows, with the difference being reported as "net position". The amount of net position is widely considered a good measure of the City's financial health as increases and decreases in the City's net position serve as a useful indicator of whether the City's financial position is improving or deteriorating. The reader should consider other nonfinancial factors, such as the condition of the City's infrastructure and changes to the property tax base, to assess the overall health of the City.

**Statement of Activities** – Presents information showing how the government's net position changed during the most recent fiscal year. Revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods, i.e., uncollected taxes or earned but unused sick and vacation time. This statement also presents a comparison between direct expenses and program revenues for each function of the City.

In the government-wide statements, financial information is presented in three columns in order to summarize the City's programs or activities. The types of activities presented are as follows:

**Governmental Activities** – Taxes and intergovernmental revenues primarily support the functions of the government and are reported in this section. Most of the City's basic services are reported here including

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Management's Discussion and Analysis Required Supplementary Information (Unaudited)

June 30, 2023

general government, public safety, public works, parks and recreation, library, schools, human services, public health programs, state and district assessments, debt service and other employee benefits.

**Business-Type Activities** – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The Water Fund operation is considered a business-type activity.

**Discretely Presented Component Units** – Includes the Cambridge Health Alliance and the Cambridge Redevelopment Authority.

*The Cambridge Health Alliance (CHA)* is a separate legal entity for which the City has financial accountability and provides operating subsidies. It operates similar to a private sector business and the business-type activity described above.

Complete financial statements for the CHA can be obtained from its administrative offices located at 101 Station Landing, 5th Floor, Medford, Massachusetts 02155.

*The Cambridge Redevelopment Authority (CRA)* is a separate legal entity for which the City has financial accountability and provides a significant amount of intergovernmental revenue that will be used solely for capital projects that are under CRA oversight. It operates similar to a private sector business and the business-type activity described above.

Complete financial statements for the CRA for its fiscal year ended December 31, 2022 are available from its offices at 255 Main Street 8<sup>th</sup> Floor, Cambridge, MA 02142.

### Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation to be most familiar. A fund is a grouping of related accounts that is used to keep control over resources that have been allocated to specific projects or activities. The City uses fund accounting to ensure and demonstrate compliance with several finance-related legal requirements.

All of the funds of the City can be divided into three categories as follows:

**Governmental Funds** – Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on near-term inflows and outflows of resources to be spent. The focus is also on the balances left at the end of the fiscal year available for spending. This information is useful in evaluating the City's near-term financing requirements. This approach is the modified accrual basis of accounting, which uses the flow of current financial resources measurement focus. Such statements provide a detailed short-term view of the City's finances that assist in determining whether there will be adequate financial resources available to meet current needs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Management's Discussion and Analysis Required Supplementary Information (Unaudited) June 30, 2023

comparison will assist the reader in understanding the long-term impact of the government's near-term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate the comparison. The reconciliations are presented on the page immediately following each respective governmental fund financial statement.

The City has several governmental funds; four are considered major funds for presentation purposes. Each major fund is presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are aggregated and shown as other governmental funds.

**Proprietary Fund** – Provides services for which the City charges customers a fee and operates like a commercial business. The proprietary fund provides the same type of information as in the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the full accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for the business-type activity and the proprietary fund financial statements.

**Fiduciary Funds** – Such funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The full accrual basis of accounting is used for fiduciary funds and is much like that used for proprietary funds.

The City's fiduciary funds are the Employee Retirement System which accounts for the transactions, assets, liabilities and net position of the City employees' pension plan; the Other Postemployment Benefits (OPEB) Trust Fund, which is an irrevocable trust established for the accumulation of assets to reduce the liability associated with the City's obligation for other postemployment benefits; and the Private Purpose Trust and Custodial Funds, which include money held and administered by the City of behalf of third parties.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the Discretely Presented Component Unit Financial Statements.

#### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the City's general fund – the only fund for which an annual budget is legally adopted. The budgetary comparison also includes a reconciliation of revenues and expenditures reported on the City's budgetary basis of accounting and the revenues and expenditures reported on a GAAP basis. Also included is historical information for the City's pension and other postemployment benefit obligations and related schedules of employers' contributions.

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**Current Year Financial Impacts**

- The City's OPEB obligation significantly impacts the Government wide financial results. As of the measurement date, the City reported net OPEB liability, net of deferrals of \$846.2 million, an increase of \$31.7 million compared to the prior measurement date.
- In fiscal year 2023, the City's contribution to the OPEB Trust Fund was \$26.4 million for retirees' health benefits which offset the benefit expenses of \$24.4 million. In 2023 and 2022, the OPEB Trust Fund earned investment income, in the amount of \$3.0 million and \$0.8 million, respectively. This increase is attributed to increased portfolio performance and improved market conditions.
- The City's net pension liability also significantly impacts the Government-wide financial results. The City is required to report its proportionate share of the collective net pension liability, net of deferrals of \$111.8 million, an increase of \$13.1 million compared to the prior measurement date.

**Government-Wide Financial Analysis**

*Statement of Net Position*

The following table reflects the condensed net position based on the statement of net position found on page 15.

The City's combined net position (governmental and business-type activities) exceeded its liabilities at June 30, 2023 by \$864.2 million (presented as net position). Of this amount, (\$464.2) million was reported as "unrestricted net position" and \$81.3 million was reported as restricted. The remainder represents the investment in capital assets such as land, buildings, equipment, and infrastructure (roads, sewer pipes, dams, and other immovable assets), less any related debt used to acquire that asset that is still outstanding – the amount is \$1,247.1 million and indicates the amount of the net book value of the City's capital assets that exceeds capital debt. Since most of the City's debt has a ten-year life, a considerable amount of the City's capital asset lives extend beyond the life of the debt. The City uses these capital assets to service the community; therefore, they are not available for future spending. Other resources are needed to repay the debt because the capital assets cannot be used to finance these liabilities.

Included within the governmental activities current and other assets are cash and investments of \$854.0 million, up 3.8% from prior year; and net receivables of \$44.4 million up \$3.6 million from prior year.

Governmental activities total liabilities include \$569.2 million in general obligation bonds and notes payable; \$24.6 million in compensated absence liabilities for vested sick and vacation leave; and \$20.2 million in future year workers' compensation, health benefits and possible judgments and claims. The major change in liabilities is attributed to increases in net Pension liability (exclusive of deferrals) as well as \$21.1 million increase in bonds payable due to school building construction and the continuation of sewer separation projects. Partially offsetting these increases, is a reduction in the net OPEB liability (exclusive of deferrals).

Business-type activity liabilities totaled \$2.4 million which includes \$1.5 million in accounts payable and accrued payroll expenses, \$716.0 thousand in compensated absences and \$238.9 thousand in future year workers'

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compensation and health benefits. Accounts payable and accrued payroll expenses increased \$500 thousand due to ongoing water quality testing procedures.

**Condensed Schedule of Net Position**

**June 30, 2023 and 2022**

(in millions)

	<u>Governmental activities</u>		<u>Business type activities</u>		<u>Total primary government</u>	
	<u>June 30</u>		<u>June 30</u>		<u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Total assets and deferred outflow s:						
Current and other assets	923.1	886.8	17.7	18.5	940.8	905.3
Capital assets	1,556.1	1,458.3	124.6	128.6	1,680.7	1,586.9
Total assets	2,479.2	2,345.1	142.3	147.1	2,621.5	2,492.2
Deferred outflow s	248.7	234.8	—	—	248.7	234.8
Total assets and deferred outflow s	\$ 2,727.9	2,579.9	142.3	147.1	2,870.2	2,727.0
Total liabilities and deferred inflow s:						
Long-term liabilities	1,512.0	1,428.9	0.5	0.9	1,512.5	1,429.8
Other liabilities	254.2	245.7	1.9	1.1	256.1	246.8
Total liabilities	1,766.2	1,674.6	2.4	2.0	1,768.6	1,676.6
Deferred inflow s	237.4	242.2	—	—	237.4	242.2
Total liabilities and deferred inflow s	\$ 2,003.6	1,916.8	2.4	2.0	2,006.0	1,918.8
Net position:						
Net investment in capital assets	\$ 1,122.5	1,056.7	124.6	128.5	1,247.1	1,185.2
Restricted	81.3	91.4	—	—	81.3	91.4
Unrestricted	(479.5)	(485.0)	15.3	16.6	(464.2)	(468.4)
Total net position	\$ 724.3	663.1	139.9	145.1	864.2	808.2

*Statement of Changes in Net Position*

The City's total net position increased by \$56.0 million in fiscal year 2023 of which the governmental activities net position increased \$61.2 million and the business-type activity decreased \$5.2 million. The continued investment in the City's capital assets of \$93.8 million and increased cash reserves of \$30.6 million are contributors to governmental activities increase in assets. The increase in long-term liabilities of \$82.7 million is mainly due to the increase in net pension liability, partially offset by a decrease in other post-employment benefits obligation.

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This summary of net changes is based upon the statement found on page 16.

**Condensed Schedule of Changes in Net Position**

June 30, 2023 and 2022

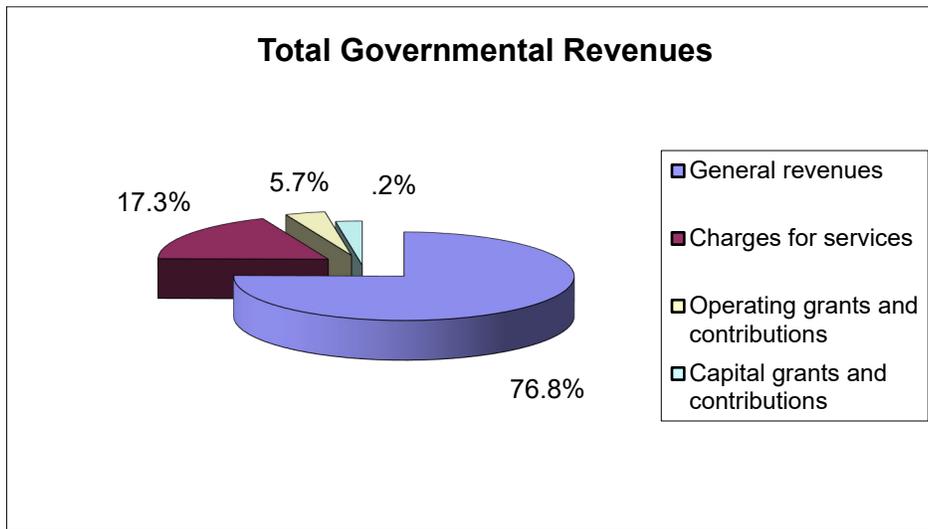
(In millions)

	<u>Governmental activities</u>		<u>Business-type activity</u>		<u>Total primary government</u>	
	<u>June 30</u>		<u>June 30</u>		<u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Charges for services	\$ 161.8	141.8	18.1	17.1	179.9	158.9
Operating grants and contributions	53.6	56.2	—	—	53.6	56.2
Capital grants and contributions	2.2	5.9	—	—	2.2	5.9
General revenues:						
Taxes:						
Property taxes levied	532.6	497.3	—	—	532.6	497.3
Excises	30.3	20.1	—	—	30.3	20.1
Payment in lieu of taxes	8.5	8.5	—	—	8.5	8.5
Grants and contributions not restricted	76.3	71.8	—	—	76.3	71.8
Investment income	17.4	(2.3)	0.2	0.1	17.6	(2.2)
Miscellaneous	53.5	74.4	—	—	53.5	74.4
Total revenues	<u>936.2</u>	<u>873.7</u>	<u>18.3</u>	<u>17.2</u>	<u>954.5</u>	<u>890.9</u>
Expenses:						
General government	68.1	60.8	—	—	68.1	60.8
Public safety	204.2	171.2	—	—	204.2	171.2
Community maintenance and development	163.3	152.7	—	—	163.3	152.7
Human resource development	96.1	85.6	—	—	96.1	85.6
Education	325.9	329.4	—	—	325.9	329.4
Water department	—	—	25.1	18.1	25.1	18.1
Interest	15.8	12.3	—	—	15.8	12.3
Total expenses	<u>873.4</u>	<u>812.0</u>	<u>25.1</u>	<u>18.1</u>	<u>898.5</u>	<u>830.1</u>
Excess before transfers	62.8	61.7	(6.8)	(0.9)	56.0	60.8
Transfers	\$ (1.6)	0.7	1.6	(0.7)	—	—
Change in net position	61.2	62.4	(5.2)	(1.6)	56.0	60.8
Net position – beginning	<u>663.1</u>	<u>600.7</u>	<u>145.1</u>	<u>146.7</u>	<u>808.2</u>	<u>747.4</u>
Net position – ending	<u>\$ 724.3</u>	<u>663.1</u>	<u>139.9</u>	<u>145.1</u>	<u>864.2</u>	<u>808.2</u>

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*Total Revenues*

Total governmental activities revenues for the City are comprised of general revenues of \$718.6 million, charges for services \$161.8 million, operating grants and contributions \$53.6 million and capital grants and contributions of \$2.2 million.



*General*

Real estate tax revenues are the City's largest revenue source at \$532.6 million representing 74.1% of general revenues. The assessed tax valuation base is \$71.1 billion up from \$64.0 billion assessed in the prior year showing a 11.1% increase which is primarily due to new construction and FY22 amended growth.

Grants and contributions not restricted to specific programs is \$76.3 million representing 10.6% of general revenues and include state cherry sheet revenues, Massachusetts Teachers Retirement System (MTRS) contributions and other unrestricted contributions. There was a \$4.5 million increase over prior year which is primarily due to the decrease in MTRS contributions.

*Program*

Charges for services are \$161.8 million, which is an increase of \$20.0 million from prior year and represents an increase from a variety of department revenues. The public safety portion of \$88.0 million increased by \$15.1 million over prior year and is primarily due to the rise in permit and license revenue. The community maintenance and development portion of \$66.2 million increased by \$4.0 million over prior year and includes sewer service revenues, community cable revenues and other public works type fees.

Operating grants and contributions of \$53.6 million decreased \$2.6 million over the prior year and accounts for approximately 5.7% of the total City revenues. The funding source represents several federal and state grants restricted to specific grant conditions and the final state ARPA distribution of \$11.5 million. Capital grants and contributions of \$2.2 million decreased \$3.7 million over the prior year and includes community development capital grants, state revolving grants, state school construction grants, and other capital restricted revenues.

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*Expenses*

For the fiscal year ended June 30, 2023, expenses for government activities totaled \$873.4 million, which cover a range of services including but not limited to public safety, education, and community maintenance. The City's expenses increased by \$61.4 million or 7.6% over prior year. The change is attributable to cost of living and employee benefit increases.

Additionally, the City continues to distribute ARPA funds to the Transition Wellness Shelter, located in Cambridge, to provide 58 additional beds for the homeless, which was approximately \$3.9 million. Also, free community wide COVID-19 testing continued to be a large contributor at \$3.4 million and the Small Business Relief grants contributed to \$2.0 million of ARPA funding.

As stated above, the City's affordable housing initiative and the preservation of open space are very important. This is the twenty first year of the Community Preservation Act (CPA). This program fosters the investment into permanent affordable housing projects, preservation of historic locations, protections of open space and the restoration/creation of parks and recreation areas. Expenses related to these initiatives are recorded in the community maintenance and development category. During 2023, the City spent \$12.1 million from the Affordable Housing Trust to subsidize housing projects.

**Business-Type Activity**

Net position of the Business-Type Activity at the end of the year consisted of unrestricted net position of \$15.3 million and a net investment in capital assets of \$124.6 million.

Business-Type Activity decreased net position by \$5.2 million. The net position change reflects a decrease of net investment in capital assets of \$3.9 million and a decrease of \$1.3 million in unrestricted net position.

**Financial Analysis of the City's Fund Statements**

This analysis is based on the Governmental and Proprietary Fund Financial Statements. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

*Governmental Funds*

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$714.5 million. Of this amount, \$6.1 million has been categorized as nonspendable, which includes healthcare deposits. Another \$263.1 million was restricted because the funds include grants or bonded projects that are controlled by external sources. Also, \$242.0 million has been committed for specific purposes such as stabilization funds, health claims trust fund, parking fund, etc., for which the movement of these funds must be approved by the highest legislative level at the City, which is the City Council. Finally, \$20.8 million has been assigned for encumbrance balances. The remainder of the Fund balance of \$182.5 million is considered "Unassigned".

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The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance was \$212.1 million, while the total fund balance was \$325.7 million.

As a measure of liquidity, it may be useful to compare both unassigned and total fund balances to total fund expenditures. Unassigned fund balance represents 27.3% of total General Fund expenditures, while the total balance represents 41.9% of that same amount.

The Capital fund accounts for all the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the proprietary fund. The fiscal year 2023 Capital Fund Balance is \$202.4 million, a decrease of \$18.6 million from fiscal year 2022.

The affordable housing trust fund is the fund that captures all the affordable housing construction projects and the preservation of affordable housing units for the City. At the end of fiscal year 2023, the total fund balance was \$151.8 million which is an increase of 32.1% due to the funding initiative set in the City Council Goals. This fund was established in the 1990's to provide funding for housing projects to increase the supply of affordable housing units for the City.

Beginning in fiscal 2021 and continuing in fiscal 2022 and 2023, the city grants fund is reported separately due to the increase in expenditures from the COVID-19 ARPA and FEMA grants. The grants funded shelters and meals for the most vulnerable population, community COVID testing sites, and public safety overtime to assist in vaccine and testing clinics throughout the City. A large portion of the FEMA grant expenditures are awaiting reimbursement of which approximately 60% has been received in FY24. The fiscal year 2023 City Grant fund balance is (\$3.4 million), an increase of \$7.2 million from 2022.

The other governmental fund is used to account for programs such as, Community Development Block Grant, various school grants, the Parking Fund, Community Preservation Act and the Aggregation Adder Fund. These funds receive funding from sources such as federal and state grants and from fees. The fiscal year 2023 Other Governmental fund fund balance is \$38.0 million, an increase of \$1.7 million from 2022.

*Proprietary Fund*

The City's Proprietary Fund provides the same type of information found in the government-wide statements, but in more detail.

The City incurred unanticipated costs during fiscal year 2023 to purchase water from the local water authority which resulted in higher operating costs. This resulted in a decrease in the net position by \$5.2 million. The net position change reflects the decrease of net investment in capital assets of \$3.9 million and the decrease in unrestricted net position of \$1.3 million.

**General Fund Budgetary Highlights**

The City submits its budget to the City Council in April and six months later sets the tax rate at the Massachusetts Department of Revenue. During this process, the City reviews and revises its revenue and expenditure plan for final adoption before setting the tax rate. The following are some of the major changes:

1. Cherry sheet revenues and expenditures are estimated in the original budget based upon previous year's cherry sheet revenues and adjusted, if needed, for the final budget.

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2. Certain other revenues were adjusted based upon the previous year's actual and slightly increased estimates this year.

The following information pertains to the revenues and expenditures of the general fund. This data is included in the Schedule of Revenues and Expenditures-Budgetary Basis, which presents financial information on the budgetary basis of accounting.

*Revenues and Other Financing Sources*

Fiscal year 2023 actual revenues on a budgetary basis totaled \$771.4 million. This represents an increase of \$77.9 million or 11.2% from fiscal year 2022. Property taxes are the single largest revenue source, representing approximately 68.4% of general fund revenues, net of abatements. Sewer use receipts comprise the City's next largest revenue source, representing 8.5%. Other Income was significantly higher than budget because of building permits (\$13.8 million), and Opioid settlement payments (\$1.9 million).

*Expenditures*

During fiscal year 2023, total expenditures increased by \$46.9 million or 6.5% on a budgetary basis mainly due to 2.5% cost of living increase (1.5% effective July 2022 and 1.0% effective January 2023) and the 12.11% pension increase.

**Capital Asset and Debt Administration**

*Capital Assets*

As of June 30, 2023, the City's capital assets of its governmental activities and business-type activity amounted to \$1.68 billion (net of depreciation). The City's capital assets include land, buildings, improvements, machinery and equipment, open space, infrastructure and leased assets.

Some of the major capital asset events during the current fiscal year included several ongoing sewer separation projects scattered throughout the City, which are funded through bonds and state grants, ongoing school building construction, and City building renovations.

Additional information on the City's capital assets can be found in note 5.

*Debt*

At year-end, the City had \$569.2 million in outstanding bonds related to governmental activities compared to \$548.1 million last year. For fiscal years 2023 and 2022, the City had no outstanding bonds related to business-type activities.

	<b>Governmental activities</b>	
	<b>2023</b>	<b>2022</b>
	(in millions)	
General obligation bonds payable	\$ 569.2	548.1

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The City maintains bond ratings with Fitch Ratings of AAA, Moody's Investors Service Inc. of AAA, and Standard & Poor's Corporation of AAA.

Additional information on the City's debt can be found in note 8.

**Economic Factors and Next Year's Budgets and Rates**

The City's tax levy increased \$43.9 million, or 8.3%, to \$575.4 million in fiscal year 2024. The City's excess tax capacity, an extremely important indication of the City's financial health remained strong. The excess tax levy capacity decreased from \$201.0 million in FY23 to \$198.5 million in FY24, a 1.2% decrease.

The FY 24 operating budget increased by 10% over the FY 23 adopted budget. The FY24 Adopted Capital budget totaled \$185.2 million. The largest component of the FY24 Capital budget was the appropriation of \$110.0 million for sewer and drainage infrastructure improvements and surface enhancements project in the Port neighborhood, River Street and Massachusetts Avenue. Revenue and expenditure adjustments were made to the Adopted FY24 Operating budget when the property tax rate was set in the fall of 2023 as a result of clearer information being available around state aid and property tax revenues.

**New Accounting Standards**

During the fiscal year ended June 30, 2023, the City adopted GASB Statement No. 94 "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", and GASB Statement No. 96 "*Subscription-Based Information Technology Arrangements*."

Additional information regarding the effects of adopting these new accounting standards can be found in Note 2(q) of the financial statements.

*Contacting the City's Financial Management*

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning the information provided in this report or requests for additional information should be addressed to: City of Cambridge, Attn: City Auditor, 795 Massachusetts Avenue, Cambridge, MA 02139-3219.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Net Position

June 30, 2023

Assets and Deferred Outflows of Resources	Primary government			Aggregate Discretely presented component units
	Governmental activities	Business-type activity	Total	
Cash and investments	\$ 854,028,451	13,069,639	867,098,090	266,395,868
Cash and investments held by trustees	—	—	—	6,432,883
Receivables, net:				
Property taxes	8,721,484	—	8,721,484	—
Motor vehicle excise	1,111,364	—	1,111,364	—
Tax title and possessions	3,693,400	—	3,693,400	—
Leases	196,853	—	196,853	1,251,983
Subscription assets	—	—	—	14,698,821
Intergovernmental	6,961,187	—	6,961,187	—
Other	23,757,158	4,629,610	28,386,768	37,054,504
Other assets	6,168,722	—	6,168,722	185,660,083
Internal balances	(32,723)	32,723	—	—
Noncurrent leases and other receivable accounts	18,531,914	—	18,531,914	6,041,305
Notes receivable	—	—	—	739,223
Development projects held for sale	—	—	—	65,785
Capital assets:				
Nondepreciable	331,286,678	42,989,866	374,276,544	32,615,139
Depreciable, net	1,224,760,717	81,571,929	1,306,332,646	220,229,686
Total assets	2,479,185,205	142,293,767	2,621,478,972	771,185,280
Deferred outflows of resources:				
Related to debt refundings	5,060,389	—	5,060,389	—
Related to pensions	137,020,415	—	137,020,415	31,916,920
Related to other post employment benefits	106,601,542	—	106,601,542	6,751,399
Total assets and deferred outflows of resources	2,727,867,551	142,293,767	2,870,161,318	809,853,599
<b>Liabilities and Deferred Inflows of Resources</b>				
Warrants and accounts payable	50,465,914	1,385,695	51,851,609	55,810,817
Accrued liabilities:				
Tax abatements	6,084,100	—	6,084,100	—
Accrued payroll	24,099,054	103,338	24,202,392	17,073,661
Accrued interest	8,344,618	—	8,344,618	—
Other	6,370,396	—	6,370,396	20,788,139
Unearned revenue	64,770,113	—	64,770,113	8,756,715
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	67,253,998	—	67,253,998	155,857
Due to third parties	—	—	—	8,644,622
Compensated absences	11,503,000	319,000	11,822,000	23,495,908
Payroll tax deferral	—	—	—	—
Lease payable	3,258,382	—	3,258,382	8,493,130
Subscription liability	—	—	—	4,401,706
Landfill	28,333	—	28,333	—
Judgments and claims	11,055,200	115,600	11,170,800	—
Pollution remediation	922,770	—	922,770	—
Due in more than one year:				
Bonds and notes payable	501,951,309	—	501,951,309	6,383,147
Due to third parties	—	—	—	37,075,097
Compensated absences	13,050,000	397,000	13,447,000	51,023
Landfill	765,001	—	765,001	—
Lease payable	2,581,173	—	2,581,173	58,690,459
Subscription liability	—	—	—	4,035,935
Judgments and claims	9,095,000	123,300	9,218,300	—
Net OPEB liability	760,078,550	—	760,078,550	136,696,859
Pollution remediation	2,087,680	—	2,087,680	—
Net pension liability	222,397,503	—	222,397,503	53,258,445
Total liabilities	1,766,162,094	2,443,933	1,768,606,027	443,811,520
Deferred inflows of resources:				
Related to pensions	26,417,043	—	26,417,043	5,537,780
Related to other post employment benefits	192,751,834	—	192,751,834	27,536,524
Related to rent	18,213,389	—	18,213,389	6,867,277
Total liabilities and deferred inflows of resources	2,003,544,360	2,443,933	2,005,988,293	483,753,101
<b>Net Position</b>				
Net investment in capital assets	1,122,537,598	124,561,795	1,247,099,393	179,122,232
Restricted for:				
Capital projects	49,985,751	—	49,985,751	—
Community preservation	25,437,021	—	25,437,021	—
Specific purposes	5,829,995	—	5,829,995	8,600,000
Other purposes	—	—	—	8,724,652
Unrestricted	(479,467,174)	15,288,039	(464,179,135)	129,653,614
Total net position	\$ 724,323,191	139,849,834	864,173,025	326,100,498

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Statement of Activities

Year ended June 30, 2023

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position			Aggregate discretely presented component units
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government			
					Governmental activities	Business-type activity	Total	
Primary government:								
Governmental activities:								
General government	\$ 68,068,341	409,925	—	—	(67,658,416)	—	(67,658,416)	
Public safety	204,182,997	88,043,100	399,259	—	(115,740,638)	—	(115,740,638)	
Community maintenance and development	163,304,654	66,154,780	6,219,325	2,221,276	(88,709,273)	—	(88,709,273)	
Human resource development	96,128,264	6,214,511	27,702,510	—	(62,211,243)	—	(62,211,243)	
Education	325,883,981	1,002,794	19,290,139	—	(305,591,048)	—	(305,591,048)	
Interest on long-term debt	15,848,271	—	—	—	(15,848,271)	—	(15,848,271)	
Total governmental activities	<u>873,416,508</u>	<u>161,825,110</u>	<u>53,611,233</u>	<u>2,221,276</u>	<u>(655,758,889)</u>	<u>—</u>	<u>(655,758,889)</u>	
Business-type activity:								
Water	25,166,532	18,101,401	—	—	—	(7,065,131)	(7,065,131)	
Total business-type activity	<u>25,166,532</u>	<u>18,101,401</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,065,131)</u>	<u>(7,065,131)</u>	
Total primary government	<u>\$ 898,583,040</u>	<u>179,926,511</u>	<u>53,611,233</u>	<u>2,221,276</u>	<u>(655,758,889)</u>	<u>(7,065,131)</u>	<u>(662,824,020)</u>	
Aggregate discretely presented component units:								
Cambridge Health Alliance	\$ 946,425,445	383,908,760	528,670,004	—				(33,846,681)
Cambridge Redevelopment Authority	8,926,120	2,913,950	300,000	—				(5,712,170)
Total component units	<u>\$ 955,351,565</u>	<u>386,822,710</u>	<u>528,970,004</u>	<u>—</u>				<u>(39,558,851)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					\$ 532,622,271	—	532,622,271	—
Excises					30,297,354	—	30,297,354	—
Payments in lieu of taxes					8,454,819	—	8,454,819	—
Grants and contributions not restricted					76,348,078	—	76,348,078	—
Investment income					17,399,828	158,918	17,558,746	4,660,221
Miscellaneous					53,476,817	—	53,476,817	—
Transfers					(1,628,501)	1,628,501	—	—
Total general revenues and transfers					<u>716,970,666</u>	<u>1,787,419</u>	<u>718,758,085</u>	<u>4,660,221</u>
Change in net position					61,211,777	(5,277,712)	55,934,065	(34,898,630)
Net position – beginning (a)					663,111,414	145,127,546	808,238,960	360,999,128
Net position – ending					<u>\$ 724,323,191</u>	<u>139,849,834</u>	<u>864,173,025</u>	<u>326,100,498</u>

See accompanying notes to basic financial statements.

(a) Beginning of year net position of discretely presented component unit was restated for GASB Statement No. 96 (CHA only)

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Balance Sheet – Governmental Funds

June 30, 2023

<b>Assets</b>	<b>General fund</b>	<b>Capital fund</b>	<b>Affordable housing trust fund</b>	<b>City Grants fund</b>	<b>Other governmental funds</b>	<b>Total governmental funds</b>
Cash and investments	\$ 366,815,653	229,026,887	150,298,113	67,658,193	40,229,605	854,028,451
Receivables, net:						
Property taxes	8,721,484	—	—	—	—	8,721,484
Motor vehicle excise	1,111,364	—	—	—	—	1,111,364
Tax title and possessions	3,693,400	—	—	—	—	3,693,400
Leases	18,728,767	—	—	—	—	18,728,767
Intergovernmental	—	1,074,690	—	5,018,499	867,998	6,961,187
Departmental and other	18,552,341	—	4,470,977	—	733,840	23,757,158
Total receivables	50,807,356	1,074,690	4,470,977	5,018,499	1,601,838	62,973,360
Other assets	6,168,722	—	—	—	—	6,168,722
Due from other funds	8,455,696	569,969	—	—	—	9,025,665
Total assets	<u>432,247,427</u>	<u>230,671,546</u>	<u>154,769,090</u>	<u>72,676,692</u>	<u>41,831,443</u>	<u>932,196,198</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities:						
Warrants and accounts payable	13,673,024	28,285,676	2,938,614	2,789,617	2,778,983	50,465,914
Accrued liabilities:						
Tax abatements	3,871,700	—	—	—	—	3,871,700
Judgments and claims	11,055,200	—	—	—	—	11,055,200
Accrued payroll	23,868,429	19,886	—	46,229	164,510	24,099,054
Other	6,253,269	—	—	—	117,127	6,370,396
Unearned revenue	—	—	—	64,770,113	—	64,770,113
Due to other funds	32,723	—	—	8,455,696	569,969	9,058,388
Total liabilities	<u>58,754,345</u>	<u>28,305,562</u>	<u>2,938,614</u>	<u>76,061,655</u>	<u>3,630,589</u>	<u>169,690,765</u>
Deferred inflows of resources:						
Unavailable revenue	29,623,723	—	—	—	189,506	29,813,229
Related to rent	18,213,389	—	—	—	—	18,213,389
Fund balances (deficit):						
Nonspendable	6,088,722	—	—	—	—	6,088,722
Restricted	—	202,365,984	—	26,277,182	34,462,473	263,105,639
Committed	86,636,011	—	151,830,476	—	3,548,875	242,015,362
Assigned	20,800,000	—	—	—	—	20,800,000
Unassigned	212,131,237	—	—	(29,662,145)	—	182,469,092
Total fund balances (deficit)	<u>325,655,970</u>	<u>202,365,984</u>	<u>151,830,476</u>	<u>(3,384,963)</u>	<u>38,011,348</u>	<u>714,478,815</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 432,247,427</u>	<u>230,671,546</u>	<u>154,769,090</u>	<u>72,676,692</u>	<u>41,831,443</u>	<u>932,196,198</u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position

June 30, 2023

Total fund balance – governmental funds	\$	714,478,815
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		1,550,288,585
Net lessee activities		(80,745)
Adjust deferred inflows of resources to record revenues on an accrual basis		29,813,229
Capitalized loss on debt refunding in the government-wide statements that is not capitalized in the governmental funds		5,060,389
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
General obligation bonds, net		569,205,307
Accrued interest on bonds		8,344,618
Compensated absences		24,553,000
Landfill		793,334
Judgments and claims		9,095,000
Tax abatements		2,212,400
Pollution remediation		3,010,450
Net pension liability, net of deferred amounts		111,794,131
Net OPEB liability, net of deferred amounts		846,228,842
		<u>1,575,237,082</u>
Net position of governmental activities	\$	<u>724,323,191</u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Governmental Funds

Year ended June 30, 2023

	<u>General fund</u>	<u>Capital fund</u>	<u>Affordable housing trust fund</u>	<u>City Grants fund</u>	<u>Other governmental fund</u>	<u>Total governmental funds</u>
Revenues:						
Real and personal property taxes	\$ 530,536,843	—	—	—	—	530,536,843
Excises:						
Hotel/motel/meals/other	21,806,512	—	—	—	—	21,806,512
Motor vehicles	8,305,021	—	—	—	—	8,305,021
Payments in lieu of taxes	8,454,819	—	—	—	—	8,454,819
Intergovernmental	76,348,078	2,221,276	—	27,702,510	25,908,723	132,180,587
Investment income	10,712,049	105,853	4,090,259	1,721,432	770,235	17,399,828
Sewer use charges	65,433,035	—	—	—	—	65,433,035
Departmental and other	98,554,153	5,778,136	6,227,981	512,277	39,397,370	150,469,917
Total revenues	<u>820,150,510</u>	<u>8,105,265</u>	<u>10,318,240</u>	<u>29,936,219</u>	<u>66,076,328</u>	<u>934,586,562</u>
Expenditures:						
Current:						
General government	53,527,537	—	—	5,922,988	10,000	59,460,525
Public safety	170,268,704	—	—	2,230,187	—	172,498,891
Community maintenance and development	70,864,509	—	12,134,965	3,496,406	2,921,052	89,416,932
Human resource development	63,569,835	—	—	17,669,025	546,042	81,784,902
Education	252,435,556	—	—	—	22,962,604	275,398,160
Judgments and claims	13,697,187	—	—	—	—	13,697,187
State and district assessments	66,680,814	—	—	—	—	66,680,814
Capital outlays	—	149,525,444	—	—	—	149,525,444
Debt service	86,985,653	—	—	—	—	86,985,653
Total expenditures	<u>778,029,795</u>	<u>149,525,444</u>	<u>12,134,965</u>	<u>29,318,606</u>	<u>26,439,698</u>	<u>995,448,508</u>
Excess (deficiency) of revenues over expenditures	<u>42,120,715</u>	<u>(141,420,179)</u>	<u>(1,816,725)</u>	<u>617,613</u>	<u>39,636,630</u>	<u>(60,861,946)</u>
Other financing sources (uses):						
Premium on debt issuance	385,664	9,675,000	—	—	—	10,060,664
Issuance of debt	—	83,950,000	—	—	—	83,950,000
Transfers in	20,911,420	52,416,584	38,705,750	6,560,864	269,745	118,864,363
Transfers out	(59,032,184)	(23,215,495)	—	—	(38,245,185)	(120,492,864)
Total other financing (uses) sources	<u>(37,735,100)</u>	<u>122,826,089</u>	<u>38,705,750</u>	<u>6,560,864</u>	<u>(37,975,440)</u>	<u>92,382,163</u>
Net change in fund balances	4,385,615	(18,594,090)	36,889,025	7,178,477	1,661,190	31,520,217
Fund balance – beginning	321,270,355	220,960,074	114,941,451	(10,563,440)	36,350,158	682,958,598
Fund balance – ending	\$ <u>325,655,970</u>	<u>202,365,984</u>	<u>151,830,476</u>	<u>(3,384,963)</u>	<u>38,011,348</u>	<u>714,478,815</u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year ended June 30, 2023

Net change in fund balances – total governmental funds	\$ 31,520,217
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is depreciated over their estimated useful lives. Capital outlays, applicable to capital assets, (\$155,948,958) exceeded depreciation expense (\$58,883,820)	97,065,138
Revenues are recorded on an accrual basis	1,670,224
Proceeds of long-term debt (\$83,950,000) increase long-term liabilities in the statement of net position, but are included in the operating statement of the governmental funds. Repayment of bond principal, (\$66,258,737) is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceed payments.	(17,691,263)
Premiums received are revenues in the governmental funds, but are increases to long-term liabilities, net of amortization, in the statement of net position	(3,442,975)
Deferred loss on refunding is amortized in the statement of activities and is not reported in the governmental funds	(1,275,640)
Pension and other postemployment benefits reported in the statement of activities does require the use of current financial resources, and therefore, is not reported as an expenditure in the governmental funds	(44,880,153)
Net leasing activities	393,304
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. This amount represents the increase in compensated absences (\$1,273,000), accrued interest (\$463,404), pollution remediation (\$349,804) and non current claims (\$89,200) offset by a decrease in landfill liabilities (\$28,333).	(2,147,075)
Change in net position of governmental activities	\$ <u>61,211,777</u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Statement of Net Position – Proprietary Fund

June 30, 2023

	<b>Enterprise fund</b>
	<b><u>Water fund</u></b>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 13,069,639
Receivables, net	4,629,610
Due from other funds	<u>32,723</u>
Total current assets	<u>17,731,972</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	42,989,866
Depreciable, net	<u>81,571,929</u>
Total noncurrent assets	<u>124,561,795</u>
Total assets	<u>142,293,767</u>
Liabilities:	
Current liabilities:	
Warrants and accounts payable	1,385,695
Accrued liabilities:	
Claims	115,600
Compensated absences	319,000
Accrued payroll	<u>103,338</u>
Total current liabilities	<u>1,923,633</u>
Noncurrent liabilities:	
Accrued liabilities:	
Claims	123,300
Compensated absences	<u>397,000</u>
Total noncurrent liabilities	<u>520,300</u>
Total liabilities	<u>2,443,933</u>
Net position:	
Net investment in capital assets	124,561,795
Unrestricted	<u>15,288,039</u>
Total net position	\$ <u><u>139,849,834</u></u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund

Year ended June 30, 2023

	<b>Enterprise fund</b>
	<b><u>Water fund</u></b>
Operating revenues:	
Charges for services	\$ <u>18,101,401</u>
Total operating revenues	<u>18,101,401</u>
Administration	4,553,432
Service and support programs	14,632,944
Depreciation	<u>5,980,156</u>
Total operating expenses	<u>25,166,532</u>
Operating loss	<u>(7,065,131)</u>
Nonoperating revenue:	
Investment earnings – other	<u>158,918</u>
Nonoperating revenue	<u>158,918</u>
Loss before transfers	(6,906,213)
Transfers from other funds	2,354,736
Transfers to other funds	<u>(726,235)</u>
Change in net position	(5,277,712)
Total net position – beginning	<u>145,127,546</u>
Total net position – ending	\$ <u><u>139,849,834</u></u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Statement of Cash Flows – Proprietary Fund

Year ended June 30, 2023

	<b>Enterprise fund</b>
	<b><u>Water fund</u></b>
Cash flows from operating activities:	
Cash received from customers	\$ 18,542,353
Cash paid to vendors	(13,864,368)
Cash paid to employees	<u>(4,817,486)</u>
Net cash used in operating activities	<u>(139,501)</u>
Cash flows from noncapital financing activities:	
Transfers	<u>1,628,501</u>
Net cash provided by noncapital financing activities	<u>1,628,501</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	<u>(1,942,248)</u>
Net cash used in capital and related financing activities	<u>(1,942,248)</u>
Cash flows from investing activities:	
Investment income	<u>158,918</u>
Net cash provided by investing activities	<u>158,918</u>
Change in cash and cash equivalents	(294,330)
Cash and cash equivalents, beginning of year	<u>13,363,969</u>
Cash and cash equivalents, end of year	\$ <u><u>13,069,639</u></u>
Reconciliation of operating loss to cash used in operating activities:	
Operating loss	\$ (7,065,131)
Depreciation	5,980,156
Changes in operating assets and liabilities:	
Accounts receivable	440,952
Other liabilities	<u>504,522</u>
Net cash used in operating activities	\$ <u><u>(139,501)</u></u>

See accompanying notes to basic financial statements.



**CITY OF CAMBRIDGE, MASSACHUSETTS**

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2023

	<u>Pension and OPEB Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial Fund</u>
Additions:			
Contributions:			
Employers	\$ 85,759,401	—	—
Nonemployer – city	1,322,408	—	—
Plan members	26,083,590	—	—
Other systems	4,028,782	—	—
Commonwealth of Massachusetts	303,733	—	—
Gifts and bequests	—	285,797	320,043
Miscellaneous	—	965	—
	<u>117,497,914</u>	<u>286,762</u>	<u>320,043</u>
Total contributions			
Investment earnings:			
Interest and dividends	29,445,057	194,781	—
Securities lending income	17,714	—	—
Net appreciation (depreciation) in the fair value of investments	(208,655,408)	—	—
Less:			
Management fees	(9,782,255)	—	—
Borrower rebates and fees under securities lending program	(16,092)	—	—
	<u>(188,990,984)</u>	<u>194,781</u>	<u>—</u>
Net investment earnings			
	<u>(71,493,070)</u>	<u>481,543</u>	<u>320,043</u>
Total additions			
Deductions:			
Benefits	125,267,895	—	—
Refunds of contributions	2,328,765	—	—
Other systems	4,514,313	—	—
Administrative expenses	1,643,303	—	—
Beneficiary payments to individuals	—	271,532	264,886
Miscellaneous	—	65,800	—
	<u>133,754,276</u>	<u>337,332</u>	<u>264,886</u>
Total deductions			
	<u>133,754,276</u>	<u>337,332</u>	<u>264,886</u>
Change in net position	(205,247,346)	144,211	55,157
Net position, beginning of year (a)	<u>1,871,108,770</u>	<u>4,763,298</u>	<u>187,946</u>
Net position, end of year	\$ <u><u>1,665,861,424</u></u>	<u><u>4,907,509</u></u>	<u><u>243,103</u></u>

See accompanying notes to basic financial statements.

(a) Beginning of year net position for Employee Retirement Plan was restated for GASB Statement No. 87

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Discretely Presented Component Units

Statement of Net Position

June 30, 2023

	Component Units		
	CRA		
	CHA June 30, 2023	December 31, 2022	Total
<b>Assets and Deferred Outflows of Resources</b>			
Current assets:			
Cash and investments	\$ 232,728,997	33,666,871	266,395,868
Cash and investments held by trustees	6,432,883	—	6,432,883
Receivables, net:			
Leases	—	1,251,983	1,251,983
Subscription assets	14,698,821	—	14,698,821
Other	33,928,724	3,125,780	37,054,504
Other assets	185,644,392	15,691	185,660,083
Total current assets	473,433,817	38,060,325	511,494,142
Noncurrent assets:			
Accounts receivable	—	1,725,838	1,725,838
Lease receivable	—	4,315,467	4,315,467
Notes receivable	—	739,223	739,223
Development projects held for sale	—	65,785	65,785
Capital assets:			
Nondepreciable	19,508,655	13,106,484	32,615,139
Depreciable, net	212,775,529	7,454,157	220,229,686
Total noncurrent assets	232,284,184	27,406,954	259,691,138
Total assets	705,718,001	65,467,279	771,185,280
Deferred outflows of resources:			
Related to pensions	31,241,823	675,097	31,916,920
Related to other post employment benefits	6,598,709	152,690	6,751,399
Total assets and deferred outflows of resources	743,558,533	66,295,066	809,853,599
<b>Liabilities and Deferred Inflows of Resources</b>			
Current liabilities:			
Warrants and accounts payable	55,131,680	679,137	55,810,817
Accrued liabilities:			
Accrued payroll	17,073,661	—	17,073,661
Other	20,380,881	407,258	20,788,139
Unearned revenue	8,756,715	—	8,756,715
Total current liabilities	101,342,937	1,086,395	102,429,332
Long-term liabilities:			
Due within one year:			
Bonds and notes payable	—	155,857	155,857
Due to third parties	8,644,622	—	8,644,622
Compensated absences	23,478,901	17,007	23,495,908
Payroll tax deferral	—	—	—
Lease payable	8,493,130	—	8,493,130
Subscription liability	4,401,706	—	4,401,706
Due in more than one year:			
Bonds and notes payable	—	6,383,147	6,383,147
Due to third parties	37,075,097	—	37,075,097
Compensated absences	—	51,023	51,023
Lease payable	58,690,459	—	58,690,459
Subscription liability	4,035,935	—	4,035,935
Net OPEB liability	135,951,383	745,476	136,696,859
Net pension liability	52,371,261	887,184	53,258,445
Total noncurrent liabilities	333,142,494	8,239,694	341,382,188
Total liabilities	434,485,431	9,326,089	443,811,520
Deferred inflows of resources:			
Related to pensions	5,457,162	80,618	5,537,780
Related to other post employment benefits	27,359,502	177,022	27,536,524
Related to rent	1,810,104	5,057,173	6,867,277
Total liabilities and deferred inflows of resources	469,112,199	14,640,902	483,753,101
<b>Net Position</b>			
Net investment in capital assets	165,100,595	14,021,637	179,122,232
Restricted for specific purposes	—	8,600,000	8,600,000
Restricted for other purposes	8,724,652	—	8,724,652
Unrestricted	100,621,087	29,032,527	129,653,614
Total net position	\$ 274,446,334	51,654,164	326,100,498

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Discretely Presented Component Units

Statement of Revenues, Expenses and Changes in Net Position

June 30, 2023

<u>Functions/programs</u>	<u>Component Units</u>		
	<u>CHA June 30, 2023</u>	<u>CRA December 31, 2022</u>	<u>Total</u>
Expenses	\$ 946,425,445	8,926,120	955,351,565
Program revenues:			
Charges for services	383,908,760	2,913,950	386,822,710
Operating grants and contributions	528,670,004	300,000	528,970,004
Total program revenues	912,578,764	3,213,950	915,792,714
Net program revenues (expenses)	(33,846,681)	(5,712,170)	(39,558,851)
General revenues:			
Investment income/(loss)	4,590,755	69,466	4,660,221
Total general revenues	4,590,755	69,466	4,660,221
Change in net position	(29,255,926)	(5,642,704)	(34,898,630)
Net position – beginning (a)	303,702,260	57,296,868	360,999,128
Net position – ending	\$ 274,446,334	51,654,164	326,100,498

See accompanying notes to basic financial statements.

(a) Beginning net position for CHA was restated for the adoption of GASB 96.

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2023

#### (1) The Financial Reporting Entity

##### (a) *Primary Government*

Settled in 1630 by a group from the Massachusetts Bay Company, the City of Cambridge (the City) was incorporated as a town in 1636 and became a city in 1846. Since 1940, the City has operated under a Council Manager form of government. The legislative body of the City is the City Council, consisting of nine members elected at-large every two years; the Mayor and Vice Mayor are elected by the Council from among its members for a two-year term. Executive authority resides with the City Manager, who is appointed by the Council and is responsible for the delivery of services to City residents.

The Mayor also serves as Chair of the School Committee. The School Committee, whose members are elected, has full authority for operations of the school system and appoints a superintendent to administer the system's day-to-day operations.

The accompanying basic financial statements present the City of Cambridge and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

##### (b) *Retirement System*

The Cambridge Retirement System (the System) is a defined benefit contributory retirement system created under State statute. It is administered by a Retirement Board comprised of five members: the City Auditor who serves as *ex officio*; two individuals elected by participants in the System; a fourth member appointed by the City Manager and a fifth member chosen by the other members of the Retirement Board. The System provides pension benefits to retired City, Cambridge Housing Authority, Cambridge Redevelopment Authority and Cambridge Health Alliance employees. Although legally separate, the System provides services entirely or almost entirely to the City and thus has been reported as if it were part of the primary government; a method of inclusion known as blending.

The System is on a calendar fiscal year. As a result, the financial information of the System is as of and for the year ended December 31, 2022. The System is included in the City's fiduciary fund financial statements. Complete financial statements for the System for its year ended December 31, 2022 are available from its offices on 125 Cambridge Park Drive, Suite 104, Cambridge, MA 02140.

##### (c) *Discretely Presented Component Units*

A Statement of Net Position and a Statement of Activities are presented for the City's component units for the Cambridge Health Alliance and the Cambridge Redevelopment Authority. The total component unit information can then be found as a separate column on the City's entity-wide Statement of Net Position and Statement of Activities to emphasize that they are legally separate from the City.

**The Cambridge Health Alliance (CHA)** is included as a component unit because the City is responsible for the appointment of the hospital's board of trustees and is financially accountable for and is able to impose its will on the organization. CHA is a body politic and corporate and public instrumentality of the Commonwealth of Massachusetts (the Commonwealth) established by Chapter 147 of the Acts of 1996. CHA is governed by a nineteen member board, all of whom are

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2023

appointed by the City Manager. CHA is responsible for the implementation of public health programs in the City.

Complete financial statements for the CHA for its fiscal year ended June 30, 2023 are available from its offices on 350 Main St, Suite 31, Malden, Massachusetts 02148.

**The Cambridge Redevelopment Authority (CRA)** was established in 1955 pursuant to Chapter 121B of the Massachusetts General Laws, as amended, to administer and plan urban renewal projects within the City of Cambridge, Massachusetts (the City). The CRA was issued a Certificate of Organization by the Secretary of the Commonwealth of Massachusetts on November 20, 1956. The CRA is governed by a five-member board of directors, one of whom is appointed by the Governor of the Commonwealth of Massachusetts and remaining four members are appointed by the Cambridge City Manager and confirmed by the Cambridge City Council. The CRA has received a significant amount of intergovernmental revenue that will be used solely for capital projects that are under CRA oversight. In accordance with GASB Statement No. 61, the CRA is presented as a discrete component unit of the City.

Complete financial statements for the CRA for its fiscal year ended December 31, 2022 are available from its offices at 255 Main Street 8<sup>th</sup> Floor, Cambridge, MA 02142.

Unless otherwise indicated, the notes to the basic financial statements pertain only to the primary government because certain disclosures of the component units are not significant relative to the primary government.

#### **(d) Related Organizations**

The City Manager is also responsible for appointing four of five board members to the Cambridge Housing Authority, subject to confirmation by the Council. However, the City's accountability for this organization does not extend beyond making these appointments.

## **(2) Summary of Significant Accounting Policies**

The following is a summary of the more significant policies followed by the City:

### **(a) Government-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2023

segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

#### **(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

##### *(i) Government-Wide Financial Statements*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the timing of related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been satisfied.

##### *(ii) Governmental Fund Financial Statements*

Governmental fund financial statements are reported using *the current financial resources measurements focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized as soon as they are "susceptible to accrual" (i.e., both measurable and available). Revenues not considered to be available are recorded as deferred inflows of resources.

The City applies the susceptible to accrual criteria to property and other taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended for a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized as expenditures are incurred subject to availability requirements. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues when cash is received, or earlier if the susceptible to accrual criteria are met. State aid is accrued as revenue in the year that the funds are appropriated by the Commonwealth.

Property taxes and other taxes are recorded as revenue in the year for which the taxes have been levied, provided they are collected within 60 days after year-end. Generally, intergovernmental revenues are recognized as revenue, provided they are earned during the year and collected within one year after year-end, except Chapter 90 receivables which are considered available when received. Investment income is recorded as earned. Other revenues including sewer user fees are recorded when received in cash because they are generally not measurable until actually received.

Expenditures are recorded when the related fund liability is incurred. However, principal and interest on general obligation debt as well as expenditures related to liabilities including compensated absences, pensions, leases, other postemployment benefits, judgments and claims and tax abatements are recorded only as expenditures to the extent payment is mature and due.

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2023

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from leases are reported as other financing sources.

#### (iii) *Proprietary Fund Financial Statements*

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

*Governmental Funds* – The City reports the following major governmental funds:

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

The *capital fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The *affordable housing trust fund* accounts for financial resources to be used for the acquisition or construction of affordable housing units.

The *city grants fund* accounts for a wide range of federal and state grants and provide additional support to several City programs. The primary source of funding is federal CARES Act and ARPA Act funding related to COVID and support for the Arts Council, Historical Commission, and Library.

The *other governmental fund* accounts for programs such as, Community Development Block Grant, various school grants, the Parking Fund, Community Preservation Act and the Aggregation Adder Fund. These funds receive funding from sources such as federal and state grants and from fees.

*Proprietary Fund* – The City reports the following major proprietary fund:

The *water fund* accounts for activities related to the preparation and delivery of water to City residents.

*Fiduciary Funds* – Additionally, the City reports the following fiduciary fund types:

Pension (and Other Employee Benefit) Trust Funds:

The *pension trust fund* accounts principally for the activities of the System, which accumulates resources for pension benefit payments to retired City employees.

The *OPEB trust fund* is an irrevocable trust fund established for other postemployment benefits. The assets are appropriated from the General Fund and accumulate to reduce

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

the unfunded actuarial liability of health care and other postemployment benefits. This fund is currently not used for payments of benefits.

Private Purpose Trust Fund:

The *private purpose trust fund* is used to account for assets received and distributed by the City acting in a trustee capacity for individuals, private organizations and for other funds.

Custodial Fund:

The primary purpose of this fund is to provide oversight of school activity accounts.

**(c) Cash Equivalents**

For purposes of the statement of cash flows, investments with original maturities of three months or less when purchased are considered to be cash equivalents.

**(d) Basis of Investment Valuation**

Investments are presented in the accompanying basic financial statements at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments of the System, which are described in note 3. Further, income from investments is recognized in the same fund as the related investments.

The City invests in Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, which is an external investment pool and is not SEC-registered. The fund is state regulated and is valued at amortized cost.

**(e) Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activity are reported in the government-wide financial statements as “internal balances.”

**(f) Uncollectible Tax and Other Receivables**

All receivables are shown net of an allowance for uncollectibles. Amounts considered to be uncollectible are based on the type and age of the related receivable.

**(g) Deferred Inflows and Outflows of Resources**

The City accounts for certain transactions that result in the consumption or acquisition of resources in one period that are applicable to future periods as deferred outflows and inflows of resources, respectively, to distinguish them from assets and liabilities. For fiscal year 2023, the City has reported deferred outflows pertaining to its debt refunding, pension and other post-employment benefits transactions in the government-wide statements and deferred inflows related to pensions, other post-employment benefits and rent transactions in the government-wide statements. Deferred inflows related to rent and unavailable revenue are also reported in the governmental fund statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

**(h) Capital Assets**

Capital assets, (excluding intangible right-to-use lease assets) include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20–50
Infrastructure	15–60
Furniture and equipment	5–20

**(i) Leases**

As Lessee:

The City is a lessee for non-cancelable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease assets (lease asset) in the financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

Lease liabilities are initially recognized at the lease commencement date based on the present value of future lease payments to be made by the City over the lease term. The estimated payments are discounted using the City's estimated incremental borrowing rate. The lease term includes the non-cancelable period of the lease. The lease liability is subsequently reduced by the principal portion of lease payments made. Lease liabilities are reported on the statements of net position.

Lease assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Lease assets are initially measured at the initial value of the lease liability, adjusted for lease payments made at or before the lease commencement date and initial direct costs. The lease asset is subsequently amortized on a straight-line basis over its useful life. Lease assets are reported with capital assets on the statements of net position.

The City monitors changes in circumstances that would require a remeasurement of its lease and remeasures its lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2023

#### As Lessor:

The City is a lessor for a non-cancelable lease of a building and the City recognizes a lease receivable and a deferred inflow of resources in the accompanying financial statements.

At the commencement of the lease, the City initially measures the lease receivable at the present value of lease payments expected to be received from lessees over the lease term. The estimated payments are discounted using the City's estimated incremental borrowing rate. Lease receivables are subsequently reduced by the principal portion of lease payments received.

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Deferred lease inflows are recognized as revenue over the lease term on a straight-line basis.

The City monitors changes in circumstances that would require a remeasurement of its lease and remeasures its lease receivable and deferred inflows if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### **(j) Compensated Absences**

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay. The cost of compensated absences for employees is recorded as earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if it has matured (i.e., come due for payment). The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

#### **(k) Long-Term Obligations and Related Costs**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activity, or proprietary fund type statement of net position. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the straight line method. Issue costs, other than prepaid insurance, if any, are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs in the operating statement, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as general government expenditures.

#### **(l) Net Position and Fund Balance**

In the Government-wide and Proprietary Fund Financial Statements, net position is reported in the following categories:

*Net investment in capital assets:* Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2023

*Restricted:* Net position the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by City Charter or enabling legislation. Nonexpendable amounts are required to remain intact under such constraints.

*Unrestricted:* Remaining net position not considered invested in capital assets, net of related debt or restricted.

For purposes of net position classification, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

In the Governmental Fund Financial Statements, fund balance is reported in the following categories:

*Nonspendable:* Amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to remain intact.

*Restricted:* Amounts the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by City Charter or enabling legislation.

*Committed:* Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the City, this formal action takes the form of State statutes or Home-rule petitions which are adopted by the City Council with a 2/3rds vote.

*Assigned:* Amounts that are constrained by the City's intent for use for specific budgetary purposes, but are considered neither restricted or committed.

*Unassigned:* Amounts in the general fund that are not otherwise constrained for a specific purpose more narrow than the general operations of the City.

The flow of expenditures for unrestricted resources is to use the committed when possible first, then assigned and then the unassigned when needed.

The Unassigned Fund balance policy adopted by the City Council is as follows:

- General Fund (GAAP) balance as of June 30 of each year is equal to or greater than 15% of the ensuing fiscal year's operating revenue.

The responsibility for tracking this policy is with the City Treasurer who estimates the surplus or deficit for the current year and prepares a projection for the year-end unassigned general fund balance. Any anticipated balance in excess of the targeted maximum unassigned balance maybe budgeted to reduce the ensuing year's property tax levy, transferred to stabilization fund, or fund one-time capital projects.

This policy is reviewed annually during the City's Annual Budget and Public Investment Program process.

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2023

#### **(m) Securities Lending Transactions**

The System engages in securities lending transactions. Collateral received on securities lending transactions is reported as an asset with a corresponding liability to the borrower. The underlying securities lent to the borrower under these transactions are reported as investments. Borrower rebates and administrative fees are reported as expenses; interest and dividends on the underlying securities and related collateral are reported as revenues.

#### **(n) Landfill Postclosure Care Costs**

State and federal regulations required the City to place a final cover on its Danehy Park landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure which continued through 2022. At June 30, 2023, 100% of the landfill site had been used and has not accepted solid waste for several years. The City has completed the covering of this site in accordance with applicable laws and regulations. During fiscal year 2022, the City agreed to continue certain maintenance and monitoring for an additional 30 years.

#### **(o) Unearned Revenue**

Resources received in advance are reported as unearned revenue until the period of exchange. Intergovernmental revenues representing grants and assistance from other governmental units, are generally recognized as revenue in the period when eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred inflows of resources. The City received \$64,770,113 of American Rescue Plan Act (ARPA) funds which were not fully spent as of June 30, 2023. As such, these funds are recorded as unearned revenue in the City Grants fund.

#### **(p) Use of Estimates**

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **(q) Adoption of New Accounting Pronouncements**

The City adopted the following new accounting pronouncements issued by the GASB during the current fiscal year ended June 30, 2023:

- Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Requirements of this Statement are effective for reporting periods beginning after December 15, 2021.
- Statement No. 94, *Private-Private and Public-Public Partnerships and Availability Payment Arrangements*. A Public-Private and Public-Public Partnership (PPP) is an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2023

other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Availability payment arrangements (APS) have also been used in practice to procure governmental services. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this Statement are effective for the fiscal year that ends June 30, 2023.

- Statement No. 96, *Subscription-Based Information Technology Arrangements*. Subscription-Based Information Technology Arrangements (SBITAS) are arrangements that governments enter into vendor-provided information technology, software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. This Statement establishes accounting and financial reporting for SBITAS. The requirements for this Statement take effect for financial statements starting with the fiscal year that ends June 30, 2023.
- Statement No. 99, *Omnibus 2022*. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

Implementations of the above GASB Statements have no material effect on amounts reported in the City's financial statements.

The City is currently reviewing its accounting practices to determine the potential impacts on the financial statements for the following GASB Statements:

- Statement No. 99, *Omnibus 2022*. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
- Statement No. 101, *Compensated Absences*. This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning December 15, 2023, and all reporting periods thereafter.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

**(3) Deposits and Investments**

**(a) Deposits**

State and local statutes place certain limitations on the nature of deposits and investments available to the City. The City's policy requires full collateralization on all demand deposit accounts including checking accounts, certificates of deposit and money market accounts.

*(i) Custodial Credit Risk*

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. As of June 30, 2023, the bank balances of uninsured and uncollateralized deposits are as follows:

Primary government	\$	2,903,120
Discretely presented component units:		
CHA		10,842,814
CRA (as of December 31, 2022)		<u>2,303,190</u>
	\$	<u>16,049,124</u>

**(b) Investments**

The City's investment program is operated by the City Treasurer in conformance with all applicable federal and state requirements, including MGL c. 44, Sections 54 and 55. The objective is to obtain a high level of income while also following the principles of security, liquidity, and yield.

Investments of General Fund available cash balances consist of fully collateralized certificates of deposit with local banking institutions for duration of 6-9 months and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, an external investment pool for cities, towns, and other state and local agencies with the Commonwealth. MMDT meets the criteria established by GASB 79 to report its investments at amortized cost; therefore, the City reports its investment in MMDT at amortized cost which approximates the net asset value of \$1.00 per share. MMDT has a maturity of less than 1 year and is not rated.

The City's investment portfolio for private purpose funds is designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the City's liquidity requirements. The portfolio is managed with the objective of exceeding the average of three-month U.S. Treasury Bill rates for the equivalent period. The investments for trust funds include collateralized certificate of deposits, U.S. Government Agencies, and units in the MMDT for durations between 12-48 months.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

The City's pension system and OPEB irrevocable trust fund have additional investment powers, most notably the ability to invest in common stocks, corporate bonds, and other specified investments.

*(i) System Investment Policy*

The provisions of Massachusetts General Laws (M.G.L.) c. 32, sec 3(2) govern the System's investment practice.

Diversification is attained through varied investment management styles that comply with Massachusetts state law. This is accomplished through the retention of investment managers that adhere to M.G.L. c. 32, sec 23(3), the "Prudent Person" rule.

The System has retained an investment consultant to work with the Retirement Board in a fiduciary capacity to assure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The System participates in the segmentation program of the Pension Reserves Investment Trust (PRIT) Fund which allows Massachusetts retirement systems to invest only in individual asset classes of the PRIT Fund. The PRIT Fund is an external investment pool, as defined by the Government Accounting Standards Board, and it is not registered with the Securities and Exchange Commission but is subject to oversight by the Pension Reserves Investment Management Board (the PRIM Board). The System's alternative investments include investments in the PRIT hedge and private equity segments of the PRIT Fund. The PRIT Fund issue separately available audited financial statements.

*(ii) OPEB Investment Policy*

The provisions of Massachusetts General Laws (M.G.L.) c. 44 sec 54 allows investment in securities listed on the Commonwealth's approved securities listing. The OPEB investment portfolio is managed by the City's Investment committee. The portfolio's current target allocation is 50% equities (securities from the approved state listing) and 50% of fixed income securities.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

(iii) *Interest Rate Risk*

The following is a listing of the primary government's fixed income investments and related maturity schedule (in years) as of June 30, 2023:

<u>Investment type</u>	<u>Fair value</u>	<u>Less than 1</u>	<u>1–5</u>	<u>6–10</u>	<u>More than 10</u>
City:					
Money market/MMDT	\$ 352,137,470	352,137,470	—	—	—
Certificates of deposit	53,989,776	53,989,776	—	—	—
U.S. agencies	259,068,697	245,212,625	13,856,072	—	—
Subtotal city	665,195,943	651,339,871	13,856,072	—	—
System (as of December 31, 2022):					
U.S. treasury notes and bonds	20,808,662	—	4,821,836	5,344,303	10,642,523
Municipal securities	1,596,492	—	—	839,582	756,910
U.S. agencies	22,532,845	—	73,801	355,682	22,103,362
Domestic corporate	24,464,897	—	5,977,490	11,090,047	7,397,360
Asset-backed:					
CMOs	4,068,409	—	—	—	4,068,409
Other	1,367,556	—	1,179,502	188,054	—
Pooled fixed-income investments	113,169,447	—	—	113,169,447	—
Subtotal system	188,008,308	—	12,052,629	130,987,115	44,968,564
OPEB Trust:					
Money market	1,406,222	1,406,222	—	—	—
U.S. agencies	12,194,572	11,666,875	527,697	—	—
Subtotal OPEB Trust	13,600,794	13,073,097	527,697	—	—
Total	\$ 866,805,045	664,412,968	26,436,398	130,987,115	44,968,564
Discretely presented component units					
CHA:					
Money market	\$ 47,996,303	47,996,303	—	—	—
MMDT	126,024,273	126,024,273	—	—	—
Municipal bonds	8,977,316	—	7,834,232	1,143,084	—
U.S. agencies	39,310,594	—	30,869,714	8,440,880	—
U.S. treasury notes	2,862,350	—	2,862,350	—	—
Subtotal CHA	225,170,836	174,020,576	41,566,296	9,583,964	—
CRA (as of December 31, 2022):					
Foreign issuance	559,640	559,640	—	—	—
U.S. agencies	20,823,434	16,030,068	4,793,366	—	—
Subtotal CRA	21,383,074	16,589,708	4,793,366	—	—
Total discretely presented component units	\$ 246,553,910	190,610,284	46,359,662	9,583,964	—

The City, OPEB Trust, and the System's guidelines do not specifically address limits on maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The manager of each fixed income portfolio is responsible for determining the maturity and commensurate returns of their portfolio.

The collateralized mortgage obligations (CMOs) held by the System are highly sensitive to changes in interest rates.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

(iv) *Credit Risk*

The City, OPEB Trust, and the System allow investment managers to apply discretion under the “Prudent Person” rule. Investments are made, as a prudent person would be expected to act with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments.

The primary government’s fixed income investments as of June 30, 2023 were rated by Standard and Poor’s, Moody’s, and/or an equivalent national rating organization and are presented below.

<u>Investment type</u>	<u>Carrying value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Not rated</u>
City:						
Money market/MMDT	\$ 352,137,470	—	—	—	—	352,137,470
Certificates of deposit	53,989,776	—	—	—	—	53,989,776
U.S. agencies	259,068,697	255,350,902	—	—	—	3,717,795
Subtotal city	665,195,943	255,350,902	—	—	—	409,845,041
System (as of December 31, 2022):						
U.S. treasury notes and bonds	20,808,662	20,808,662	—	—	—	—
Municipal securities	1,596,492	258,843	1,135,495	—	—	202,154
U.S. agencies	22,532,845	4,893	—	—	—	22,527,952
Domestic corporate	24,464,897	1,094,389	738,604	9,100,699	12,502,788	1,028,417
Asset-backed:						
CMOs	4,068,409	3,037,097	—	—	—	1,031,312
Other	1,367,556	968,589	—	—	398,967	—
Pooled fixed-income investments	113,169,447	—	—	—	—	113,169,447
Subtotal system	188,008,308	26,172,473	1,874,099	9,100,699	12,901,755	137,959,282
OPEB Trust:						
Money market	1,406,222	—	—	—	—	1,406,222
U.S. agencies	12,194,572	12,194,572	—	—	—	—
Subtotal OPEB Trust	13,600,794	12,194,572	—	—	—	1,406,222
Total	\$ 866,805,045	293,717,947	1,874,099	9,100,699	12,901,755	549,210,545
Discretely presented component units						
CHA:						
Money market	\$ 47,996,303	—	—	—	—	47,996,303
MMDT	126,024,273	—	—	—	—	126,024,273
Municipal bonds	8,977,316	8,977,316	—	—	—	—
U.S. agencies	39,310,594	39,310,594	—	—	—	—
U.S. treasury notes	2,862,350	2,862,350	—	—	—	—
Subtotal CHA	225,170,836	51,150,260	—	—	—	174,020,576
CRA (as of December 31, 2022):						
Foreign Issuance	559,640	559,640	—	—	—	—
U.S. agencies	20,823,434	20,823,434	—	—	—	—
Subtotal CRA	21,383,074	21,383,074	—	—	—	—
Total discretely presented component units	\$ 246,553,910	72,533,334	—	—	—	174,020,576

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

(v) *Concentration Risk*

The City and OPEB Trust have no individual investments, at fair value, that exceed 5% of respective net positions as of June 30, 2023.

The System has no individual investments, at fair value, that exceed 5% of the System's net position held in trust for pension benefits as of December 31, 2022, other than pooled investments.

The System adheres to the provisions of M.G.L. c. 32, sec 23(2) when managing concentration risk.

(vi) *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The System's asset allocation model which serves as a proxy for a foreign currency policy, limits the amount of foreign currency exposure to 21% of the System's total investments. Similar to the investments in domestic equities, the System employs or encourages its investment advisor to employ diversification, asset allocation, and quality strategies. Currency hedging is permitted for defensive purposes. Currency hedging shall be affected through the use of forward currency contracts. At December 31, 2022, there were no open forward currency contracts.

Risk of loss arises from changes in currency exchange rates. The System's exposure to foreign currency risk is presented below.

Currency:

International equity pooled funds (various currencies)	\$ 254,793,729
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Although these pooled investments are not denominated in a foreign currency, the underlying securities are denominated in various foreign currencies.

(vii) *Fair Value Hierarchy*

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date; Level 2 inputs are other than quoted prices in Level 1 that are observable for the asset or liability, or similar assets or liabilities either directly or indirectly through corroboration with observable market data; Level 3 inputs are unobservable inputs for the asset or liability (i.e. supported by little or no market activity). Level 3 inputs include management's assumptions. The City utilizes observable inputs where available when establishing fair value.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

*Money market funds:* Valued at the daily closing price as reported by the fund. Money market funds held by the City are open-end money market funds that are registered with the Securities and Exchange Commission. The money market funds are recorded at amortized cost.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

*Equity securities:* Consist primarily of corporate stocks traded on U.S. and non-U.S. active security exchanges. Stocks traded on active exchanges and valued at quoted market prices and documented trade history for identical assets are categorized within Level 1 or the fair value hierarchy. If market quotations are not readily available, the stocks may be valued using pricing models maximizing the use of observable inputs for similar securities and are classified as Level 2.

*U.S. agencies:* Securities issued by the U.S. government, its agencies, authorities and instrumentalities are valued using quoted prices, documented trade history in the security, and pricing models maximizing the use of observable inputs determined by investment managers.

*Corporate fixed incomes:* Valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager.

The following table presents the City's investments (including the City's OPEB trust) carried at fair value on a recurring basis in the statement of net position at June 30, 2023:

Investments	Fair value	Level 1 inputs	Level 2 inputs
Equity securities	\$ 20,368,137	20,368,137	—
U.S. agencies	271,263,269	271,263,269	—
Total investments	\$ 291,631,406	291,631,406	align="right">—

The following table presents the CHA's investments carried at fair value on a recurring basis in the statement of net position at June 30, 2023:

Investments	Fair value	Level 1 inputs	Level 2 inputs
U.S. agencies	\$ 39,310,594	39,310,594	—
U.S. treasury notes	2,862,350	2,862,350	—
Municipal bonds	8,977,316	8,977,316	—
Total investments	\$ 51,150,260	51,150,260	align="right">—

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

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The following table presents the CRA's investments carried at fair value on a recurring basis in the statement of net position at December 31, 2022:

<u>Investments</u>	<u>Fair value</u>	<u>Level 1 inputs</u>	<u>Level 2 inputs</u>
Equity securities	\$ 9,417,227	9,417,227	—
U.S. agencies	20,823,434	8,437,053	12,386,381
Foreign issuance	559,640	—	559,640
Total investments	\$ <u>30,800,301</u>	<u>17,854,280</u>	<u>12,946,021</u>

The System has the following fair value measurements as of December 31, 2022:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Investments by fair value level:			
Fixed income	\$ 74,838,861	20,808,661	54,030,200
Equities	21,290,718	21,290,718	—
	<u>96,129,579</u>	<u>42,099,379</u>	<u>54,030,200</u>
Investments measured at NAV:			
Commingled equity funds:			
International	254,793,729	—	—
Domestic	497,222,984	—	—
Commingled fixed income funds:			
Domestic	113,169,447	—	—
Real estate	303,511,275	—	—
Alternative:			
PRIT hedge fund	45,563,304	—	—
PRIT private equity	233,050,088	—	—
Other alternative	81,412,548	—	—
	<u>1,528,723,375</u>	<u>—</u>	<u>—</u>
Total investments	\$ <u>1,624,852,954</u>	<u>42,099,379</u>	<u>54,030,200</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

The following represents the significant investment strategies and terms on which the System may redeem investments for those investments measured at the NAV (or its equivalent) as a practical expedient:

	<b>Investments measured at NAV</b>		
	<b>2022</b>	<b>Redemption frequency</b>	<b>Redemption notice period</b>
Commingled equity funds	\$ 752,016,713	Daily	1–30 days
Commingled fixed income funds	113,169,447	Daily	1–30 days
Real estate	303,511,275	Quarterly	1–30 days
Alternative	360,025,940	Quarterly	1–30 days

- 1 Commingled equity funds: This type includes 8 funds that invest primarily in U.S. large and small cap equity funds and international equity funds.
- 2 Commingled fixed income funds: This type includes 2 fixed income funds that invest in U.S. corporate bonds, U.S. government bonds, U.S. asset-backed securities and foreign bonds.
- 3 Real estate funds: This type includes 11 funds that invest primarily in real estate funds and global infrastructure.
- 4 Alternative funds: This type includes 16 funds that invest primarily in private equity and venture capital funds. The System is required to provide 24 hour redemption notice for the PRIT hedge fund. The PRIT private equity fund is not redeemable until notified by the PRIM Board.

**(4) Property Taxes**

Real and personal property taxes are based on values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also, by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances.

The City bills and collects its property taxes on a semiannual basis following the January 1 assessment. The due dates for those tax billings are November 1 and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the City's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The City ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the City. Secondly, the tax levy cannot increase by more than 2 ½% of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Citywide referendum.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

**(5) Capital Assets**

Capital asset activity for the year ended June 30, 2023, was as follows:

*Primary Government*

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 185,910,430	14,400,000	—	200,310,430
Construction in progress	<u>101,594,978</u>	<u>141,548,958</u>	<u>(112,167,688)</u>	<u>130,976,248</u>
Total capital assets not being depreciated	<u>287,505,408</u>	<u>155,948,958</u>	<u>(112,167,688)</u>	<u>331,286,678</u>
Capital assets being depreciated:				
Buildings and improvements	861,072,548	48,133,101	—	909,205,649
Improvements – nonbuilding	148,582,796	8,862,904	—	157,445,700
Furniture and equipment	120,948,595	9,119,908	(11,200)	130,057,303
Infrastructure	<u>733,822,074</u>	<u>46,051,775</u>	<u>—</u>	<u>779,873,849</u>
Total capital assets being depreciated	<u>1,864,426,013</u>	<u>112,167,688</u>	<u>(11,200)</u>	<u>1,976,582,501</u>
Less accumulated depreciation for:				
Buildings and improvements	(261,968,392)	(25,925,785)	—	(287,894,177)
Improvements – nonbuilding	(66,540,178)	(5,473,421)	—	(72,013,599)
Furniture and equipment	(81,503,077)	(7,788,797)	11,200	(89,280,674)
Infrastructure	<u>(288,696,327)</u>	<u>(19,695,817)</u>	<u>—</u>	<u>(308,392,144)</u>
Total accumulated depreciation	<u>(698,707,974)</u>	<u>(58,883,820)</u>	<u>11,200</u>	<u>(757,580,594)</u>
Total capital assets being depreciated, net	<u>1,165,718,039</u>	<u>53,283,868</u>	<u>—</u>	<u>1,219,001,907</u>
Total capital assets, net excluding leased assets \$	<u>1,453,223,447</u>	<u>209,232,826</u>	<u>(112,167,688)</u>	<u>1,550,288,585</u>
Leased assets, net (Note 9)				<u>5,758,810</u>
Total capital assets, net as reported on the statement of net position				<u>1,556,047,395</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

Depreciation expense (excluding leases) was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 4,288,919
Public safety	5,457,376
Human resource development	3,462,805
Education	10,996,688
Community maintenance and development	<u>34,678,032</u>
Total depreciation expense – governmental activities	\$ <u><u>58,883,820</u></u>

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activity:				
Capital assets not being depreciated:				
Land	\$ 40,044,950	—	—	40,044,950
Construction in progress	<u>8,694,074</u>	<u>1,942,248</u>	<u>(7,691,406)</u>	<u>2,944,916</u>
Total capital assets not being depreciated	<u>48,739,024</u>	<u>1,942,248</u>	<u>(7,691,406)</u>	<u>42,989,866</u>
Capital assets being depreciated:				
Buildings and improvements	90,615,737	6,792,840	(151,005)	97,257,572
Furniture and equipment	17,492,652	446,309	—	17,938,961
Infrastructure	<u>47,312,987</u>	<u>452,257</u>	—	<u>47,765,244</u>
Total capital assets being depreciated	<u>155,421,376</u>	<u>7,691,406</u>	<u>(151,005)</u>	<u>162,961,777</u>
Less accumulated depreciation for:				
Buildings and improvements	(45,484,455)	(3,000,766)	151,005	(48,334,216)
Furniture and equipment	(7,711,351)	(2,138,410)	—	(9,849,761)
Infrastructure	<u>(22,364,891)</u>	<u>(840,980)</u>	—	<u>(23,205,871)</u>
Total accumulated depreciation	<u>(75,560,697)</u>	<u>(5,980,156)</u>	<u>151,005</u>	<u>(81,389,848)</u>
Total capital assets being depreciated, net	<u>79,860,679</u>	<u>1,711,250</u>	—	<u>81,571,929</u>
Business-type activity capital assets, net	\$ <u><u>128,599,703</u></u>	<u><u>3,653,498</u></u>	<u><u>(7,691,406)</u></u>	<u><u>124,561,795</u></u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

**(6) Receivables and Deferred Inflows of Resources**

**(a) Receivables**

Receivables as of year-end for the government's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Government funds					Total governmental funds	Enterprise fund
	General	Capital fund	Affordable housing trust fund	City grants	Other governmental funds		Water fund
Receivables:							
Property taxes	\$ 9,988,738	—	—	—	—	9,988,738	—
Motor vehicle taxes	4,545,635	—	—	—	—	4,545,635	—
Other taxes	4,103,778	—	—	—	—	4,103,778	—
Intergovernmental	—	1,074,690	—	5,018,499	867,998	6,961,187	—
Leases	18,728,767	—	—	—	—	18,728,767	—
Other	18,822,479	—	4,470,977	—	733,840	24,027,296	4,676,374
Gross receivables	56,189,397	1,074,690	4,470,977	5,018,499	1,601,838	68,355,401	4,676,374
Less allowance for uncollectibles	5,382,041	—	—	—	—	5,382,041	46,764
Net total receivables	\$ <u>50,807,356</u>	<u>1,074,690</u>	<u>4,470,977</u>	<u>5,018,499</u>	<u>1,601,838</u>	<u>62,973,360</u>	<u>4,629,610</u>

**(b) Deferred Inflows of Resources**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent taxes receivable	\$ 11,071,382
Deferred inflow related to rent	18,213,389
Departmental and other	<u>18,741,847</u>
Total unavailable for governmental funds	\$ <u><u>48,026,618</u></u>

**(c) Tax Abatement Programs**

The City may enter into tax abatement agreements that meet the reporting requirements of GASB Statement No. 77, *Tax Abatement Disclosures*.

The City currently does not have any active Chapter 121A agreements and does not intend to enter into any in the foreseeable future. Therefore, there was no Chapter 121A related activities or abatements noted for the year ended June 30, 2023.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

**(7) Receivable and Payable Balances between Funds and Component Units**

Individual fund receivable and payable balances at June 30, 2023, are as follows:

<u>Interfund balances</u>	<u>Receivable</u>	<u>Payable</u>
General fund – payable to water fund	\$ —	32,723
General fund – receivable from City grants fund	8,455,696	—
Capital fund – receivable from other governmental funds – for capital items	569,969	—
City grants fund - payable to the general fund	—	8,455,696
Enterprise fund – receivable from general fund	32,723	—
Other governmental funds – community development block grant payable to capital fund – for capital items	—	569,969
Balance at June 30, 2023	<u>\$ 9,058,388</u>	<u>9,058,388</u>

As of June 30, 2023, there are no receivable and payable balances between the primary government and the discretely presented component units.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

**(8) Long-Term Obligations**

Following is a summary of the governmental activities long-term obligations of the City as of June 30, 2023:

	<u>Date of issue</u>	<u>Interest rates</u>	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>	<u>Due within one year</u>
General obligation bonds:							
General purpose, serial maturities through February 15, 2043	2/12/12 to 3/2/23	1.0%–5.0%	\$ 364,676,000	44,880,000	37,576,000	371,980,000	39,485,000
Urban redevelopment, serial maturities through February 15, 2033	2/15/12 to 3/2/23	2.0%–5.0%	38,065,000	4,930,000	6,635,000	36,360,000	6,490,000
Sewer, serial maturities through February 15, 2033	2/15/12 to 3/2/23	0.0%–5.0%	102,993,558	34,140,000	22,047,737	115,085,821	21,278,998
Total governmental obligation bonds			<u>\$ 505,734,558</u>	<u>83,950,000</u>	<u>66,258,737</u>	523,425,821	<u>67,253,998</u>
Add (deduct):							
Unamortized bond premium			42,336,511	10,060,664	6,617,689	<u>45,779,486</u>	
Current portion of long-term debt						<u>(67,253,998)</u>	
						<u>501,951,309</u>	
Other long-term obligations:							
Judgments and claims			\$ 18,829,800	78,157,075	76,836,675	20,150,200	11,055,200
Landfill postclosure care costs			821,667	—	28,333	793,334	28,333
Lease payable			5,604,020	3,403,119	3,167,584	5,839,555	3,258,382
Compensated absences			23,280,000	26,230,900	24,957,900	24,553,000	11,503,000
Net OPEB liability			915,175,731	60,491,151	215,588,332	760,078,550	—
Net pension liability			2,829,921	313,409,515	93,841,933	222,397,503	—
Pollution remediation			2,660,646	3,507,429	3,157,625	3,010,450	922,770
Total other governmental long-term obligations			<u>\$ 969,201,785</u>	<u>485,199,189</u>	<u>417,578,382</u>	<u>1,036,822,592</u>	<u>26,767,685</u>

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Following is a summary of the business-type activity long-term obligations of the City as of June 30, 2023:

	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>	<u>Due within one year</u>
Other long-term obligations:					
Judgments and claims	\$ 497,300	1,413,376	1,671,776	238,900	115,600
Compensated absences	<u>751,000</u>	<u>490,900</u>	<u>525,900</u>	<u>716,000</u>	<u>319,000</u>
Total other long-term obligations	<u>\$ 1,248,300</u>	<u>1,904,276</u>	<u>2,197,676</u>	<u>954,900</u>	<u>434,600</u>

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The payment of liabilities for judgments and claims, compensated absences, pollution remediation, other postemployment benefits, pension and landfill postclosure costs are primarily the responsibility of the City's general fund.

General obligation bonds are backed by the full faith and credit of the City. The annual debt service requirements of the City's general obligation governmental bonds and notes payable outstanding as of June 30, 2023, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2024	\$ 67,253,998	21,930,675	89,184,673
2025	63,314,330	19,166,186	82,480,516
2026	55,478,988	16,285,117	71,764,105
2027	49,035,200	13,801,925	62,837,125
2028	44,074,600	11,548,100	55,622,700
2029–2033	152,188,705	31,882,737	184,071,442
2034–2038	65,885,000	10,292,881	76,177,881
2039–2043	26,195,000	2,180,488	28,375,488
	<u>\$ 523,425,821</u>	<u>127,088,109</u>	<u>650,513,930</u>

In March 2023, the City issued \$83,950,000 of general obligation bonds to fund various capital purchases and improvements throughout the city. Interest on the general obligation bonds is due semiannually on each February 15 and August 15, with principal payments due each February 15 until maturity in fiscal 2043.

The City is subject to a dual general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the City as last equalized by the Commonwealth Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the State Municipal Finance Oversight Board. Additionally, there are many categories of general obligation debt which are exempt from the debt limit but are subject to other limitations.

As of June 30, 2023, the City may issue approximately \$2.4 billion additional general obligation debt under the normal debt limit.

**(9) Leases**

**(a) Lease Overview**

The City has entered various leases for land, buildings, and equipment. The City has recognized a lease liability and an intangible right-to-use-lease asset for lessee arrangements and a lease receivable and a deferred inflow of resources for lessor arrangements.

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**(b) Lessee Arrangements- Intangible Right-To-Use Lease Assets**

A summary of changes in the right-to-use assets, displayed by the underlying leased assets, for the year ended June 30, 2023 is as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Leased assets:				
Buildings and land	\$ 8,090,152	3,403,119	—	11,493,271
Equipment	11,379	—	—	11,379
Total	8,101,531	3,403,119	—	11,504,650
Less accumulated amortization for:				
Buildings and land	(2,967,414)	(2,770,134)	—	(5,737,548)
Equipment	(4,146)	(4,146)	—	(8,292)
Total accumulated amortization	(2,971,560)	(2,774,280)	—	(5,745,840)
Total leased assets	\$ <u>5,129,971</u>	<u>628,839</u>	<u>—</u>	<u>5,758,810</u>

Amortization expense for lease assets used in governmental activities during the year ended June 30, 2023 was charged to functions as follows:

Governmental activities:	
General government	\$ 38,674
Public safety	747,107
Education	273,414
Community maintenance and development	<u>1,715,085</u>
Total amortization expense – governmental activities	\$ <u>2,774,280</u>

A summary of principal changes in the related lease liabilities for the year ended June 30, 2023 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Leased liability	\$ <u>5,604,020</u>	<u>3,403,119</u>	<u>(3,167,584)</u>	<u>5,839,555</u>	<u>3,258,382</u>

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Future annual lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2024	\$ 3,258,382	82,258	3,340,640
2025	1,449,778	36,744	1,486,522
2026	956,619	10,029	966,648
2027	126,507	1,910	128,417
2028	48,269	233	48,502
	<u>\$ 5,839,555</u>	<u>131,174</u>	<u>5,970,729</u>

**(c) Lessor Arrangements**

In 2013, the City entered into a lease related to a City owned building at 5 Western Ave in the City of Cambridge. The lease is for approximately 20,200 square feet of office space and the agreement is for a 50 year term with the initial rent payment calculated at a per square foot rate of \$25.80 and increasing each January 1<sup>st</sup> by 1.0%.

For the year ended June 30, 2023, the City earned approximately \$457,240 in lease revenue and approximately \$383,893 in lease interest revenue related to its lessor leasing activities.

**(10) Retirement Plans**

**(a) City of Cambridge Retirement System**

The City of Cambridge Retirement System (the System) is a cost-sharing, multiple employer defined benefit pension plan administered by a Retirement Board comprised of five members: the City Auditor who serves as ex officio; two individuals elected by participants in the System; a fourth member appointed by the City Manager and a fifth member chosen by the other members of the Retirement Board. As of December 31, 2022, the System provides pension benefits to the retired employees of four employers: the City of Cambridge, Cambridge Housing Authority, Cambridge Redevelopment Authority and Cambridge Health Alliance.

The System is a member of the Massachusetts Contributory System, which is governed by Chapter 32 of the Massachusetts General Laws (MGL). The System's separately issued financial report can be obtained by contacting the System.

Employees covered by the Contributory Retirement Law are classified into one of four groups depending on job classification. Group 1 comprises most positions in state and local government. It is the general category of public employees. Group 2 is a limited category for specified hazardous occupations. Group 3 is for State Police only. Group 4 comprises mainly police and firefighters.

For employees hired prior to April 2, 2012, the annual amount of the retirement allowance is based on the member's final three-year average salary multiplied by the number of years and full months of creditable service at the time of retirement and multiplied by a percentage based on the age of the member at retirement.

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### Notes to Basic Financial Statements

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A member's final three-year average salary is defined as the greater of the highest consecutive three-year average annual rate of regular compensation or the average annual rate of regular compensation received during the last three years of creditable service prior to retirement.

For employees hired on April 2, 2012 or later, the annual amount of the retirement allowance is based on the member's final five year average salary multiplied by the number of years and full months of creditable service at the retirement and multiplied by a percentage based on the age and years of creditable service of the member at retirement.

A member's final five-year average salary is defined as the greater of the highest consecutive five-year average annual rate of regular compensation or the average annual rate of regular compensation received during the last five years of creditable service prior to retirement.

For employees who became members after January 1, 2011, regular compensation is limited to 64% of the federal limit found in 26 U.S.C. 401(a) (17). In addition, regular compensation for members who retire after April 2, 2012 will be limited to prohibit "spiking" a member's salary to increase the retirement benefit.

For all employees, the maximum annual amount of the retirement allowance is 80% of the member's final average salary. Any member who is a veteran also receives an additional yearly retirement allowance of \$15 per year of creditable service, not exceeding \$300. The veteran allowance is paid in addition to the 80% maximum.

(i) *Contributions*

Plan members are required to contribute to the System. Depending on their employment date, active members must contribute a range of 5% to 9% of their regular gross compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of \$30,000. Participating employers are required to pay into the System their share of the remaining system-wide actuarially determined contribution, which is apportioned among the employers based on active covered payroll. The contributions of plan members and the participating employers are governed by Chapter 32 of the MGL. The City's and CHA's actual contributions equaled or exceeded their required contributions to the System for the years ended June 30, 2023 were \$45,363,955 and \$10,690,020, respectively.

The Commonwealth is obligated to reimburse the System for a portion of the benefits payments for cost of living increases granted before July 1998 and records any related liability in their financial statements.

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

At June 30, 2023, the City reported a liability of \$222.4 million for its proportionate share of the System's net pension liability measured as of December 31, 2022. The City's proportion of the System's net pension liability was based on actual contributions to the System relative to the actual contributions of all participating employers. The amount recognized by the City as its proportionate share of the net pension liability includes the proportionate share related to the Cambridge Health

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Notes to Basic Financial Statements

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Alliance special funding situation. The total portion of the net pension liability associated with the City at June 30, 2023 was as follows:

City's proportionate share of net pension liability	\$ 215,914,377
City's proportionate share of net pension liability associated with Cambridge Health Alliance	<u>6,483,126</u>
	<u>\$ 222,397,503</u>

To determine employers' proportionate share of the net pension liability, allocations of net pension liability were performed. At December 31, 2022, the City was allocated 72.96% (72.51% in the prior year) of the net pension liability related to the City and 2.19% (3.17% in the prior year) related to the Cambridge Health Alliance special funding situation described below based on the proportion of the 2022 required employer contributions.

For the year ended June 30, 2023, the City recognized pension expense (benefit) of \$58.8 million. At June 30, 2023, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net differences between projected and actual investment earnings on pension plan investments	\$ 91,043,451	—
Net differences between expected and actual experience	687,941	20,147,366
Changes in employer proportion	5,512,497	6,269,677
Changes in assumptions	<u>39,776,526</u>	<u>—</u>
	<u>\$ 137,020,415</u>	<u>26,417,043</u>

Amounts reported as deferred outflows of resources at June 30, 2023 related to pensions will be recognized in pension expense (benefit) as follows:

2024	\$ 8,345,746
2025	23,888,520
2026	27,664,358
2027	50,806,923
2028	<u>(102,175)</u>
Total	<u>\$ 110,603,372</u>

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net

**CITY OF CAMBRIDGE, MASSACHUSETTS**

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position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported for the System.

(iii) *Actuarial Assumptions*

The total pension liability at December 31, 2022 was measured by an actuarial valuation as of January 1, 2022. Updated procedures were used to roll forward the total pension liability from the valuation dates to the measurement dates. The following actuarial assumptions were applied to the measurement of the total pension liability at December 31, 2022:

Inflation	3.0 %
Salary increases	4.0 %
Investment rate of return	7.10 %
Cost of living adjustments	3.0% of first \$18,000 (effective 7/1/23)
Pre retirement mortality	Group 1 and 2: Pub-2010 General Employee Amount-Weighted Mortality Table projected generationally using Scale MP-2021 Group 4: Pub-2010 Safety Employee Amount-Weighted Mortality Table projected generationally using Scale MP-2021
Healthy Retiree mortality	Group 1 and 2: Pub-2010 General Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2021 Group 4: Pub-2010 Safety Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2021
Disabled Retiree mortality	Group 1 and 2: Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table set forward one year projected generationally using Scale MP-2021 Group 4: Pub-2010 Disabled Retiree Amount-Weighted Mortality Table projected generationally using Scale MP-2021

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2022 is summarized below:

<b>Asset class</b>	<b>Target asset allocation</b>	<b>Long-term expected real rate of return</b>
Cash	— %	0.68 %
Domestic equity	27.00	6.59
International developed markets equity	11.00	6.87
International emerging markets equity	10.00	8.30
Core fixed income	8.00	1.53
High yield fixed income	5.00	3.54
Real estate	10.00	3.44
Hedge fund, GTAA, Risk parity	3.00	3.06
Private equity	12.00	9.49
Emerging market debt	3.00	3.54
Bank Loan	3.00	3.06
Timber & Farmland	4.00	4.01
Infrastructure	4.00	5.44
	<u>100.00</u>	

(iv) *Discount Rate*

The discount rate used to calculate the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(v) *Sensitivity of the City's Proportionate Share of the System's Net Pension Liability (Asset)*

The following presents the City's proportionate share of the System's net pension liability (asset) calculated using the discount rate of 7.10% as well as what the City's proportionate share of the System's net pension liability would be if it were calculated using a discount rate that is 1% – point lower (6.10%) or 1%-point higher (8.10%) than the current rate:

	<b>1% Decrease (6.10%)</b>	<b>Current discount rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
June 30, 2023	\$ 390,894,602	222,397,503	80,796,845

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

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#### **(b) Special Funding Situations**

##### *(i) Cambridge Health Alliance*

In accordance with the Administrative Service Agreement dated May 6, 1997, between the City of Cambridge (City) and the Cambridge Public Health Commission, which subsequently became the Cambridge Health Alliance (CHA), the City is contractually required to fund a portion of CHA's employer contribution to the System. Accordingly, a special funding situation as defined by GASB Statement No. 68 exists and the City is treated as a nonemployer contributing entity relative to the portion of the contribution it makes on behalf of CHA. As such, the City rather than CHA, records in its financial statements the net pension liability and deferred outflows and inflows of resources related to this special funding situation.

##### *(ii) Massachusetts Teachers' Retirement System*

Teachers, certain administrators, and other professionals of the School Department participate in a contributory defined benefit plan administered by the Massachusetts Teachers' Retirement System (MTRS). The MTRS arrangement qualifies as a special funding situation as the City has no obligation to contribute to this plan. Rather the Commonwealth funds plan benefits to the extent that funding is not provided through employee contributions. The Commonwealth's proportionate share of the collective net pension liability of MTRS associated with the City's employees as of the June 30, 2022 measurement date is \$331.8 million based on an employer allocation percentage of 1.282%. The Commonwealth contributed \$27.3 million on behalf of the City during the measurement period and the City reported the amount as an intergovernmental revenue and education expenditure in the General Fund.

#### **(11) Postemployment Benefits Other Than Pensions – GASB Statement 74 & 75**

The City sponsors and participates in a single employer defined benefit OPEB plan, the City of Cambridge Postemployment Benefits Plan (the Plan), that primarily provides healthcare, in accordance with state statute and City ordinance, to participating retirees and their beneficiaries. City ordinance grants the authority to the City to establish a healthcare benefit trust fund for purposes of providing retiree healthcare benefits to employees of the City. The Plan is administered by the City and does not issue a stand-alone financial report.

##### **(a) Benefits Provided**

Medical and prescription drug benefits are provided to all eligible retirees not enrolled in Medicare through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim HealthCare, and Tufts Health Plan. Medical and prescription drug benefits are provided to retirees enrolled in Medicare through supplemental and Medicare Advantage plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim HealthCare, and Tufts Health Plan.

Groups 1, 2 and 4 retirees, including teachers, with at least 10 years of creditable service are eligible at age 55 or they may retire after a total of 20 years of creditable service regardless of age. Retirees on accidental disability retirement are eligible at any age, while ordinary disability requires 10 years of creditable service. The surviving spouse is eligible to receive pre and postretirement death benefits, as well as medical and prescription drug coverage.

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**(b) The Plan (GASB Statement No. 74)**

*(i) Employees Covered by the Benefit Terms*

As of June 30, 2023, the following employees meet the eligibility requirements as put forth in Chapter 32B of M.G.L.:

	<u>City</u>
Active Plan members	3,299
Inactive members receiving benefits	<u>2,765</u>
Total membership	<u>6,064</u>
Total number of participating employers	1

*(ii) Contributions*

Employer and employee contribution rates are governed by the respective collective bargaining agreements. The Plan is currently funded on a pay-as-you-go basis plus additional City advance funding contributions as amounts are available. The City made additional contributions of \$2 million in fiscal 2023. The City and plan members share the cost of benefits. Plan members contribute 12% to 25% of the monthly premium cost, depending on the plan in which they are enrolled. The City contributes the balance of the premium cost.

In January 2009, the Commonwealth adopted Chapter 479, which amends Chapter 32B and allows local municipalities to establish an OPEB liability trust fund and a funding schedule for the trust fund and, on December 21, 2009, the City Council approved the establishment of an irrevocable OPEB trust fund.

*(iii) Actuarial Methods and Assumptions*

The total OPEB liability at June 30, 2023 was measured based on the June 30, 2023 valuation and using the following assumptions:

*Salary Increase.* 3.5%.

*Actuarial Cost Method and Amortization Period.* The entry age normal cost method based on level percentage of projected salary.

*Mortality.* PUB-2010 table with generational scale MP-2021.

*Healthcare cost trend rates.* Trend rates begin with 6.75% (non-Medicare) and 5.75% (Medicare) and decrease 0.25% annually to an ultimate rate of 4.0%.

*Discount Rate.* The discount rate used to measure the total OPEB liability for the City is 3.74% per annum. The rate is based on a blend of the 20 year Bond Buyer GO index at June 30, 2023 of 3.65% and the expected long-term OPEB trust investment rate of return of 4.5%. The Plan's net position was not projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long-term expected OPEB trust investment rate of return of 4.5%

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was not applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate used for June 30, 2022 was assumed to be 3.62% and is also based on a blend of the 20 year Bond Buyer GO index and the City's expected return on assets.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Equity	50 %	7.0 %
Fixed income	50	2.0
Total	<u>100 %</u>	

(iv) *Net OPEB Liability – The Plan (GASB Statement No. 74)*

The components of the net OPEB liability for the Plan as of June 30, 2023 and the actuarial valuation assumptions as outlined above.

	<u>The plan</u>
Total OPEB Liability	\$ 789,996,849
Fiduciary net position	<u>(33,968,931)</u>
City's net OPEB liability	\$ <u>756,027,918</u>
Fiduciary net position as a percentage of the total OPEB liability	4.30 %

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(v) *Change in the Net OPEB Liability – Plan (GASB Statement No. 74)*

		<b>Increase (decrease)</b>	
	<b>Total OPEB liability</b>	<b>Plan fiduciary net position</b>	<b>Net OPEB liability</b>
Balances at July 1, 2022	\$ 789,099,009	29,020,459	760,078,550
Changes for the year:			
Service cost	39,646,284	—	39,646,284
Interest	29,558,617	—	29,558,617
Difference between expected and actual experience	(31,823,632)	—	(31,823,632)
Changes in assumptions	(12,065,582)	—	(12,065,582)
Contribution – employer	—	26,417,847	(26,417,847)
Net investment income	—	3,000,421	(3,000,421)
Benefit payments	(24,417,847)	(24,417,847)	—
Administrative expenses	—	(51,949)	51,949
Net changes	<u>897,840</u>	<u>4,948,472</u>	<u>(4,050,632)</u>
Balances at June 30, 2023	\$ <u><u>789,996,849</u></u>	<u><u>33,968,931</u></u>	<u><u>756,027,918</u></u>

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*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the City, calculated using the discount rates disclosed as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as of June 30, 2023 (in thousands):

	<u>Current rate</u>	<u>1% Decrease of current rate</u>	<u>Current discount rate</u>	<u>1% Increase of current rate</u>
Net OPEB liability	3.74 % \$	891,470	756,028	648,204

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or cost trend rates that are 1-percentage point higher than the current healthcare cost trend rates (in thousands):

	<u>1% Decrease of current rate</u>	<u>Current discount rate</u>	<u>1% Increase of current rate</u>
Net OPEB liability	\$ 635,992	756,028	910,183

(vi) *Annual Money Weighted Return*

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense was 10.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(vii) *Condensed Statement of OPEB Net Position*

Cash and cash equivalents	\$ 1,406,222
Investments, at fair value:	
Fixed income securities	12,194,572
Equities	<u>20,368,137</u>
Total investments	<u>32,562,709</u>
Held in trust for OPEB benefits	\$ <u><u>33,968,931</u></u>

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*(viii) Condensed Statement of Changes in OPEB Net Position*

Additions:	
Contributions:	
Employers	\$ <u>26,417,847</u>
Total contributions	<u>26,417,847</u>
Investment earnings:	
Interest and dividends	659,029
Net appreciation (depreciation) in the fair value of investments	<u>2,341,392</u>
Net investment earnings	<u>3,000,421</u>
Total additions	<u>29,418,268</u>
Deductions:	
Benefits	24,417,847
Administrative expenses	<u>51,949</u>
Total deductions	<u>24,469,796</u>
Change in net position	4,948,472
Net position, beginning of year	<u>29,020,459</u>
Net position, end of year	\$ <u><u>33,968,931</u></u>

**(c) Employer (City) OPEB (GASB Statement No. 75)**

The City's net OPEB liability was based on a June 30, 2021 valuation rolled forward to the June 30, 2022 measurement date.

*(i) Employees Covered by the Benefit Terms*

As of the June 30, 2021 actuarial valuation date, the following employees meet the eligibility requirements as put forth in Chapter 32B of M.G.L.:

	<u>City</u>
Active Plan members	3,294
Inactive members receiving benefits	<u>2,749</u>
Total membership	<u><u>6,043</u></u>
Total number of participating employers	1

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

(ii) *Actuarial Methods and Assumptions*

The total OPEB liability was based on a June 30, 2021 valuation roll forward to the June 30, 2022 measurement date, using the following assumptions:

*Salary Increase: 3.5%.*

*Actuarial Cost Method and Amortization Period.* The entry age normal cost method based on level percentage of projected salary.

*Mortality.* PUB-2010 table with generational scale MP-2020.

*Healthcare cost trend rates.* Trend rates begin with 7.0% (non-Medicare) and 6.0% (Medicare) and decrease 0.25% annually to an ultimate rate of 4.0%.

*Discount Rate.* The discount rate used to measure the total OPEB liability for the City is 3.62% per annum. The rates are based on a blend of the 20 year Bond Buyer GO index at June 30, 2022, of 3.54% and the expected long-term OPEB trust investment rate of return of 4.5%. The Plan's net position was not projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long-term expected OPEB trust investment rate of return of 4.5% was not applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate used for June 30, 2021 was assumed to be 2.29% and is also based on a blend of the 20 year Bond Buyer GO index and the City's expected investment rate of return on assets.

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

<b>Asset class</b>	<b>Target allocation</b>	<b>Long-term expected real rate of return</b>
Equity	50 %	7.0 %
Fixed income	50	2.0
Total	100 %	

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

(iii) *Change in the Net OPEB Liability – Plan (GASB Statement No. 75)*

		<b>Increase (decrease)</b>	
	<b>Total OPEB liability</b>	<b>Plan fiduciary net position</b>	<b>Net OPEB liability</b>
Balances at July 1, 2021	\$ 941,474,904	26,299,173	915,175,731
Changes for the year:			
Service cost	38,261,228	—	38,261,228
Interest	22,182,324	—	22,182,324
Difference between expected and actual experience	—	—	—
Changes in assumptions	(190,668,098)	—	(190,668,098)
Contribution – employer	—	24,151,349	(24,151,349)
Net investment income	—	768,885	(768,885)
Benefit payments	(22,151,349)	(22,151,349)	—
Administrative expenses	—	(47,599)	47,599
Net changes	<u>(152,375,895)</u>	<u>2,721,286</u>	<u>(155,097,181)</u>
Balances at June 30, 2022	\$ <u>789,099,009</u>	<u>29,020,459</u>	<u>760,078,550</u>

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the City, calculated using the discount rates disclosed as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as of June 30, 2022 (in thousands):

	<b>Current rate</b>	<b>1% Decrease of current rate</b>	<b>Current discount rate</b>	<b>1% Increase of current rate</b>
Net OPEB liability	3.62 % \$	914,433	760,079	639,372

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

were calculated using healthcare cost trend rates that are 1-percentage point lower or cost trend rates that are 1-percentage point higher than the current healthcare cost trend rates (in thousands):

	<u>1% Decrease of current rate</u>	<u>Current discount rate</u>	<u>1% Increase of current rate</u>
Net OPEB liability	\$ 624,218	760,079	939,047

**(d) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023 the City recognized OPEB expense of \$58.2 million.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB Trust from the following sources (in thousands):

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Difference between expected and actual experience	\$ 1,332	13,786
Changes in assumptions	78,852	176,810
Net difference between projected and actual earnings on OPEB plan investments	—	2,156
Contributions subsequent to the measurement date	<u>26,418</u>	<u>—</u>
	<u>\$ 106,602</u>	<u>192,752</u>

Contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

<u>Fiscal year</u>	<u>Amount</u>
2024	\$ (6,289)
2025	(22,945)
2026	(46,785)
2027	<u>(36,549)</u>
Total	<u>\$ (112,568)</u>

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2023

#### **(12) Securities Lending**

The Public Employment Retirement Administration Commission of Massachusetts (PERAC) has issued supplemental regulations that permit the System to engage in securities lending transactions. The System has entered into a Securities Lending Agreement (the Agreement) with a third party to act as the System's sub-custodian/agent for the purposes of managing a securities lending program.

The System lends fixed income, domestic equity, and international equity securities to approved broker/dealers. Collateral for securities loaned equals 102 percent of fair market value for domestic securities and 105 percent for international securities not denominated in U.S. dollars.

Types of collateral received from borrowers for securities loaned are cash and non-cash. The sub-custodian is authorized to invest the cash collateral in Approved Investments, as defined in the Agreement. Non-cash collateral received is not recorded in the accompanying financial statements as the System cannot pledge or sell the non-cash collateral except in the event of a borrower default.

As of December 31, 2022, the fair value of securities on loan was \$3.9 million. The associated collateral was \$3.9 million, of which \$.6 million was cash collateral and \$3.3 million was non-cash.

The Agreement limits the maturity value of any Approved Investment, as defined, to maximum of 397 days, except U.S. government securities, which shall have a final maturity not exceeding 762 days.

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The Agreement indemnifies the System if the borrowers fail to return the securities (and the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

As of December 31, 2022, there were no violations of legal or contractual provisions. The System has not experienced any losses resulting from the default of a borrower or lending agent during the year ended December 31, 2022.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

**(13) Transfers**

This schedule provides a summary of the City's transfers to various funds based on budgeted appropriations. The City budgets in the General fund and transfers the amounts related to fund capital projects, affordable housing and the use of parking revenues used to fund eligible general government expenses.

Transfers and their purposes during the year ended June 30, 2023 were as follows:

	Governmental funds					Proprietary fund
	General	Capital	Affordable housing trust fund	City Grants	Other	Enterprise fund water
General – to fund capital expenditures	\$ (47,910,631)	47,910,631	—	—	—	—
General – mitigation revenues to fund eligible capital expenditures	(2,205,953)	2,205,953	—	—	—	—
Parking – to fund administrative costs and other eligible City expenditures	20,185,185	2,300,000	—	—	(22,485,185)	—
General – to public safety grants	(92,457)	—	—	92,457	—	—
General – to historical grants	(29,909)	—	—	29,909	—	—
General – mitigation revenues to fund eligible public celebration grants	(578,836)	—	—	578,836	—	—
General - to City Grants related to FEMA Expenses	(5,859,662)	—	—	5,859,662	—	—
Capital – to fund eligible CDBG program costs	—	(269,745)	—	—	269,745	—
Water – to fund administrative costs	726,235	—	—	—	—	(726,235)
General – to water to fund purchase of water from MWRA	(2,354,736)	—	—	—	—	2,354,736
Capital fund to/from Affordable housing Fund	—	(22,945,750)	22,945,750	—	—	—
Affordable housing fund to/from CPA Fund	—	—	15,760,000	—	(15,760,000)	—
<b>Total</b>	<b>\$ (38,120,764)</b>	<b>29,201,089</b>	<b>38,705,750</b>	<b>6,560,864</b>	<b>(37,975,440)</b>	<b>1,628,501</b>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

**(14) Fund Balance Classification Details**

The components of fund balance for the City's governmental funds as of June 30, 2023, are as follows.

	<u>General fund</u>	<u>Capital fund</u>	<u>Affordable housing trust fund</u>	<u>City grants funds</u>	<u>Other governmental fund</u>
Fund balances (deficit):					
Nonspendable:					
Deposits	\$ 6,088,722	—	—	—	—
Restricted:					
Property and development	—	43,332,421	—	—	17,420,785
Streets and sidewalks	—	15,901,392	—	—	—
Parks and recreation	—	21,547,709	—	—	7,826,730
Sewer projects	—	72,144,718	—	—	—
Library	—	706,444	—	—	—
Schools	—	44,130,723	—	—	—
General government	—	4,384,810	—	—	—
Other City Grants Fund:					
General government	—	—	—	22,678,942	—
Human services	—	217,767	—	3,598,240	—
Aggregation Adder Fund	—	—	—	—	2,195,364
School Grants Fund Federal/State	—	—	—	—	7,019,594
Committed:					
Parking fund	—	—	—	—	3,548,875
Health claims	37,941,390	—	—	—	—
Budget stabilization	48,694,621	—	—	—	—
Affordable housing	—	—	151,830,476	—	—
Assigned:					
Subsequent year's expenditures	20,800,000	—	—	—	—
Unassigned (deficit)	212,131,237	—	—	(29,662,145)	—
Total fund balances (deficit)	<u>\$ 325,655,970</u>	<u>202,365,984</u>	<u>151,830,476</u>	<u>(3,384,963)</u>	<u>38,011,348</u>

The City Grants fund deficit is expected to be funded with future federal grants that are not yet awarded.

**(a) Stabilization Funds**

In accordance with section 5B of Chapter 40 of the Massachusetts General Laws, the City of Cambridge has established Stabilization Funds for four different purposes. This allows the municipality to reserve funds for specific events or purpose. Such stabilization funds are established with a council 2/3rd approval vote.

The City Stabilization fund was the first set up in the mid 1990's as a statutory reserve account that may be used for purposes for which city debt would ordinarily be used. The funds are available to subsidize debt payments during economic downturns and periods for which debt service payments rise due to large construction projects such as a school building.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

During October of 2016, the City Council voted to establish the Mitigation Stabilization and the Community Benefits Stabilization funds. The Mitigation Stabilization fund is used to accumulate revenues received from developers through the City's permitting or Zoning amendment process stipulated for specific infrastructure projects. The Community Benefits Stabilization fund accumulates revenues received with the enactment of an amendment to the City's Zoning Ordinance or other agreements earmarked for Community Benefits. During June of 2023, the City Council voted to establish the Universal Pre-Kindergarten Stabilization fund. This fund was established for the purpose of programs and services related to establishing, maintaining, and expanding a Universal Pre-Kindergarten program and other early childhood programs in the City of Cambridge. All Stabilization funds require a 2/3rd council approval to transfer revenues in or out of the funds.

The Stabilization balances as of June 30, 2023 are as follows:

City Stabilization fund	\$	30,161,422
Mitigation Stabilization fund		6,666,637
Community Benefits Stabilization fund		1,866,562
Universal Pre-Kindergarten Stabilization fund		<u>10,000,000</u>
Total Stabilization funds	\$	<u>48,694,621</u>

In accordance with GASB 54 requirements, balances in the Stabilization funds are classified as committed.

**(b) Commitments and Contingencies**

The City has \$14.0 million in encumbrances for purchase orders and contracts in the General Fund, \$312.5 million in the Capital Fund, \$26.3 million in the City Grant Funds, and \$4.4 million in the Other Governmental Funds.

**(15) Risk Management**

The City is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment and employee health insurance claims. The City is self-insured for other general liability; however, Chapter 258 of the MGL limits the liability to a maximum of \$100,000 per claim in all matters except actions relating to federal/civil rights, eminent domain and breach of contract. The City is also self-insured for property and casualty, workers' compensation and unemployment claims.

The City has medical plans with Tufts, Harvard Pilgrim and Blue Cross/Blue Shield under which it makes actual claims payments. The medical plan providers act as claim processors and a transfer of risk does not occur. Approximately 90% of the City's employees participate in the self-insured plan with the remainder electing preferred provider plans that are premium based. The amount of settlements did not exceed insurance coverage for premium based health insurance elections for fiscal years ended June 30, 2023, 2022, and 2021.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2023

Active employees contribute at least 12% of the cost of healthcare with the remainder paid by the City. These costs are accounted for in the general fund. The contribution rate for retirees is 1% for those who are currently enrolled in indemnity plans and 15% for those who enroll in HMO type plans. The City does not carry stop-loss insurance.

The City has established a liability based on historical trends of previous years and attorney's estimates of pending matters and lawsuits in which the City is involved.

Changes in the self-insurance liability for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Judgments and accrued claims, beginning of year	\$ 19,327,100	17,920,100
Incurred claims	79,570,451	65,157,602
Less payments of claims attributable to events of both current and prior fiscal years	<u>(78,508,451)</u>	<u>(63,750,602)</u>
Judgments and accrued claims, end of year	<u>\$ 20,389,100</u>	<u>19,327,100</u>

The liabilities above have not been discounted to their present value. Incurred claims represent the total of a provision for events of the current fiscal year and any change in the provision for events of the prior fiscal years.

There are numerous pending matters and lawsuits in which the City is involved. The City attorneys' estimate that the potential claims against the City not recorded in the accompanying basic financial statements resulting from such litigation would not materially affect the basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Required Supplementary Information

Schedule of Employer OPEB Contributions

(Dollars in thousands)

(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution (ADC)	\$ 75,763	48,450	47,760	49,857	45,818	36,817	36,817
Contributions in relation to the actuarially determined contribution	<u>26,418</u>	<u>24,151</u>	<u>23,460</u>	<u>25,120</u>	<u>24,193</u>	<u>22,732</u>	<u>22,271</u>
Contribution deficiency (excess)	<u>\$ 49,345</u>	<u>24,299</u>	<u>24,300</u>	<u>24,737</u>	<u>21,625</u>	<u>14,085</u>	<u>14,546</u>
Covered payroll	\$ 260,757	249,105	240,681	245,281	236,987	238,710	196,095
Contributions as a percentage of covered payroll	10.13 %	9.70 %	9.75 %	10.24 %	10.21 %	9.52 %	11.36 %

*Actuarial Determined Contribution*

The City's funding strategy is to contribute an incremental \$2 million to its OPEB trust fund above and beyond the pay as you go amount.

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

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Required Supplementary Information

Schedule of Changes in the City's Net OPEB Liability and Related Ratios

(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:							
Service Cost	\$ 39,646,284	38,261,228	25,244,849	24,667,627	21,565,086	20,749,626	19,965,001
Interest Cost	29,558,617	22,182,324	22,588,802	27,330,585	25,308,994	25,372,266	24,607,849
Differences between expected and actual experience	(31,823,632)	—	(23,138,935)	—	8,829,767	—	—
Changes in assumptions or other inputs	(12,065,582)	(190,668,098)	(12,578,096)	190,345,545	64,557,764	(27,084,632)	(53,438,652)
Benefit payments	<u>(24,417,847)</u>	<u>(22,151,349)</u>	<u>(21,460,536)</u>	<u>(23,119,795)</u>	<u>(22,192,854)</u>	<u>(20,732,507)</u>	<u>(20,271,000)</u>
Net change in OPEB liability	897,840	(152,375,895)	(9,343,916)	219,223,962	98,068,757	(1,695,247)	(29,136,802)
Total OPEB liability - beginning	<u>789,099,009</u>	<u>941,474,904</u>	<u>950,818,820</u>	<u>731,594,858</u>	<u>633,526,101</u>	<u>635,221,348</u>	<u>664,358,150</u>
Total OPEB liability - ending	<u>789,996,849</u>	<u>789,099,009</u>	<u>941,474,904</u>	<u>950,818,820</u>	<u>731,594,858</u>	<u>633,526,101</u>	<u>635,221,348</u>
Plan fiduciary net position:							
Contributions - employer	26,417,847	24,151,349	23,460,536	25,119,795	24,192,854	22,732,507	22,271,000
Net investment income	3,000,421	768,885	3,636,817	299,544	1,634,141	(3,643)	589,155
Benefit payments	(24,417,847)	(22,151,349)	(21,460,536)	(23,119,795)	(22,192,854)	(20,732,507)	(20,271,000)
Admin. Expense	<u>(51,949)</u>	<u>(47,599)</u>	<u>(36,465)</u>	<u>(23,173)</u>	<u>(57,869)</u>	<u>(63,412)</u>	<u>(23,551)</u>
Net change in plan fiduciary net position	4,948,472	2,721,286	5,600,352	2,276,371	3,576,272	1,932,945	2,565,604
Plan fiduciary net position - beginning	<u>29,020,459</u>	<u>26,299,173</u>	<u>20,698,821</u>	<u>18,422,450</u>	<u>14,846,178</u>	<u>12,913,233</u>	<u>10,347,629</u>
Plan fiduciary net position - ending	<u>33,968,931</u>	<u>29,020,459</u>	<u>26,299,173</u>	<u>20,698,821</u>	<u>18,422,450</u>	<u>14,846,178</u>	<u>12,913,233</u>
City's net OPEB liability - ending	\$ <u>756,027,918</u>	<u>760,078,550</u>	<u>915,175,731</u>	<u>930,119,999</u>	<u>713,172,408</u>	<u>618,679,923</u>	<u>622,308,115</u>
Plan fiduciary net position as a percentage of the OPEB liability	4.30 %	3.68 %	2.79 %	2.18 %	2.52 %	2.34 %	2.03 %
Covered payroll	\$ 260,756,779	249,104,808	240,680,974	245,281,000	236,986,885	238,709,766	196,094,885
City's net OPEB liability as a percentage of covered payroll	289.9 %	305.1 %	380.2 %	379.2 %	300.9 %	259.2 %	317.4 %

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

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Required Supplementary Information

Notes to Schedule of Changes in the City's Net OPEB Liability and Related Ratios

(Unaudited)

<u>Changes of assumptions</u>	<u>Amount of change TPL</u>	<u>Description</u>
2023:	\$ (12,065,582)	Discount rate increased from 3.62% to 3.74% The Healthcare cost trend assumption for non-Medicare was decreased from beginning with 7.0% to begin with 6.75% and the Medicare healthcare cost trend was decreased from beginning with 6.0% to begin with 5.75%. The mortality assumption was updated from PUB-2010 table scaled using Scale MP-2020, applied on a gender-specific basis to PUB-2010 mortality table with generational scale MP-2021
2022:	\$ (190,668,098)	Discount rate increased from 2.29% to 3.62% The Healthcare cost trend assumption for non-Medicare was decreased from beginning with 7.25% to begin with 7.0% and the Medicare healthcare cost trend was decreased from beginning with 6.25% to begin with 6.0%.
2021:	\$ (12,578,096)	Discount rate increased from 2.34% to 2.29% The Healthcare cost trend assumption for non-Medicare was increased from beginning with 5.5% to begin with 7.25% and the Medicare healthcare cost trend was increased from beginning with 4.5% to begin with 6.25%. The mortality assumption was updated from PUB-2010 table scaled using Scale MP-2018, applied on a gender-specific basis to PUB-2010 mortality table with generational scale MP-2020 The Excise Tax (ACA Cadillac Tax) on high cost employer-sponsored health plans was replaced by a Bill in December 2019. This bill fully repealed the excise tax, and therefore is no longer considered a liability in the valuation.
2020:	\$ 190,345,545	Discount rate decreased from 3.67% to 2.34% The Healthcare cost trend assumption for non-Medicare was reduced from beginning with 6.0% to begin with 5.5% and the Medicare healthcare cost trend was reduced from beginning with 5.0% to begin with 4.5%.
2019:	\$ 64,557,764	Discount rate decreased from 3.93% to 3.67% The mortality assumption was updated from RP-2014 generational table using Scale MP-2017, applied on a gender-specific basis to PUB-2010 table scaled using Scale MP-2018, applied on a gender-specific basis. The inflation assumption was increased from 2.5% to 3.0% The Healthcare cost trend assumption for non-Medicare was reduced from beginning with 6.5% to begin with 6.0% and the Medicare healthcare cost trend was reduced from beginning with 5.5% to begin with 5.0%. The investment target allocation for Equity was reduced from 55% to 50%, the investment target allocation for Fixed Income was increased from 40% to 50%, and the investment target allocation for Cash was reduced from 5% to zero.
2018:	\$ (27,084,632)	Discount rate increased from 3.65% to 3.93% The Healthcare cost trend assumption for non-Medicare was reduced from beginning with 7.0% to begin with 6.5% and the Medicare healthcare cost trend was reduced from beginning with 6.0% to begin with 5.5%.

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

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**  
 Required Supplementary Information  
 Schedule of Investment Returns – Cambridge OPEB Trust Fund  
 (Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	10.20 %	2.70 %	17.00 %	1.50 %	10.50 %	(0.50)%	5.47 %

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

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**  
 Required Supplementary Information  
 Schedule of Pension Contributions – City of Cambridge  
 (Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 45,363,955	40,752,795	36,675,807	34,725,997	32,247,663	30,772,819	30,523,432	28,665,468	27,505,315
Contributions in relation to the actuarially determined contribution	45,663,955	41,052,795	36,975,807	35,025,997	32,547,663	31,072,819	30,823,432	28,965,468	27,805,315
Contribution deficiency (excess)	\$ <u>(300,000)</u>	<u>(300,000)</u>							
Covered payroll	\$ 166,884,661	156,697,570	151,520,779	145,977,063	138,664,148	133,664,659	127,847,305	122,094,246	135,002,508
Contributions as a percentage of covered payroll	27.36 %	26.20 %	24.40 %	23.99 %	23.47 %	23.25 %	24.11 %	23.72 %	20.60 %

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

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Required Supplementary Information

Schedule of City's Proportionate Share of the Net Pension Liability

(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	75.150725 %	75.680723 %	76.350725 %	76.520724 %	75.216558 %	75.922581 %	76.792582 %	76.337126 %	77.532583 %
City's proportionate share of the net pension liability	\$ 222,397,503	2,829,921	125,468,822	183,560,092	240,258,089	137,962,572	181,785,216	212,198,096	121,984,750
City's covered payroll	188,081,720	179,714,385	174,895,808	164,910,395	158,786,533	152,037,721	143,648,191	144,783,082	135,002,508
City's proportionate share of the net pension liability as a percentage of covered payroll	84.57 %	6,350.51 %	139.39 %	89.84 %	66.09 %	110.20 %	79.02 %	68.23 %	110.67 %
City of Cambridge Retirement System fiduciary net position as a percentage of the total pension liability	84.60 %	99.80 %	90.65 %	85.81 %	79.89 %	88.02 %	83.08 %	80.00 %	87.51 %

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

Schedule excludes covered payroll for CHA special funding situation

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Revenues and Expenditures – Budgetary Basis

Required Supplementary Information

General Fund – Budget and Actual

Year ended June 30, 2023

(Unaudited)

(with comparative actual amounts for 2022)

	<u>2023</u> <u>Original</u> <u>budget</u>	<u>2023</u> <u>Final</u> <u>budget</u>	<u>2023</u> <u>Actual</u>	<u>Variance</u> <u>favorable</u> <u>(unfavorable)</u>	<u>2022</u> <u>Actual</u>
Revenues:					
Property taxes	\$ 531,428,571	531,428,571	531,428,571	—	494,731,992
Provisions for tax abatements and adj.	(4,500,000)	(4,500,000)	(4,124,387)	375,613	(4,426,877)
Payments in lieu of tax receipts	8,000,000	8,000,000	8,454,819	454,819	8,535,070
Hotel/motel/meals/other excise tax	13,840,000	13,840,000	21,806,512	7,966,512	12,348,390
Intergovernmental	52,311,158	52,311,158	49,057,624	(3,253,534)	47,468,616
Sewer use	62,811,350	62,811,350	65,433,035	2,621,685	57,209,823
Motor vehicle excise	8,067,376	8,067,376	8,305,021	237,645	8,052,896
Investment income	600,000	600,000	8,731,886	8,131,886	(891,282)
Other	53,065,400	53,065,400	82,350,221	29,284,821	70,520,020
<b>Total revenues</b>	<u>725,623,855</u>	<u>725,623,855</u>	<u>771,443,302</u>	<u>45,819,447</u>	<u>693,548,648</u>
Expenditures:					
Current:					
General government	66,240,710	62,704,170	56,967,085	5,737,085	52,442,101
Public safety	174,976,225	181,432,380	175,781,189	5,651,191	160,362,686
Community maintenance and development	76,303,504	77,303,339	74,261,913	3,041,426	70,564,545
Human resource development	69,633,961	67,655,511	65,935,689	1,719,822	57,254,963
Education	232,389,140	232,389,140	229,359,430	3,029,710	221,315,441
Judgments and claims	500,000	13,878,000	13,697,187	180,813	14,317,752
State and district assessments	70,792,725	70,792,725	66,680,814	4,111,911	64,455,971
Debt service:					
Principal	66,258,740	66,258,738	66,258,737	1	62,605,344
Interest	21,007,810	21,007,812	20,730,242	277,570	19,502,993
<b>Total expenditures</b>	<u>778,102,815</u>	<u>793,421,815</u>	<u>769,672,286</u>	<u>23,749,529</u>	<u>722,821,796</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(52,478,960)</u>	<u>(67,797,960)</u>	<u>1,771,016</u>	<u>69,568,976</u>	<u>(29,273,148)</u>
Other financing sources (uses):					
Operating transfers in (out):					
Special revenue funds	21,110,725	21,110,725	19,983,983	(1,126,742)	18,867,435
Capital projects funds	(18,898,000)	(18,898,000)	(47,910,631)	(29,012,631)	(44,650,155)
Trust funds	28,040,000	28,040,000	14,580,438	(13,459,562)	19,624,141
Enterprise fund	726,235	726,235	(1,628,501)	(2,354,736)	724,745
<b>Total other financing sources (uses)</b>	<u>30,978,960</u>	<u>30,978,960</u>	<u>(14,974,711)</u>	<u>(45,953,671)</u>	<u>(5,433,834)</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>(21,500,000)</u>	<u>(36,819,000)</u>	<u>\$ (13,203,695)</u>	<u>23,615,305</u>	<u>(34,706,982)</u>
Other budget items:					
Free cash appropriations	19,000,000	34,319,000			
Overlay surplus	2,500,000	2,500,000			
<b>Total other budget items</b>	<u>21,500,000</u>	<u>36,819,000</u>			
<b>Net budget and actual</b>	<u>\$ —</u>	<u>—</u>			

See accompanying independent auditors' report and notes to required supplementary information.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Required Supplementary Information – Schedule of Revenues and Expenditures

Year ended June 30, 2023

(Unaudited)

The City’s general fund budget is prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). The “actual” results column in the statement of revenues and expenditures – budgetary basis – general fund is presented on a “budgetary basis” to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis, where applicable, are that:

Revenues are recorded when cash is received except for real estate and personal property taxes are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).

Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budget) but have no effect on GAAP expenditures.

Certain activities and transactions are presented in separate funds (GAAP), rather than as components of the general fund (budget).

Amounts raised for the prior years’ deficits and available funds from prior years’ surpluses are recorded as revenue items (budget) but have no effect on GAAP revenues.

In addition, there are certain differences in classifications between revenues, expenditures, and transfers.

The following reconciliation summarizes the differences between budgetary and GAAP basis accounting principles for the year ended June 30, 2023:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses), net</u>
As reported on a budgetary basis	\$ 771,443,302	769,672,286	(14,974,711)
Adjustments:			
Revenues to modified accrual basis	21,416,753	—	—
Expenditures, encumbrances and accruals, net	—	(18,932,946)	—
On-behalf contribution for teachers pension	27,290,455	27,290,455	—
Reclassification:			
Premium on debt issuance	—	—	385,664
Transfers not reported on a Budgetary/GAAP basis	<u>—</u>	<u>—</u>	<u>(23,146,053)</u>
As reported on a GAAP basis	\$ <u>820,150,510</u>	<u>778,029,795</u>	<u>(37,735,100)</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
General government:			
Mayor:			
Salaries and wages	\$ 690,405	656,198	34,207
Other ordinary maintenance	186,130	164,267	21,863
Travel and training	<u>29,500</u>	<u>24,137</u>	<u>5,363</u>
Total Mayor	<u>906,035</u>	<u>844,602</u>	<u>61,433</u>
City Manager:			
Salaries and wages	3,832,560	3,391,731	440,829
Other ordinary maintenance	1,740,800	1,613,952	126,848
Travel and training	<u>64,680</u>	<u>55,368</u>	<u>9,312</u>
Total City Manager	<u>5,638,040</u>	<u>5,061,051</u>	<u>576,989</u>
City Council:			
Salaries and wages	2,302,575	2,290,630	11,945
Other ordinary maintenance	101,500	30,137	71,363
Travel and training	<u>75,200</u>	<u>39,507</u>	<u>35,693</u>
Total City Council	<u>2,479,275</u>	<u>2,360,274</u>	<u>119,001</u>
City Clerk:			
Salaries and wages	1,608,910	1,566,123	42,787
Other ordinary maintenance	228,000	221,578	6,422
Travel and training	<u>4,420</u>	<u>505</u>	<u>3,915</u>
Total City Clerk	<u>1,841,330</u>	<u>1,788,206</u>	<u>53,124</u>
Law:			
Salaries and wages	2,676,670	2,672,602	4,068
Other ordinary maintenance	696,800	606,981	89,819
Travel and training	<u>14,245</u>	<u>7,571</u>	<u>6,674</u>
Total law	<u>3,387,715</u>	<u>3,287,154</u>	<u>100,561</u>
Finance:			
Salaries and wages	17,092,755	16,093,234	999,521
Other ordinary maintenance	8,310,960	7,749,777	561,183
Travel and training	490,775	338,486	152,289
Extraordinary expenditures	<u>1,084,800</u>	<u>1,079,882</u>	<u>4,918</u>
Total finance	<u>26,979,290</u>	<u>25,261,379</u>	<u>1,717,911</u>
Employment benefits:			
Salaries and wages	16,062,915	13,297,461	2,765,454
Other ordinary maintenance	931,235	882,793	48,442
Travel and training	<u>30,000</u>	<u>18,991</u>	<u>11,009</u>
Total employment benefits	<u>17,024,150</u>	<u>14,199,245</u>	<u>2,824,905</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Election commission:			
Salaries and wages	\$ 1,541,270	1,541,269	1
Other ordinary maintenance	518,530	392,187	126,343
Travel and training	<u>6,770</u>	<u>1,329</u>	<u>5,441</u>
Total election commission	<u>2,066,570</u>	<u>1,934,785</u>	<u>131,785</u>
Public celebrations:			
Salaries and wages	1,041,735	952,086	89,649
Other ordinary maintenance	707,650	649,386	58,264
Travel and training	<u>1,325</u>	<u>125</u>	<u>1,200</u>
Total public celebrations	<u>1,750,710</u>	<u>1,601,597</u>	<u>149,113</u>
Animal commission:			
Salaries and wages	609,215	609,211	4
Other ordinary maintenance	19,190	19,143	47
Travel and training	<u>2,650</u>	<u>438</u>	<u>2,212</u>
Total animal commission	<u>631,055</u>	<u>628,792</u>	<u>2,263</u>
Total general government	<u>62,704,170</u>	<u>56,967,085</u>	<u>5,737,085</u>
Public safety:			
Community Safety Admin:			
Salaries and wages	810,120	439,864	370,256
Other ordinary maintenance	1,885,325	100,093	1,785,232
Travel and training	14,125	8,655	5,470
Extraordinary expenditures	<u>165,000</u>	<u>41,747</u>	<u>123,253</u>
Total community safety admin	<u>2,874,570</u>	<u>590,359</u>	<u>2,284,211</u>
Fire:			
Salaries and wages	60,697,765	59,980,061	717,704
Other ordinary maintenance	2,074,520	2,040,380	34,140
Travel and training	726,500	714,069	12,431
Extraordinary expenditures	<u>145,000</u>	<u>117,145</u>	<u>27,855</u>
Total fire	<u>63,643,785</u>	<u>62,851,655</u>	<u>792,130</u>
Police:			
Salaries and wages	75,394,085	75,394,083	2
Other ordinary maintenance	3,255,875	3,027,687	228,188
Travel and training	382,500	375,872	6,628
Extraordinary expenditures	<u>725,500</u>	<u>719,394</u>	<u>6,106</u>
Total police	<u>79,757,960</u>	<u>79,517,036</u>	<u>240,924</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Traffic and parking:			
Salaries and wages	\$ 11,164,765	10,625,062	539,703
Other ordinary maintenance	4,417,040	4,143,498	273,542
Travel and training	131,000	40,848	90,152
Extraordinary expenditures	<u>120,000</u>	<u>—</u>	<u>120,000</u>
Total traffic and parking	<u>15,832,805</u>	<u>14,809,408</u>	<u>1,023,397</u>
Police review and advisory board:			
Other ordinary maintenance	1,900	1,900	—
Travel and training	<u>4,900</u>	<u>4,751</u>	<u>149</u>
Total police review and advisory board	<u>6,800</u>	<u>6,651</u>	<u>149</u>
Inspectional services:			
Salaries and wages	4,353,980	4,353,977	3
Other ordinary maintenance	220,960	199,046	21,914
Travel and training	64,170	54,275	9,895
Extraordinary expenditures	<u>10,000</u>	<u>—</u>	<u>10,000</u>
Total inspectional services	<u>4,649,110</u>	<u>4,607,298</u>	<u>41,812</u>
License:			
Salaries and wages	1,523,900	1,335,253	188,647
Other ordinary maintenance	34,520	20,041	14,479
Travel and training	<u>7,520</u>	<u>1,195</u>	<u>6,325</u>
Total license	<u>1,565,940</u>	<u>1,356,489</u>	<u>209,451</u>
Electrical:			
Salaries and wages	2,067,685	1,705,704	361,981
Other ordinary maintenance	986,810	800,177	186,633
Travel and training	15,170	13,462	1,708
Extraordinary expenditures	<u>75,000</u>	<u>72,072</u>	<u>2,928</u>
Total electrical	<u>3,144,665</u>	<u>2,591,415</u>	<u>553,250</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Emergency communications:			
Salaries and wages	\$ 8,971,955	8,505,480	466,475
Other ordinary maintenance	903,340	902,755	585
Travel and training	55,850	24,235	31,615
Extraordinary expenditures	<u>25,600</u>	<u>18,408</u>	<u>7,192</u>
Total emergency communications	<u>9,956,745</u>	<u>9,450,878</u>	<u>505,867</u>
Total public safety	<u>181,432,380</u>	<u>175,781,189</u>	<u>5,651,191</u>
Community maintenance and development:			
Public works:			
Salaries and wages	33,751,185	32,888,344	862,841
Other ordinary maintenance	24,311,365	24,159,147	152,218
Travel and training	595,530	449,710	145,820
Extraordinary expenditures	<u>1,400,000</u>	<u>1,399,156</u>	<u>844</u>
Total public works	<u>60,058,080</u>	<u>58,896,357</u>	<u>1,161,723</u>
Community development:			
Salaries and wages	10,765,901	9,932,528	833,373
Other ordinary maintenance	3,456,015	2,680,735	775,280
Travel and training	50,954	37,418	13,536
Extraordinary expenditures	<u>94,899</u>	<u>94,899</u>	<u>—</u>
Total community development	<u>14,367,769</u>	<u>12,745,580</u>	<u>1,622,189</u>
Historical commission:			
Salaries and wages	904,770	904,765	5
Other ordinary maintenance	59,300	40,323	18,977
Travel and training	<u>1,450</u>	<u>1,410</u>	<u>40</u>
Total historical commission	<u>965,520</u>	<u>946,498</u>	<u>19,022</u>
Peace commission:			
Salaries and wages	207,690	183,744	23,946
Other ordinary maintenance	9,125	3,633	5,492
Travel and training	<u>3,050</u>	<u>1,030</u>	<u>2,020</u>
Total peace commission	<u>219,865</u>	<u>188,407</u>	<u>31,458</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Cable television:			
Salaries and wages	\$ 592,680	516,296	76,384
Other ordinary maintenance	1,095,975	966,984	128,991
Travel and training	3,450	1,791	1,659
Total cable television	<u>1,692,105</u>	<u>1,485,071</u>	<u>207,034</u>
Total community maintenance and development	<u>77,303,339</u>	<u>74,261,913</u>	<u>3,041,426</u>
Human resource development:			
Library:			
Salaries and wages	13,082,035	12,363,960	718,075
Other ordinary maintenance	4,120,670	3,819,077	301,593
Travel and training	232,150	145,561	86,589
Total library	<u>17,434,855</u>	<u>16,328,598</u>	<u>1,106,257</u>
Human services:			
Salaries and wages	35,336,395	35,006,087	330,308
Other ordinary maintenance	12,484,826	12,455,118	29,708
Travel and training	102,340	73,706	28,634
Extraordinary expenditures	40,000	40,000	—
Total human services	<u>47,963,561</u>	<u>47,574,911</u>	<u>388,650</u>
Women's commission:			
Salaries and wages	328,265	328,263	2
Other ordinary maintenance	15,985	13,726	2,259
Travel and training	525	177	348
Total women's commission	<u>344,775</u>	<u>342,166</u>	<u>2,609</u>
Human rights commission:			
Salaries and wages	692,610	655,934	36,676
Other ordinary maintenance	64,100	62,782	1,318
Travel and training	2,900	2,765	135
Total human rights commission	<u>759,610</u>	<u>721,481</u>	<u>38,129</u>
Veterans benefits:			
Salaries and wages	457,910	457,907	3
Other ordinary maintenance	99,800	97,735	2,065
Travel and training	595,000	412,891	182,109
Total veterans benefits	<u>1,152,710</u>	<u>968,533</u>	<u>184,177</u>
Total human resource development	<u>67,655,511</u>	<u>65,935,689</u>	<u>1,719,822</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<b>Variance positive (negative)</b>
Education:			
Salaries and wages	\$ 191,128,280	188,383,495	2,744,785
Other ordinary maintenance	39,040,580	39,006,976	33,604
Travel and training	1,768,280	1,661,615	106,665
Extraordinary expenditures	<u>452,000</u>	<u>307,344</u>	<u>144,656</u>
Total education	<u>232,389,140</u>	<u>229,359,430</u>	<u>3,029,710</u>
Judgments and claims	13,878,000	13,697,187	180,813
Debt retirement:			
Principal payments	66,258,738	66,258,737	1
Interest payments	<u>21,007,812</u>	<u>20,730,242</u>	<u>277,570</u>
Total debt retirement	<u>87,266,550</u>	<u>86,988,979</u>	<u>277,571</u>
State and district assessments:			
MBTA assessment	10,940,475	10,940,453	22
MWRA assessment	28,791,195	28,578,466	212,729
Other State assessments	23,311,055	19,411,895	3,899,160
Cambridge Health Alliance	<u>7,750,000</u>	<u>7,750,000</u>	<u>—</u>
Total state and district assessments	<u>70,792,725</u>	<u>66,680,814</u>	<u>4,111,911</u>
Total general fund expenditures	\$ <u><u>793,421,815</u></u>	<u><u>769,672,286</u></u>	<u><u>23,749,529</u></u>

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Supplemental Statements and Schedules

June 30, 2023

The following section provides detailed information on the general fund, other governmental funds, and fiduciary funds included in the basic financial statements. Information on real, personal, and excise tax collections, and a schedule of the bonds and notes payable of the City is also provided in this section.

## **CITY OF CAMBRIDGE, MASSACHUSETTS**

Other Governmental Funds

June 30, 2023

### **Other Governmental Funds**

#### **Community Development Block Grant**

Revenues from the community development block grant program are recorded in this fund. A transfer of revenues is made at the end of the fiscal year to the capital projects funds to cover block grant related expenditures in these funds during the fiscal year. All operating expenditures are recorded within this fund.

#### **School Grants**

This fund accounts for both the receipt and expenditure of funds received from numerous federal and state agencies to support a wide range of elementary and secondary school programs.

#### **Parking Fund**

Receipts from the parking fund, which consist primarily of meter collections, parking fines, and miscellaneous revenues, are recorded in this fund and support a wide range of City programs in accordance with Chapter 844 of the Massachusetts General Laws. In a similar manner to the block grant funds, an amount equal to that which is appropriated to the general and capital projects funds, is transferred to those funds at the end of the fiscal year.

#### **Community Preservation Act**

Receipts from added 3% tax and the matching funds from the State for the preservation of open space, historic locations and affordable housing are recorded in this fund. In a similar manner to the parking fund, an amount equal to the amount appropriated to the capital projects and other grants funds, is transferred to those funds at the end of the fiscal year.

#### **Aggregation Adder Fund**

Consumers participating in the City's municipal energy aggregation plan are charged an operational adder of \$.002 per kWh consumed. The operational adder funds are used to support the operational costs of the program and to support renewable energy projects that create benefits for program participants. The Revolving Fund was established under and governed by M.G.L. Chapter 44, 53E ½.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Combining Balance Sheet

Other Governmental Funds

June 30, 2023

<b>Assets</b>	<b>Special revenue</b>					<b>Total</b>
	<b>Community development block grant</b>	<b>School grants</b>	<b>Parking fund</b>	<b>Community preservation act</b>	<b>Aggregation Adder fund</b>	
Cash and short-term investments	\$ 779,823	8,608,038	3,005,556	25,640,824	2,195,364	40,229,605
Accounts receivable	—	—	544,334	189,506	—	733,840
Intergovernmental receivable	—	867,998	—	—	—	867,998
<b>Total assets</b>	<b>\$ 779,823</b>	<b>9,476,036</b>	<b>3,549,890</b>	<b>25,830,330</b>	<b>2,195,364</b>	<b>41,831,443</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities:</b>						
Warrants payable	\$ 203,762	2,298,024	—	277,197	—	2,778,983
Accrued liabilities	6,092	158,418	1,015	116,112	—	281,637
Due to other funds	569,969	—	—	—	—	569,969
<b>Total liabilities</b>	<b>779,823</b>	<b>2,456,442</b>	<b>1,015</b>	<b>393,309</b>	<b>—</b>	<b>3,630,589</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenue	—	—	—	189,506	—	189,506
<b>Fund balances:</b>						
Restricted	—	7,019,594	—	25,247,515	2,195,364	34,462,473
Committed	—	—	3,548,875	—	—	3,548,875
<b>Total fund balances</b>	<b>—</b>	<b>7,019,594</b>	<b>3,548,875</b>	<b>25,247,515</b>	<b>2,195,364</b>	<b>38,011,348</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 779,823</b>	<b>9,476,036</b>	<b>3,549,890</b>	<b>25,830,330</b>	<b>2,195,364</b>	<b>41,831,443</b>

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Other Governmental Funds

Year ended June 30, 2023

	<b>Special revenue</b>					<b>Total</b>
	<b>Community development block grant</b>	<b>School grants</b>	<b>Parking fund</b>	<b>Community preservation act</b>	<b>Aggregation Adder fund</b>	
<b>Revenues:</b>						
Intergovernmental	\$ 801,483	19,290,139	399,259	5,417,842	—	25,908,723
Investment income	—	—	662,056	103,987	4,192	770,235
<b>Other:</b>						
Permits	—	—	1,756,246	—	—	1,756,246
Fines	—	—	10,678,539	—	—	10,678,539
Charges for services	—	—	9,841,584	—	—	9,841,584
Miscellaneous	—	1,280,478	87,035	14,903,290	850,198	17,121,001
<b>Total revenues</b>	<b>801,483</b>	<b>20,570,617</b>	<b>23,424,719</b>	<b>20,425,119</b>	<b>854,390</b>	<b>66,076,328</b>
<b>Expenditures:</b>						
General government	—	—	—	10,000	—	10,000
Community maintenance and development	525,186	—	—	2,395,866	—	2,921,052
Human services	546,042	—	—	—	—	546,042
Education	—	22,962,604	—	—	—	22,962,604
<b>Total expenditures</b>	<b>1,071,228</b>	<b>22,962,604</b>	<b>—</b>	<b>2,405,866</b>	<b>—</b>	<b>26,439,698</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(269,745)</b>	<b>(2,391,987)</b>	<b>23,424,719</b>	<b>18,019,253</b>	<b>854,390</b>	<b>39,636,630</b>
<b>Other financing sources (uses):</b>						
Transfers from other funds	269,745	—	—	—	—	269,745
Transfers to other funds	—	—	(22,485,185)	(15,760,000)	—	(38,245,185)
<b>Excess (deficiency) of revenues over expenditures and transfers</b>	<b>—</b>	<b>(2,391,987)</b>	<b>939,534</b>	<b>2,259,253</b>	<b>854,390</b>	<b>1,661,190</b>
<b>Fund balances at beginning of year</b>	<b>—</b>	<b>9,411,581</b>	<b>2,609,341</b>	<b>22,988,262</b>	<b>1,340,974</b>	<b>36,350,158</b>
<b>Fund balances at end of year</b>	<b>\$ —</b>	<b>7,019,594</b>	<b>3,548,875</b>	<b>25,247,515</b>	<b>2,195,364</b>	<b>38,011,348</b>

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Supplemental Statements and Schedules

June 30, 2023

**Fiduciary Funds**

**Pension (and Other Employee Benefit) Trust Funds:**

*Pension Trust Fund*

This pension trust fund accounts for the activities of the City of Cambridge Retirement Systems, which accumulates resources for pension benefits payments to retired City employees and employees of certain other entities.

*OPEB Trust Fund*

This trust fund is an irrevocable trust fund established to accumulate resources for other postemployment benefit payments to retired City employees. The assets are appropriated from the General Fund and this fund is currently not used for payments of benefits.

**Private Purpose Trust Funds**

*Cemetery Trust Fund*

This trust fund accounts for the activities related to the perpetual care of the City's cemetery.

*Mayor's Disaster Relief Fund*

The purpose of the Fund is to provide financial assistance to Cambridge residents who become victims of catastrophic fires and other natural disasters. The source of funding is private donations.

*Other*

The primary purpose of this fund is to provide scholarships to students of Cambridge schools.

**CITY OF CAMBRIDGE, MASSACHUSETTS**  
Combining Statement of Net Position - Fiduciary Funds  
June 30, 2023

	<b>Pension and OPEB Trust Funds</b>			<b>Private purpose trust funds</b>			
	<b>Employee retirement plan December 31, 2022</b>	<b>OPEB Trust fund June 30, 2023</b>	<b>Total</b>	<b>Cemetery trust June 30, 2023</b>	<b>Mayor's disaster relief June 30, 2023</b>	<b>Other June 30, 2023</b>	<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 7,291,316	1,406,222	8,697,538	2,384,650	314,221	2,208,638	4,907,509
Dividend and interest receivable	547,238	—	547,238	—	—	—	—
Lease receivable	262,558	—	262,558	—	—	—	—
Other assets	1,540	—	1,540	—	—	—	—
Due from broker for securities sold	690,807	—	690,807	—	—	—	—
Investments, at fair value:							
Fixed income securities	74,838,861	12,194,572	87,033,433	—	—	—	—
Equities	21,290,718	20,368,137	41,658,855	—	—	—	—
Pooled investments:							
Fixed income	113,169,447	—	113,169,447	—	—	—	—
Real estate	303,511,275	—	303,511,275	—	—	—	—
Domestic equities	497,222,984	—	497,222,984	—	—	—	—
International equities	254,793,729	—	254,793,729	—	—	—	—
Alternative	360,025,940	—	360,025,940	—	—	—	—
Total investments	1,624,852,954	32,562,709	1,657,415,663	—	—	—	—
Cash collateral on security lending	584,373	—	584,373	—	—	—	—
Right to use assets	1,930,389	—	1,930,389	—	—	—	—
Total assets	<u>1,636,161,175</u>	<u>33,968,931</u>	<u>1,670,130,106</u>	<u>2,384,650</u>	<u>314,221</u>	<u>2,208,638</u>	<u>4,907,509</u>
<b>Liabilities</b>							
Accrued liabilities	672,414	—	672,414	—	—	—	—
Due to brokers for securities purchased	611,544	—	611,544	—	—	—	—
Cash collateral on security lending	584,373	—	584,373	—	—	—	—
Lease liability	2,165,979	—	2,165,979	—	—	—	—
Total liabilities	<u>4,034,310</u>	<u>—</u>	<u>4,034,310</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Deferred inflows of resources</b>							
Related to rent	234,372	—	234,372	—	—	—	—
Total liabilities and deferred inflows of resources	<u>4,268,682</u>	<u>—</u>	<u>4,268,682</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net Position</b>							
Restricted for:							
Pensions	1,631,892,493	—	1,631,892,493	—	—	—	—
OPEB Benefits	—	33,968,931	33,968,931	—	—	—	—
Individuals, organizations and other governments	—	—	—	2,384,650	314,221	2,208,638	4,907,509
Total net position	<u>\$ 1,631,892,493</u>	<u>33,968,931</u>	<u>1,665,861,424</u>	<u>2,384,650</u>	<u>314,221</u>	<u>2,208,638</u>	<u>4,907,509</u>

See independent auditors' report

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Combining Statement of Changes in Net Position - Fiduciary Funds

Year ended June 30, 2023

	Pension and OPEB Trust Funds			Private purpose trust funds			
	Employee retirement plan December 31, 2022	OPEB Trust fund June 30, 2023	Total	Cemetery trust June 30, 2023	Mayor's disaster relief June 30, 2023	Other June 30, 2023	Total
Additions:							
Contributions:							
Employers	\$ 59,341,554	26,417,847	85,759,401	—	—	—	—
Nonemployer – City	1,322,408	—	1,322,408	—	—	—	—
Plan members	26,083,590	—	26,083,590	—	—	—	—
Other systems	4,028,782	—	4,028,782	—	—	—	—
Commonwealth of Massachusetts	303,733	—	303,733	—	—	—	—
Gifts and bequests	—	—	—	25,500	—	260,297	285,797
Miscellaneous	—	—	—	—	965	—	965
<b>Total contributions</b>	<b>91,080,067</b>	<b>26,417,847</b>	<b>117,497,914</b>	<b>25,500</b>	<b>965</b>	<b>260,297</b>	<b>286,762</b>
Investment earnings:							
Interest and dividends	28,786,028	659,029	29,445,057	160,783	3,300	30,698	194,781
Securities lending income	17,714	—	17,714	—	—	—	—
Net appreciation (depreciation) in the fair value of investments	(210,996,800)	2,341,392	(208,655,408)	—	—	—	—
Less:							
Management fees	(9,782,255)	—	(9,782,255)	—	—	—	—
Borrower rebates and fees under securities lending program	(16,092)	—	(16,092)	—	—	—	—
<b>Net investment earnings</b>	<b>(191,991,405)</b>	<b>3,000,421</b>	<b>(188,990,984)</b>	<b>160,783</b>	<b>3,300</b>	<b>30,698</b>	<b>194,781</b>
<b>Total additions</b>	<b>(100,911,338)</b>	<b>29,418,268</b>	<b>(71,493,070)</b>	<b>186,283</b>	<b>4,265</b>	<b>290,995</b>	<b>481,543</b>
Deductions:							
Benefits	100,850,048	24,417,847	125,267,895	—	—	—	—
Refunds of contributions	2,328,765	—	2,328,765	—	—	—	—
Other systems	4,514,313	—	4,514,313	—	—	—	—
Administrative expenses	1,591,354	51,949	1,643,303	—	—	—	—
Beneficiary payments to individuals	—	—	—	—	—	271,532	271,532
Miscellaneous	—	—	—	40,000	25,800	—	65,800
<b>Total deductions</b>	<b>109,284,480</b>	<b>24,469,796</b>	<b>133,754,276</b>	<b>40,000</b>	<b>25,800</b>	<b>271,532</b>	<b>337,332</b>
<b>Change in net position</b>	<b>(210,195,818)</b>	<b>4,948,472</b>	<b>(205,247,346)</b>	<b>146,283</b>	<b>(21,535)</b>	<b>19,463</b>	<b>144,211</b>
Net position, beginning of year (a)	1,842,088,311	29,020,459	1,871,108,770	2,238,367	335,756	2,189,175	4,763,298
<b>Net position, end of year</b>	<b>\$ 1,631,892,493</b>	<b>33,968,931</b>	<b>1,665,861,424</b>	<b>2,384,650</b>	<b>314,221</b>	<b>2,208,638</b>	<b>4,907,509</b>

See independent auditors' report

(a) Beginning of year net position for Employee Retirement Plan was restated for GASB Statement No. 87

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Supplemental Statements and Schedules

June 30, 2023

**Other Schedules**

The following schedules present detailed information on the City's real estate, personal property and motor vehicle excise taxes, and bonds and notes payable, as of June 30, 2023.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Gross Real Estate, Personal Property, and Motor Vehicle Excise Taxes

June 30, 2023

	<b>Uncollected June 30, 2022</b>	<b>Commitments</b>	<b>Abatements</b>	<b>Transfers to tax title</b>	<b>Refunds</b>	<b>Collections</b>	<b>Adjustments increase (decrease)</b>	<b>Uncollected June 30, 2023</b>
Real estate taxes:								
2017	\$ 7,078	—	—	—	—	—	—	7,078
2018	1,494	—	—	—	—	(1,494)	—	—
2019	2,687	—	—	—	2,866	(5,553)	—	—
2020	24,094	—	(2,365)	—	315,865	(319,834)	1	17,761
2021	437,965	—	(859)	(384,030)	483,676	(522,363)	2	14,391
2022	4,169,358	—	(36,396)	(705,729)	561,809	(3,515,114)	1,011	474,939
2023	—	511,673,945	(1,044,441)	—	1,514,105	(508,717,551)	1,711,086	5,137,144
Sub total real estate	\$ 4,642,676	511,673,945	(1,084,061)	(1,089,759)	2,878,321	(513,081,909)	1,712,100	5,651,313

Years with no beginning uncollected balances or activity are not presented.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Gross Real Estate, Personal Property, and Motor Vehicle Excise Taxes

June 30, 2023

	<b>Uncollected June 30, 2022</b>	<b>Commitments</b>	<b>Abatements</b>	<b>Transfers to tax title</b>	<b>Refunds</b>	<b>Collections</b>	<b>Adjustments increase (decrease)</b>	<b>Uncollected June 30, 2023</b>
Personal property taxes:								
2003	\$ 2,947	—	—	—	—	—	—	2,947
2004	3,484	—	—	—	—	—	—	3,484
2005	6,158	—	—	—	—	—	—	6,158
2006	5,089	—	—	—	—	(2,080)	—	3,009
2007	7,700	—	—	—	—	—	—	7,700
2008	7,844	—	—	—	—	—	—	7,844
2009	11,326	—	—	—	—	(34)	—	11,292
2010	12,163	—	—	—	—	(1,609)	—	10,554
2011	17,354	—	—	—	—	(1,828)	—	15,526
2012	21,396	—	—	—	—	(1,274)	—	20,122
2013	19,056	—	—	—	—	(2,021)	—	17,035
2014	22,821	—	—	—	—	(284)	—	22,537
2015	31,836	—	—	—	—	(267)	—	31,569
2016	153,830	—	(677,449)	—	677,449	(335)	—	153,495
2017	227,758	—	(580,013)	—	580,013	(28)	—	227,730
2018	244,033	—	(679,233)	—	679,233	(37)	—	243,996
2019	272,622	—	(799,846)	—	799,846	(765)	(1)	271,856
2020	422,158	—	(654,742)	—	654,742	(7,075)	(1)	415,082
2021	504,627	—	(566,651)	—	646,863	(218,805)	183,863	549,897
2022	1,070,271	—	(185,772)	—	185,772	(533,121)	288,853	826,003
2023	—	22,927,178	(877,834)	—	824,355	(21,563,975)	(86,126)	1,223,598
Sub total personal property	3,064,473	22,927,178	(5,021,540)	—	5,048,273	(22,333,538)	386,588	4,071,434
Other	265,102	—	—	—	—	(14,529)	15,418	265,991
Total Property Taxes	\$ 7,972,251	534,601,123	(6,105,601)	(1,089,759)	7,926,594	(535,429,976)	2,114,106	9,988,738

Years with no beginning uncollected balances or activity are not presented.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Gross Real Estate, Personal Property, and Motor Vehicle Excise Taxes

June 30, 2023

	<b>Uncollected June 30, 2022</b>	<b>Commitments</b>	<b>Abatements</b>	<b>Transfers to tax title</b>	<b>Refunds</b>	<b>Collections</b>	<b>Adjustments increase (decrease)</b>	<b>Uncollected June 30, 2023</b>
Motor vehicle excise taxes:								
1986	\$ 2,643	—	—	—	—	—	—	2,643
1987	57,217	—	—	—	—	—	—	57,217
1988	71,208	—	—	—	—	—	—	71,208
1989	75,893	—	—	—	—	—	—	75,893
1990	67,625	—	—	—	—	—	—	67,625
1991	50,804	—	—	—	—	—	—	50,804
1992	51,276	—	—	—	—	—	—	51,276
1993	48,542	—	—	—	—	—	—	48,542
1994	51,390	—	—	—	—	—	—	51,390
1995	55,723	—	—	—	—	—	—	55,723
1996	55,105	—	—	—	—	—	—	55,105
1997	46,812	—	—	—	—	—	—	46,812
1998	61,354	—	—	—	—	—	—	61,354
1999	107,848	—	—	—	—	—	—	107,848
2000	167,740	—	—	—	—	(156)	—	167,584
2001	209,866	—	—	—	—	(67)	—	209,799
2002	190,287	—	—	—	—	—	—	190,287
2003	169,121	—	—	—	—	—	—	169,121
2004	140,271	—	—	—	—	—	—	140,271
2005	112,971	—	—	—	—	(72)	—	112,899
2006	100,216	—	—	—	—	(178)	—	100,038
2007	132,788	—	—	—	—	(288)	—	132,500
2008	112,858	—	—	—	—	(215)	1	112,644
2009	94,260	—	—	—	—	(290)	—	93,970
2010	108,504	—	—	—	—	(244)	—	108,260
2011	109,637	—	—	—	—	(202)	1	109,436
2012	100,599	—	—	—	10	(215)	(1)	100,393
2013	95,486	—	(268)	—	268	(636)	1	94,851
2014	102,014	—	—	—	—	(1,267)	—	100,747
2015	102,730	—	(87)	—	157	(1,289)	—	101,511
2016	107,762	—	(53)	—	198	(2,059)	—	105,848
2017	108,553	—	(75)	—	1,691	(6,272)	2	103,899
2018	120,569	—	(52)	—	1,028	(9,404)	2	112,143
2019	159,593	—	(524)	—	212	(17,988)	(148)	141,145
2020	174,754	—	(17,144)	—	24,466	(37,644)	3	144,435
2021	233,236	—	(18,375)	—	27,007	(77,055)	638	165,451
2022	460,798	1,258,135	(61,633)	—	64,489	(1,395,484)	274	326,579
2023	—	7,391,258	(136,975)	—	46,156	(6,702,300)	245	598,384
<b>Total motor vehicle</b>	<b>\$ 4,218,053</b>	<b>8,649,393</b>	<b>(235,186)</b>	<b>—</b>	<b>165,682</b>	<b>(8,253,325)</b>	<b>1,018</b>	<b>4,545,635</b>

Years with no beginning uncollected balances or activity are not presented.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Bonds and Notes Payable

Year ended June 30, 2023

	Interest rates	Issue dates	Final maturity date	Balance June 30, 2022	Additions	Retired	Balance June 30, 2023
Inside debt limit:							
Old Police Station Renovations	2.00%–3.00%	2/15/2012	2/15/2032	5,250,000	—	525,000	4,725,000
Refunding Bonds (2004, 2005, 2006)	1.00%–5.00%	3/22/2012	1/1/2024	4,560,000	—	3,540,000	1,020,000
MCWT Loan (Gross Payment) (CW-10-04)	—%	6/13/2012	7/15/2022	1,015,177	—	1,015,177	—
King School Renovations	2.00%–3.00%	2/19/2013	2/15/2033	18,150,000	—	1,650,000	16,500,000
Old Police Station Renovations	2.00%–3.00%	2/19/2013	2/15/2033	2,225,000	—	205,000	2,020,000
Acquisitions of Fire Vehicles	2.00%–3.00%	2/19/2013	2/15/2023	120,000	—	120,000	—
City Hall Roof Replacement	2.00%–3.00%	2/19/2013	2/15/2023	100,000	—	100,000	—
Street/Sidewalk Reconstruction	2.00%–3.00%	2/19/2013	2/15/2023	100,000	—	100,000	—
Harvard Square Tunnel Improvements	2.00%–3.00%	2/19/2013	2/15/2023	150,000	—	150,000	—
Danehy Park Improvements	2.00%–3.00%	2/19/2013	2/15/2023	150,000	—	150,000	—
Kendall Square Improvements	2.00%–3.00%	2/19/2013	2/15/2023	50,000	—	50,000	—
Sewer Reconstruction	2.00%–3.00%	2/19/2013	2/15/2023	2,140,000	—	2,140,000	—
King School Renovations	3.00%–5.00%	2/18/2014	2/15/2034	11,100,000	—	925,000	10,175,000
Kendall Square Improvements	5.00%	2/18/2014	2/15/2024	200,000	—	100,000	100,000
Street/Sidewalk Reconstruction	5.00%	2/18/2014	2/15/2024	200,000	—	100,000	100,000
Harvard Square Tunnel Improvements	5.00%	2/18/2014	2/15/2024	200,000	—	100,000	100,000
Cambridge Common Improvements	5.00%	2/18/2014	2/15/2024	100,000	—	50,000	50,000
Sewer Reconstruction	5.00%	2/18/2014	2/15/2024	2,580,000	—	1,290,000	1,290,000
MCWT Loan (CWP-13-03)	2.00%	1/7/2015	1/15/2025	4,239,874	—	1,383,016	2,856,858
King School Renovations	2.00%–5.00%	3/3/2015	2/15/2035	26,650,000	—	2,050,000	24,600,000
344 Broadway Building Renovations (Comprehensive)	2.00%–5.00%	3/3/2015	2/15/2025	450,000	—	150,000	300,000
School Building Renovations	2.00%–5.00%	3/3/2015	2/15/2025	225,000	—	75,000	150,000
Kendall Square Surface Improvements	2.00%–5.00%	3/3/2015	2/15/2025	1,200,000	—	400,000	800,000
Cambridge Common Improvements	2.00%–5.00%	3/3/2015	2/15/2025	345,000	—	115,000	230,000
Danehy Park Improvements	2.00%–5.00%	3/3/2015	2/15/2025	345,000	—	115,000	230,000
Street/Sidewalk Reconstruction	2.00%–5.00%	3/3/2015	2/15/2025	300,000	—	100,000	200,000
Golf Course Improvements	2.00%–5.00%	3/3/2015	2/15/2025	165,000	—	55,000	110,000
Sewer Reconstruction	2.00%–5.00%	3/3/2015	2/15/2025	6,960,000	—	2,325,000	4,635,000
Refunding Bonds (2005, 2006, 2007 and 2008)	2.00%–4.00%	3/4/2015	1/1/2028	23,665,000	—	2,800,000	20,865,000
School Building Renovations (Kennedy Longfellow Roof)	2.00%–4.00%	3/1/2016	2/15/2026	1,000,000	—	250,000	750,000
King Open and Cambridge St. Upper School and Community Complex	2.00%–4.00%	3/1/2016	2/15/2036	7,700,000	—	550,000	7,150,000
Building Renovations (344 Broadway and Comprehensive)	2.00%–4.00%	3/1/2016	2/15/2026	1,400,000	—	350,000	1,050,000
Street/Sidewalk Reconstruction	2.00%–4.00%	3/1/2016	2/15/2026	1,600,000	—	400,000	1,200,000
Harvard Square Reconstruction	2.00%–4.00%	3/1/2016	2/15/2026	200,000	—	50,000	150,000
Sewer Reconstruction	2.00%–4.00%	3/1/2016	2/15/2026	5,090,000	—	1,275,000	3,815,000
MCWT Loan (CWP-13-03-A)	2.00 %	2/11/2016	1/15/2026	5,963,466	—	1,443,134	4,520,332
Building Renovation/Energy Improvements	3.00%–5.00%	3/1/2017	2/15/2027	1,165,000	—	235,000	930,000
Kennedy School Roof Replacement	3.00%–5.00%	3/1/2017	2/15/2027	1,025,000	—	205,000	820,000
King Open and Cambridge St. Upper School and Community Complex	3.00%–5.00%	3/1/2017	2/15/2037	14,900,000	—	995,000	13,905,000
School Building Roof Repairs	3.00%–5.00%	3/1/2017	2/15/2027	1,160,000	—	235,000	925,000
School Boiler Maintenance	3.00%–5.00%	3/1/2017	2/15/2027	225,000	—	45,000	180,000
Comprehensive Facilities Improvements Plan	3.00%–5.00%	3/1/2017	2/15/2027	2,325,000	—	465,000	1,860,000
Cambridge Common Improvements	3.00%–5.00%	3/1/2017	2/15/2027	225,000	—	45,000	180,000
Harvard Square Surface Reconstruction	3.00%–5.00%	3/1/2017	2/15/2027	1,625,000	—	325,000	1,300,000
Street/Sidewalk Reconstruction	3.00%–5.00%	3/1/2017	2/15/2027	925,000	—	185,000	740,000
Sewer Reconstruction	3.00%–5.00%	3/1/2017	2/15/2027	10,490,000	—	2,105,000	8,385,000
Library Construction (Refunding)	4.00 %	6/12/2017	2/15/2029	3,380,000	—	495,000	2,885,000
CRLS Renovations (Refunding)	4.00 %	6/12/2017	2/15/2029	9,630,000	—	1,395,000	8,235,000
MWRA bond	— %	11/27/2017	11/15/2023	1,186,940	—	1,185,210	1,730
King Open and Cambridge St Upper School and Community Complex	3.0%–5.0%	3/1/2018	2/15/2038	47,281,000	—	2,956,000	44,325,000
Municipal Facilities Improvement Plan	4.3%-5.0%	3/1/2018	2/15/2028	2,640,000	—	440,000	2,200,000
Fletcher Maynard Academy Roof	4.3%-5.0%	3/1/2018	2/15/2028	785,000	—	135,000	650,000
School Boiler Maintenance	4.3%-5.0%	3/1/2018	2/15/2028	260,000	—	45,000	215,000
East Grand Junction design	4.6%-5.0%	3/1/2018	2/15/2023	185,000	—	185,000	—
Street / Sidewalk Reconstruction	4.3%-5.0%	3/1/2018	2/15/2028	2,100,000	—	350,000	1,750,000
Sewer Reconstruction	4.3%-5.0%	3/1/2018	2/15/2028	8,737,000	—	1,467,000	7,270,000
City Hall Improvements (Design)	5.0 %	3/6/2019	2/15/2024	730,000	—	365,000	365,000
831 Massachusetts Avenue/3 Bigelow St (MP/Feasibility)	5.0 %	3/6/2019	2/15/2024	365,000	—	185,000	180,000
Fire Headquarters (Design)	5.0 %	3/6/2019	2/15/2024	1,095,000	—	550,000	545,000
Tobin School (Design)	5.0 %	3/6/2019	2/15/2024	1,095,000	—	550,000	545,000
King Open and Cambridge St Upper School and Community Complex	3.00%-5.00%	3/6/2019	2/15/2039	38,970,000	—	2,295,000	36,675,000
Municipal Facilities Improvement Plan	5.0 %	3/6/2019	2/15/2029	3,020,000	—	435,000	2,585,000
School Boiler Maintenance	5.0 %	3/6/2019	2/15/2029	385,000	—	55,000	330,000
School Boiler Maintenance	5.0 %	3/6/2019	2/15/2029	355,000	—	55,000	300,000
East Grand Junction design	5.0 %	3/6/2019	2/15/2024	730,000	—	365,000	365,000
Harvard Square Kiosk	5.0 %	3/6/2019	2/15/2029	595,000	—	85,000	510,000
Street/Sidewalk Reconstruction	5.0 %	3/6/2019	2/15/2029	1,815,000	—	260,000	1,555,000
Riverside Reconstruction	5.0 %	3/6/2019	2/15/2029	1,815,000	—	260,000	1,555,000
Sewer Reconstruction	5.0 %	3/6/2019	2/15/2029	9,870,000	—	1,425,000	8,445,000
MWRA Bond	— %	3/7/2019	2/15/2030	2,201,101	—	179,200	2,021,901

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Bonds and Notes Payable

Year ended June 30, 2023

	Interest rates	Issue dates	Final maturity date	Balance June 30, 2022	Additions	Retired	Balance June 30, 2023
King Open and Cambridge St. Upper School and Community Complex	2.00%-5.00%	3/5/2020	2/15/2040	7,920,000	—	440,000	7,480,000
City Hall Improvements (Construction)	5.0 %	3/5/2020	2/15/2030	650,000	—	85,000	565,000
Tobin School (Design)	5.0 %	3/5/2020	2/15/2025	5,355,000	—	1,785,000	3,570,000
School Building Upgrades	5.0 %	3/5/2020	2/15/2025	425,000	—	145,000	280,000
Municipal Facilities Improvement Plan	5.0 %	3/5/2020	2/15/2025	1,605,000	—	535,000	1,070,000
Harvard Square Kiosk	5.0 %	3/5/2020	2/15/2030	1,315,000	—	165,000	1,150,000
Street/Sidewalk Reconstruction	5.0 %	3/5/2020	2/15/2030	2,630,000	—	330,000	2,300,000
Riverside Reconstruction	5.0 %	3/5/2020	2/15/2030	1,315,000	—	165,000	1,150,000
Sewer Reconstruction	5.0 %	3/5/2020	2/15/2030	13,700,000	—	1,725,000	11,975,000
City Hall Improvements (Construction)	5.0 %	3/3/2021	2/15/2031	6,655,000	—	740,000	5,915,000
Tobin School (Design)	2.00%-5.00%	3/3/2021	2/15/2041	11,020,000	—	580,000	10,440,000
School Buildings Upgrades	5.0 %	3/3/2021	2/15/2031	1,325,000	—	160,000	1,165,000
Municipal Facilities Improvement Plan	5.0 %	3/3/2021	2/15/2031	11,090,000	—	1,235,000	9,855,000
River St. Firehouse Construction Improvements	5.0 %	3/3/2021	2/15/2031	3,695,000	—	415,000	3,280,000
Lexington Ave Firehouse Construction Improvements	5.0 %	3/3/2021	2/15/2031	2,960,000	—	330,000	2,630,000
Refunding (CRLS & Old Police Station 2010-2011)	5.0 %	3/3/2021	2/15/2031	15,865,000	—	1,885,000	13,980,000
Harvard Square Kiosk Infrastructure Improvements	5.0 %	3/3/2021	2/15/2031	740,000	—	85,000	655,000
Harvard Square Kiosk Surface Enhancement	5.0 %	3/3/2021	2/15/2031	1,110,000	—	125,000	985,000
Street/Sidewalk Reconstruction	5.0 %	3/3/2021	2/15/2031	3,695,000	—	415,000	3,280,000
Riverside Reconstruction	5.0 %	3/3/2021	2/15/2031	5,175,000	—	575,000	4,600,000
Sewer Reconstruction	5.0 %	3/3/2021	2/15/2031	16,560,000	—	1,860,000	14,700,000
Tobin School (Construction)	2.25-5.0%	3/2/2022	2/15/2042	52,640,000	—	2,635,000	50,005,000
Municipal Facilities Improvement Plan (FY22)	5.0 %	3/2/2022	2/15/2032	4,260,000	—	485,000	3,775,000
School Buildings Upgrades (FY22)	5.0 %	3/2/2022	2/15/2032	1,535,000	—	170,000	1,365,000
Municipal Facilities Improvement Plan - Lafayette St. Fire	5.0 %	3/2/2022	2/15/2027	905,000	—	185,000	720,000
Fire Headquarters Construction	5.0 %	3/2/2022	2/15/2032	3,385,000	—	340,000	3,045,000
Riverside Reconstruction	5.0 %	3/2/2022	2/15/2032	2,540,000	—	255,000	2,285,000
Street/Sidewalk Reconstruction	5.0 %	3/2/2022	2/15/2032	4,225,000	—	425,000	3,800,000
Sewer Reconstruction	5.0 %	3/2/2022	2/15/2032	12,260,000	—	1,230,000	11,030,000
Fire Headquarters Construction	5.0 %	3/1/2023	2/15/2033	—	1,790,000	—	1,790,000
Tobin School (Construction)	4.0%-5.0%	3/1/2023	2/15/2043	—	43,090,000	—	43,090,000
Compete Streets/Sidewalk Reconstruction	5.0 %	3/1/2023	2/15/2033	—	1,795,000	—	1,795,000
East Grand Junction design	5.0 %	3/1/2023	2/15/2033	—	450,000	—	450,000
Riverside Reconstruction	5.0 %	3/1/2023	2/15/2033	—	2,685,000	—	2,685,000
Sewer Reconstruction	5.0 %	3/1/2023	2/15/2033	—	34,140,000	—	34,140,000
Total inside debt limit				505,734,558	83,950,000	66,258,737	523,425,821
Total debt outstanding				\$ 505,734,558	83,950,000	66,258,737	523,425,821

See accompanying independent auditors' report.

# STATISTICAL SECTION

CITY OF CAMBRIDGE, MASSACHUSETTS

June 30, 2023

Statistical Section

This part of the City of Cambridge’s annual comprehensive financial report presents information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<b>Contents</b>	<b>Page</b>
Financial trends: <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. (See accompanying Management’s Discussion and Analysis, Statement of Net Position and Statement of Activities):</i>  General Government Expenditures by Function (GAAP Basis) – Last Ten Fiscal Years General Government Revenues by Source (GAAP Basis) – Last Ten Fiscal Years Net Position by Component – Last Ten Fiscal Years Changes in Net Position by Component– Last Ten Fiscal Years Fund Balances of Governmental Funds – Last Ten Fiscal Years Changes in Fund Balances of Government Funds – Last Ten Fiscal Years	101
Revenue capacity: <i>These schedules contain information to help the reader assess the City’s most significant revenue source, the property tax:</i>  Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years Property and Motor Vehicle Tax Rates – Last Ten Fiscal Years Largest Principal Taxpayers – Current Year and Ten Years Ago Property Tax Levies and Collections – Last Ten Fiscal Years	108
Debt capacity: <i>These schedules contain information to assist the reader in assessing the City’s current debt outstanding and their ability to issue additional debt in the future: (See accompanying note 8 of the basic financial statements):</i>  Ratios of Outstanding Debt by Type – Last Ten Fiscal Years Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years Direct and Overlapping Governmental Activities Debt Legal Debt Margin Information – Last Ten Fiscal Years	112
Demographic and economic information: <i>These schedules contain information to help the reader understand the economic environment with which the City’s financial activities take place and assist with comparisons over time and among other City’s:</i>  Demographic and Economic Statistics – Last Ten Calendar Years Principal Employers – Current Year and Ten Years Ago	116
Operating information: <i>These schedules contain information to provide contextual information about the City’s operations and resources to help readers gain an understanding of the City’s economic condition:</i>  Full-Time Position Employees by Function/Program – Last Ten Fiscal Years Operating Indicators by Function/Program – Last Ten Fiscal Years Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	118
<i>Sources: Unless otherwise noted, the information contained in these schedules is derived from the annual comprehensive financial reports for the relevant year.</i>	

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Government Expenditures by Function (GAAP Basis) (1)

Last Ten Fiscal Years

(Dollars in thousands)

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	\$ 33,235	33,317	38,656	38,852	43,290	41,039	41,729	49,577	49,050	53,527
Percentage of total	6.7 %	6.6 %	7.3 %	6.9 %	7.3 %	6.6 %	6.3 %	6.8 %	6.7 %	6.9 %
Percentage change	(4.8)	0.2	16.0	0.5	11.4	(5.2)	1.7	18.8	(1.1)	9.1
Public safety	112,496	117,991	116,756	128,759	132,296	139,422	143,442	147,363	158,856	170,269
Percentage of total	22.8 %	23.5 %	22.0 %	22.9 %	22.2 %	22.3 %	21.7 %	20.3 %	21.6 %	21.9 %
Percentage change	5.2	4.9	(1.0)	10.3	2.7	5.4	2.9	2.7	7.8	7.2
Community maintenance and development	40,570	46,004	46,667	48,449	51,393	54,666	56,419	63,664	67,516	70,864
Percentage of total	8.2 %	9.2 %	8.8 %	8.6 %	8.6 %	8.7 %	8.6 %	8.8 %	9.2 %	9.1 %
Percentage change	3.6	13.4	1.4	3.8	6.1	6.4	3.2	12.8	6.1	5.0
Human resource	32,861	34,302	36,155	38,125	41,678	45,380	48,359	46,812	55,117	63,570
Percentage of total	6.7 %	6.8 %	6.8 %	6.8 %	7.0 %	7.3 %	7.3 %	6.4 %	7.5 %	8.2 %
Percentage change	2.2	4.4	5.4	5.4	9.3	8.9	6.6	(3.2)	17.7	15.3
Education	176,930	168,367	183,324	197,087	209,886	218,767	234,864	258,815	242,833	252,436
Percentage of total	35.9 %	33.6 %	34.5 %	35.0 %	35.2 %	35.0 %	35.6 %	35.6 %	33.1 %	32.4 %
Percentage change	23.0	(4.8)	8.9	7.5	6.5	4.2	7.4	10.2	(6.2)	4.0
Judgments and claims	52	122	2,715	371	197	2,311	201	19,684	14,318	13,697
Percentage of total	— %	— %	0.5 %	0.1 %	— %	0.4 %	— %	2.7 %	2.0 %	1.8 %
Percentage change	(31.6)	134.6	2,125.4	(86.3)	(46.9)	1,073.1	(91.3)	9,693.0 (2)	(27.3) (3)	(4.3) (3)
State assessments	47,683	50,184	52,024	53,427	56,316	57,931	60,243	61,846	64,456	66,681
Percentage of total	9.7 %	10.0 %	9.8 %	9.5 %	9.4 %	9.3 %	9.1 %	8.5 %	8.8 %	8.6 %
Percentage change	2.2	5.2	3.7	2.7	5.4	2.9	4.0	2.7	4.2	3.5
Debt service	49,669	51,359	54,814	57,823	61,826	66,014	74,276	78,833	82,107	86,986
Percentage of total	10.1 %	10.2 %	10.3 %	10.3 %	10.4 %	10.6 %	11.3 %	10.8 %	11.2 %	11.2 %
Percentage change	7.3	3.4	6.7	5.5	6.9	6.8	12.5	6.1	4.2	5.9
<b>Total expenditures</b>	<b>\$ 493,496</b>	<b>501,646</b>	<b>531,111</b>	<b>562,893</b>	<b>596,882</b>	<b>625,530</b>	<b>659,533</b>	<b>726,594</b>	<b>734,253</b>	<b>778,030</b>
Percentage of total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Percentage change	9.7	1.7	5.9	6.0	6.0	4.8	5.4	10.2	1.1	6.0

(1) Includes General Fund expenditures only. Operating Transfers Out have been excluded from all years.

(2) During fiscal year 2021, the City acquired open space land through eminent domain.

(3) During fiscal years 2022 and 2023, the City acquired a building through eminent domain.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**  
 General Government Revenues by Source (GAAP Basis) (1)  
 Last Ten Fiscal Years  
 (Dollars in thousands)

Source	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property taxes	\$ 327,999	342,853	356,247	375,682	391,038	412,522	439,072	477,369	497,042	530,537
Percentage of total	64.4 %	65.4 %	63.5 %	63.4 %	61.8 %	62.7 %	62.9 %	64.6 %	67.1 %	64.7 %
Percentage change	3.9	4.5	3.9	5.5	4.1	5.5	6.4	8.7	4.1	6.7
Motor vehicle excises	7,230	7,200	7,452	8,035	7,727	8,351	6,996	8,437	8,053	8,305
Percentage of total	1.4 %	1.4 %	1.3 %	1.4 %	1.2 %	1.3 %	1.0 %	1.1 %	1.1 %	1.0 %
Percentage change	5.8	(0.4)	3.5	7.8	(3.8)	8.1	(16.2)	20.6	(4.6)	3.1
Hotel/motel/meals/other	16,525	17,861	19,213	19,959	20,938	21,511	19,717	3,581	12,348	21,807
Percentage of total	3.2 %	3.4 %	3.4 %	3.4 %	3.3 %	3.3 %	2.8 %	0.5 %	1.7 %	2.7 %
Percentage change	3.9	8.1	7.6	3.9	4.9	2.7	(8.3)	(81.8)	244.8	76.6
Fines	500	488	364	342	304	282	374	115	107	99
Percentage of total	0.1 %	0.1 %	0.1 %	0.1 %	— %	— %	0.1 %	— %	— %	— %
Percentage change	(17.8)	(2.4)	(25.4)	(6.0)	(11.1)	(7.2)	32.6	(69.3)	(7.0)	(7.5)
Intergovernmental	58,572	45,503	52,554	65,150	67,599	70,843	82,997	88,639	71,847	76,348
Percentage of total	11.5 %	8.7 %	9.4 %	11.0 %	10.7 %	10.8 %	11.9 %	12.0 %	9.7 %	9.3 %
Percentage change	88.7	(22.3)	15.5	24.0	3.8	4.8	17.2	6.8	(18.9)	6.3
Licenses and permits	23,329	27,561	32,181	29,051	40,662	41,272	40,396	58,174	47,331	61,592
Percentage of total	4.6 %	5.3 %	5.7 %	4.9 %	6.4 %	6.3 %	5.8 %	7.9 %	6.4 %	7.5 %
Percentage change	(7.5)	18.1	16.8	(9.7)	40.0	1.5	(2.1)	44.0	(18.6)	30.1
Payment in lieu of taxes	7,759	8,082	9,191	8,101	7,389	7,793	8,028	8,219	8,535	8,455
Percentage of total	1.5 %	1.5 %	1.6 %	1.4 %	1.2 %	1.2 %	1.1 %	1.1 %	1.2 %	1.0 %
Percentage change	2.7	4.2	13.7	(11.9)	(8.8)	5.5	3.0	2.4	3.8	(0.9)
Investment income	1,622	1,523	3,274	4,877	6,025	7,925	9,404	1,387	(2,197)	10,712
Percentage of total	0.3 %	0.3 %	0.6 %	0.8 %	1.0 %	1.2 %	1.3 %	0.2 %	(0.3)%	1.3 %
Percentage change	163.3	(6.1)	115.0	49.0	23.5	31.5	18.7	(85.3)	(258.4)	587.6
Charges for services	41,690	47,921	48,819	48,334	51,427	54,875	55,906	54,122	57,210	65,433
Percentage of total	8.2 %	9.1 %	8.7 %	8.2 %	8.1 %	8.3 %	8.0 %	7.3 %	7.7 %	8.0 %
Percentage change	4.2	14.9	1.9	(1.0)	6.4	6.7	1.9	(3.2)	5.7	14.4
Departmental/other	24,064	25,363	31,403	33,067	39,531	32,973	35,268	38,791	40,883	36,863
Percentage of total	4.8 %	4.9 %	5.7 %	5.6 %	6.2 %	5.0 %	5.1 %	5.3 %	5.5 %	4.5 %
Percentage change	16.5	5.4	23.8	5.3	19.5	(16.6)	7.0	10.0	5.4	(9.8)
<b>Total revenues</b>	<b>\$ 509,290</b>	<b>524,355</b>	<b>560,698</b>	<b>592,598</b>	<b>632,640</b>	<b>658,347</b>	<b>698,158</b>	<b>738,834</b>	<b>741,159</b>	<b>820,151</b>
Percentage of total	100.0 %	100.0 %	100.1 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Percentage change	9.7	3.0	6.9	5.7	6.8	4.1	6.0	5.8	0.3	10.7

(1) Includes General Fund revenues only. Operating Transfers In have been excluded from all years.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Net Position by Component

Last Ten Years

(Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:										
Net investment in capital assets	\$ 598,532,113	637,618,851	673,717,401	729,145,088	778,225,743	835,512,790	897,045,989	974,121,911	1,056,682,141	1,122,537,598
Restricted	17,967,958	52,949,329	73,349,849	68,958,578	85,639,778	115,165,139	128,190,015	99,545,820	91,430,350	81,252,767
Unrestricted	131,964,205	15,974,060	1,931,327	(14,425,882)	(391,023,437)	(406,887,103)	(435,226,779)	(472,917,546)	(485,001,077)	(479,467,174)
Total governmental activities net position	\$ <u>748,464,276</u>	<u>706,542,240</u>	<u>748,998,577</u>	<u>783,677,784</u>	<u>472,842,084</u>	<u>543,790,826</u>	<u>590,009,225</u>	<u>600,750,185</u>	<u>663,111,414</u>	<u>724,323,191</u>
Business-type activities:										
Net investment in capital assets	\$ 117,985,639	120,185,083	120,185,083	125,305,918	131,655,638	133,726,139	132,390,620	130,617,563	128,494,627	124,561,795
Unrestricted	10,231,969	13,379,993	17,982,299	13,682,522	10,988,999	11,893,193	15,132,817	16,119,526	16,632,919	15,288,039
Total business-type activities net position	\$ <u>128,217,608</u>	<u>133,565,076</u>	<u>138,167,382</u>	<u>138,988,440</u>	<u>142,644,637</u>	<u>145,619,332</u>	<u>147,523,437</u>	<u>146,737,089</u>	<u>145,127,546</u>	<u>139,849,834</u>
Primary government:										
Net investment in capital assets	\$ 716,517,752	757,803,934	793,902,484	854,451,006	909,881,381	969,238,929	1,029,436,609	1,104,739,474	1,185,176,768	1,247,099,393
Restricted	17,967,958	52,949,329	73,349,849	68,958,578	85,639,778	115,165,139	128,190,015	99,545,820	91,430,350	81,252,767
Unrestricted	142,196,174	29,354,053	19,913,626	(743,360)	(380,034,438)	(394,993,910)	(420,093,962)	(456,798,020)	(468,368,158)	(464,179,135)
Total primary government net position	\$ <u>876,681,884</u>	<u>840,107,316</u>	<u>887,165,959</u>	<u>922,666,224</u>	<u>615,486,721</u>	<u>689,410,158</u>	<u>737,532,662</u>	<u>747,487,274</u>	<u>808,238,960</u>	<u>864,173,025</u>

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Changes in Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses:										
Governmental activities:										
General government	\$ 36,588,647	29,002,206	56,389,559	58,919,949	69,141,946	51,368,261	63,737,058	84,470,614	60,826,687	68,068,341
Public safety	134,185,406	138,554,014	134,762,503	155,775,352	145,638,049	165,325,582	171,741,473	171,262,519	171,198,138	204,182,997
Community maintenance and development	95,640,484	102,203,863	112,901,226	96,825,775	111,620,459	124,737,385	131,786,256	140,099,327	152,720,825	163,304,654
Human resource development	49,606,417	50,644,258	53,357,816	56,006,242	56,913,782	66,384,654	69,285,452	69,863,526	85,625,284	96,128,264
Education	220,006,395	211,018,908	228,453,104	246,388,426	245,765,315	263,665,736	287,638,382	331,705,869	329,434,190	325,883,981
Interest on long-term debt	9,537,632	9,381,387	10,938,908	10,430,981	13,443,479	15,588,780	15,769,932	11,258,477	12,269,454	15,848,271
Total governmental activities	<u>545,564,981</u>	<u>540,804,636</u>	<u>596,803,116</u>	<u>624,346,725</u>	<u>642,523,030</u>	<u>687,070,398</u>	<u>739,958,553</u>	<u>808,660,332</u>	<u>812,074,578</u>	<u>873,416,508</u>
Business-type activities:										
Water	13,127,587	14,226,883	14,228,525	15,855,491	14,198,148	15,767,827	14,627,842	16,742,698	18,136,546	25,166,532
Total business-type activities expenses	<u>13,127,587</u>	<u>14,226,883</u>	<u>14,228,525</u>	<u>15,855,491</u>	<u>14,198,148</u>	<u>15,767,827</u>	<u>14,627,842</u>	<u>16,742,698</u>	<u>18,136,546</u>	<u>25,166,532</u>
Total primary government expenses	<u>\$ 558,692,568</u>	<u>555,031,519</u>	<u>611,031,641</u>	<u>640,202,216</u>	<u>656,721,178</u>	<u>702,838,225</u>	<u>754,586,395</u>	<u>825,403,030</u>	<u>830,211,124</u>	<u>898,583,040</u>
Program revenues:										
Governmental activities:										
Charges for services:										
Public safety	\$ 49,919,980	53,782,729	58,678,631	56,139,937	69,974,862	71,036,237	63,768,630	78,251,139	72,973,692	88,043,100
Community maintenance and development	44,521,761	50,851,436	52,489,213	42,067,768	52,798,914	58,110,137	55,956,156	55,639,225	62,135,368	66,154,780
Human resource and development	4,578,908	4,726,472	4,978,730	5,562,842	5,932,108	5,907,990	4,513,183	2,268,049	4,931,754	6,214,511
Other activities	1,366,380	1,649,398	2,266,034	2,336,489	2,233,207	1,901,559	1,601,729	1,395,209	1,740,214	1,412,719
Operating grants and contributions	25,475,845	23,282,530	24,526,412	22,482,361	21,969,498	26,284,533	30,903,480	34,400,275	56,207,553	53,611,233
Capital grants and contributions	21,680,944	21,913,519	15,508,261	4,857,466	19,479,360	15,829,377	3,124,221	3,499,683	5,879,918	2,221,276
Total governmental activities program revenues	<u>147,543,818</u>	<u>156,206,084</u>	<u>158,447,281</u>	<u>133,446,863</u>	<u>172,387,949</u>	<u>179,069,833</u>	<u>159,867,399</u>	<u>175,453,580</u>	<u>203,868,499</u>	<u>217,657,619</u>
Business-type activities:										
Charges for services:										
Water	18,507,650	20,091,724	19,288,216	17,210,466	18,465,997	19,323,749	17,164,177	16,547,109	17,101,070	18,101,401
Total business-type program revenues	<u>18,507,650</u>	<u>20,091,724</u>	<u>19,288,216</u>	<u>17,210,466</u>	<u>18,465,997</u>	<u>19,323,749</u>	<u>17,164,177</u>	<u>16,547,109</u>	<u>17,101,070</u>	<u>18,101,401</u>
Total primary government program revenues	<u>\$ 166,051,468</u>	<u>176,297,808</u>	<u>177,735,497</u>	<u>150,657,329</u>	<u>190,853,946</u>	<u>198,393,582</u>	<u>177,031,576</u>	<u>192,000,689</u>	<u>220,969,569</u>	<u>235,759,020</u>
Net (expense) revenue:										
Governmental activities	\$ (398,021,163)	(384,598,552)	(438,355,835)	(490,899,862)	(470,135,081)	(508,000,566)	(580,091,154)	(633,206,752)	(608,206,079)	(655,758,889)
Business-type activities	5,380,063	5,864,841	5,059,691	1,354,975	4,267,849	3,555,922	2,536,335	(195,589)	(1,035,476)	(7,065,131)
Total primary government net expense	<u>\$ (392,641,100)</u>	<u>(378,733,711)</u>	<u>(433,296,144)</u>	<u>(489,544,887)</u>	<u>(465,867,232)</u>	<u>(504,444,644)</u>	<u>(577,554,819)</u>	<u>(633,402,341)</u>	<u>(609,241,555)</u>	<u>(662,824,020)</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Changes in Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 326,755,052	343,594,775	356,993,674	374,927,115	390,851,108	412,526,951	441,912,832	475,764,483	497,284,716	532,622,271
Excise taxes	23,510,611	25,079,784	26,806,239	27,876,390	28,971,646	29,620,301	27,336,175	11,614,255	20,066,820	30,297,354
Unrestricted grants and contributions	58,572,275	45,502,677	52,554,349	65,150,348	67,599,080	70,843,377	82,996,910	88,724,457	71,846,505	76,348,078
Payments in lieu of taxes	7,759,252	8,082,220	9,191,431	8,100,931	7,388,601	7,793,155	8,028,511	8,219,285	8,535,070	8,454,819
Investment income	2,367,520	1,662,538	3,256,036	7,678,166	7,488,958	8,041,502	11,892,353	1,601,222	(2,289,499)	17,399,828
Miscellaneous	36,691,219	36,626,619	31,296,358	41,128,314	51,310,617	49,403,546	53,420,907	63,167,981	74,398,951	53,476,817
Transfers	705,575	709,855	714,085	717,805	719,125	720,475	721,865	723,285	724,745	(1,628,501)
Total governmental activities	<u>456,361,504</u>	<u>461,258,468</u>	<u>480,812,172</u>	<u>525,579,069</u>	<u>554,329,135</u>	<u>578,949,307</u>	<u>626,309,553</u>	<u>649,814,968</u>	<u>670,567,308</u>	<u>716,970,666</u>
Business-type activities:										
Investment income	111,084	192,482	256,700	183,888	107,473	139,248	89,635	132,526	150,678	158,918
Transfers	(705,575)	(709,855)	(714,085)	(717,805)	(719,125)	(720,475)	(721,865)	(723,285)	(724,745)	1,628,501
Total business-type activities	<u>(594,491)</u>	<u>(517,373)</u>	<u>(457,385)</u>	<u>(533,917)</u>	<u>(611,652)</u>	<u>(581,227)</u>	<u>(632,230)</u>	<u>(590,759)</u>	<u>(574,067)</u>	<u>1,787,419</u>
Total primary government	<u>\$ 455,767,013</u>	<u>460,741,095</u>	<u>480,354,787</u>	<u>525,045,152</u>	<u>553,717,483</u>	<u>578,368,080</u>	<u>625,677,323</u>	<u>649,224,209</u>	<u>669,993,241</u>	<u>718,758,085</u>
Change in net position:										
Governmental activities	\$ 58,340,341	76,659,916	42,456,337	34,679,207	84,194,054	70,948,742	46,218,399	16,608,216	62,361,229	61,211,777
Business-type activities	4,785,572	5,347,468	4,602,306	821,058	3,656,197	2,974,695	1,904,105	(786,348)	(1,609,543)	(5,277,712)
Total primary government	<u>\$ 63,125,913</u>	<u>82,007,384</u>	<u>47,058,643</u>	<u>35,500,265</u>	<u>87,850,251</u>	<u>73,923,437</u>	<u>48,122,504</u>	<u>15,821,868</u>	<u>60,751,686</u>	<u>55,934,065</u>

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General fund:										
Nonspendable	\$ 1,806,542	2,077,459	1,536,290	2,466,688	2,505,371	3,325,529	7,133,833	2,745,846	4,058,567	6,088,722
Assigned	—	—	12,180,000	14,200,000	11,000,000	16,500,000	24,500,000	25,000,000	21,500,000	20,800,000
Committed	59,468,937	70,997,088	71,455,514	86,509,702	99,295,248	102,798,057	106,771,288	94,005,924	85,064,764	86,636,011
Unassigned	166,222,585	202,673,242	215,772,588	229,632,250	255,838,733	265,107,570	225,659,635	222,627,360	210,647,024	212,131,237
Total general fund	<u>\$ 227,498,064</u>	<u>275,747,789</u>	<u>300,944,392</u>	<u>332,808,640</u>	<u>368,639,352</u>	<u>387,731,156</u>	<u>364,064,756</u>	<u>344,379,130</u>	<u>321,270,355</u>	<u>325,655,970</u>
All other governmental funds:										
Nonspendable	\$ 2,170,328	2,199,328	2,234,567	2,244,204	2,276,704	2,323,744	2,368,203	— (1)	—	—
Restricted	102,945,688	98,314,260	102,467,578	117,848,103	142,910,928	166,882,864	196,004,621	232,378,182	261,487,524	263,105,639
Committed	53,741,300	54,314,647	43,524,368	51,545,527	56,345,935	51,476,442	71,647,804	104,059,974	117,550,792	155,379,351
Unassigned (deficit)	—	—	—	—	—	—	—	(21,312,871)	(17,350,073)	(29,662,145)
Total all other governmental funds	<u>\$ 158,857,316</u>	<u>154,828,235</u>	<u>148,226,513</u>	<u>171,637,834</u>	<u>201,533,567</u>	<u>220,683,050</u>	<u>270,020,628</u>	<u>315,125,285</u>	<u>361,688,243</u>	<u>388,822,845</u>

(1) The City adopted GASB Statement No. 84. Amount was reclassified to fiduciary funds.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenues:</b>										
Real and personal property taxes	\$ 327,998,703	342,853,089	356,247,426	375,682,378	391,037,632	412,521,742	439,072,292	477,368,683	497,041,998	530,536,843
Excises:										
Hotel/motel/meals/other	16,525,182	17,861,201	19,212,693	19,958,924	20,937,973	21,510,878	19,717,395	3,580,611	12,348,390	21,806,512
Motor vehicles	7,230,474	7,200,225	7,452,353	8,035,187	7,727,124	8,350,538	6,995,547	8,436,599	8,052,896	8,305,021
Payments in lieu of taxes	7,759,252	8,082,220	9,191,431	8,100,931	7,388,601	7,793,155	8,028,511	8,219,285	8,535,070	8,454,819
Intergovernmental	105,729,064	90,698,726	92,589,021	92,490,175	109,047,938	112,957,287	117,024,611	126,624,415	133,933,976	132,180,587
Investment income	2,367,520	1,662,538	3,557,639	7,678,166	7,488,958	8,041,502	11,892,353	1,601,222	(2,289,499)	17,399,828
Sewer use charges	41,690,417	47,920,611	48,818,911	48,333,542	51,427,534	54,874,965	55,905,811	54,122,053	57,209,823	65,433,035
Departmental and other	94,500,678	90,340,819	98,811,972	107,094,771	131,502,497	128,690,248	123,660,843	145,550,964	155,513,322	150,469,917
<b>Total revenues</b>	<b>603,801,290</b>	<b>606,619,429</b>	<b>635,881,446</b>	<b>667,374,074</b>	<b>726,558,257</b>	<b>754,740,315</b>	<b>782,297,363</b>	<b>825,503,832</b>	<b>870,345,976</b>	<b>934,586,562</b>
<b>Expenditures:</b>										
General government	33,666,421	33,939,319	39,263,469	40,855,932	43,683,064	41,449,503	50,281,754	71,317,756	57,310,892	59,580,829
Public safety	113,968,219	119,194,172	117,208,429	129,514,130	133,068,609	140,283,863	145,514,494	148,370,600	160,385,626	172,498,891
Community maintenance and development	52,362,862	56,099,790	72,599,793	56,863,214	69,020,813	77,089,105	80,627,760	64,227,813	107,860,572	82,993,418
Human resource development	40,972,087	42,342,999	43,971,684	45,924,052	49,756,470	54,190,381	57,164,748	57,940,605	72,760,840	81,784,902
Education (1)	188,662,328	180,839,120	196,938,970	209,648,999	222,577,254	231,529,272	249,464,084	273,059,469	259,098,095	275,398,160
Judgments and claims	52,394	121,540	2,714,745	371,023	196,843	2,311,069	201,386	19,683,893	14,317,752	13,697,187
State and district assessments	47,682,872	50,184,292	52,023,584	53,426,731	56,316,174	57,931,297	60,242,559	61,845,579	64,455,971	66,680,814
Capital outlays (2)	80,397,730	125,479,923	90,735,725	77,094,496	112,083,782	130,991,266	93,610,507	104,782,104	122,025,465	155,948,958
Debt service:										
Interest (1)	11,183,721	11,652,622	12,900,991	13,215,082	14,511,131	16,705,848	18,513,046	18,681,892	19,434,525	20,606,612
Principal (1)	38,901,992	39,847,940	42,151,998	44,607,836	47,713,335	49,201,478	55,660,616	60,119,718	62,605,344	66,258,737
<b>Total expenditures</b>	<b>607,850,626</b>	<b>659,701,717</b>	<b>670,509,388</b>	<b>671,521,495</b>	<b>748,927,475</b>	<b>801,683,082</b>	<b>811,280,954</b>	<b>880,029,429</b>	<b>940,255,082</b>	<b>995,448,508</b>
Excess of revenues over (under) expenditures	(4,049,336)	(53,082,288)	(34,627,942)	(4,147,421)	(22,369,218)	(46,942,767)	(28,983,591)	(54,525,597)	(69,909,106)	(60,861,946)
<b>Other financing sources (uses):</b>										
Premium on bond issue	4,102,740	12,114,100	3,518,738	3,046,706	81,188	100,954	8,237,904	18,234,723	10,888,544	10,060,664
Bond proceeds	34,900,000	126,701,390	48,990,000	77,350,000	87,295,350	84,362,625	45,695,000	88,310,000	81,750,000	83,950,000
Transfer in	39,395,794	68,446,221	60,642,718	53,059,097	56,239,646	76,999,512	135,922,418	110,697,565	104,509,661	118,864,363
Transfer out	(38,690,219)	(67,736,366)	(59,928,633)	(52,341,292)	(55,520,521)	(76,279,037)	(135,200,553)	(109,974,280)	(103,784,916)	(120,492,864)
Payments to Fiscal Escrow Agent	—	(42,222,413)	—	(21,691,521)	—	—	—	(21,456,124)	—	—
<b>Total other financing sources (uses)</b>	<b>39,708,315</b>	<b>97,302,932</b>	<b>53,222,823</b>	<b>59,422,990</b>	<b>88,095,663</b>	<b>85,184,054</b>	<b>54,654,769</b>	<b>85,811,884</b>	<b>93,363,289</b>	<b>92,382,163</b>
<b>Net change in fund balances</b>	<b>\$ 35,658,979</b>	<b>44,220,644</b>	<b>18,594,881</b>	<b>55,275,569</b>	<b>65,726,445</b>	<b>38,241,287</b>	<b>25,671,178</b>	<b>31,286,287</b>	<b>23,454,183</b>	<b>31,520,217</b>
Debt service as a percentage of noncapital expenditures	9.50 %	9.64 %	9.50 %	9.73 %	9.77 %	9.83 %	10.34 %	10.16 %	10.03 %	10.35 %

(1) 2014 thru 2018 adjusted to reflect reclassification of debt service payments that are included in education expense in basic financial statements.

(2) Capital outlays that do not qualify as capital assets have been reclassified into the appropriate expense line.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(In millions of dollars)

<b>Fiscal year ended June 30</b>	<b>Residential property</b>	<b>Commercial property</b>	<b>Industrial property</b>	<b>Personal property</b>	<b>Total taxable assessed value (1)</b>	<b>Residential rate</b>	<b>Personal, commercial and industrial rate</b>	<b>Weighted average direct rate</b>
2014	\$ 16,642	5,936	3,503	1,080	27,161	8.38	20.44	13.05
2015	18,562	6,577	3,914	1,090	30,143	7.82	19.29	12.23
2016	21,584	7,187	4,687	1,222	34,680	6.99	17.71	11.04
2017	24,498	7,998	5,747	1,387	39,630	6.49	16.12	10.17
2018	26,426	8,907	6,812	1,474	43,619	6.29	14.81	9.65
2019	29,419	10,051	7,912	1,595	48,977	5.94	13.71	9.04
2020	32,335	12,171	8,763	1,679	54,948	5.75	12.68	8.60
2021	34,136	13,798	10,422	1,878	60,234	5.85	11.85	8.45
2022	35,118	14,771	12,104	1,960	63,953	5.92	11.23	8.31
2023	37,466	15,849	15,616	2,209	71,140	5.86	10.38	8.00

(1) As of January 1st of the previous calendar year.

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to the fair value.  
Tax rates are per \$1,000 of assessed value.

Source: City of Cambridge Finance Department

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Property and Motor Vehicle Tax Rates (1)

Last Ten Fiscal Years

<b>Fiscal year</b>		<b>Residential real property</b>	<b>Commercial and industrial real property</b>	<b>Personal property</b>	<b>Motor vehicle</b>
2014	\$	8.38	20.44	20.44	25.00
2015		7.82	19.29	19.29	25.00
2016		6.99	17.71	17.71	25.00
2017		6.49	16.12	16.12	25.00
2018		6.29	14.81	14.81	25.00
2019		5.94	13.71	13.71	25.00
2020		5.75	12.68	12.68	25.00
2021		5.85	11.85	11.85	25.00
2022		5.92	11.23	11.23	25.00
2023		5.86	10.38	10.38	25.00

(1) Real and personal property tax rate applicable to each \$1,000 of assessed value. Motor vehicle excise tax is assessed on a calendar year basis, applicable to each \$1,000 of assessed value.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Largest Principal Taxpayers  
Current Year and Ten Years Ago

Taxpayer	2023			Taxpayer	2013		
	Taxable assessed value	Amount of tax	Percentage of total tax levy		Taxable assessed value	Amount of tax	Percentage of total tax levy
Massachusetts Institute of Technology (1)	\$ 7,876,821,500	81,761,407	15.4%	Massachusetts Institute of Technology (1)	\$ 1,811,175,900	36,490,355	11.5%
Alexandria Real Estate	3,614,846,000	37,522,102	7.1%	BioMed Realty Trust	935,211,800	20,012,641	6.3%
BioMed Realty Trust	2,278,491,100	23,650,738	4.4%	Boston Properties	559,733,000	12,034,260	3.8%
Boston Properties	1,954,843,100	20,291,271	3.8%	Equity Partners	364,188,000	7,351,557	2.3%
DivcoWest	1,413,859,800	14,675,865	2.8%	Presidents and Fellows of Harvard College (1)	377,125,700	5,435,269	1.7%
Healthpeak	1,254,624,800	13,023,005	2.4%	New England Development	232,700,000	5,003,050	1.6%
Presidents & Fellows of Harvard College (1)	849,057,650	8,813,218	1.7%	Novartis Pharmaceuticals	222,727,600	4,788,643	1.5%
MBA-Rogers Street, LLC	842,929,600	8,749,609	1.5%	PREEF American Reit II Corp.	198,976,500	4,277,995	1.4%
PREEF American Reit II Corp.	641,895,900	6,662,879	1.3%	RB Kendall Fee LLC	179,527,300	3,846,386	1.2%
Novartis Pharmaceuticals	485,282,900	5,037,237	0.9%	Alexandria Real Estate	162,993,400	3,440,417	1.1%
<b>Total</b>	<b>\$ 21,212,652,350</b>	<b>220,187,331</b>	<b>41.30 %</b>		<b>\$ 5,044,359,200</b>	<b>102,680,573</b>	<b>32.40 %</b>

(1) Excludes in-lieu payment on exempt property

Source: City of Cambridge Finance Department

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Property Tax Levies and Collections (1)

Last Ten Fiscal Years

(In millions of dollars)

Fiscal year ended June 30	Taxes levied (2) for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
2014	\$ 329.20	324.20	98.48 %	3.08	327.28	99.42 %
2015	342.30	337.50	98.60	3.14	340.64	99.52
2016	355.80	350.20	98.43	2.96	353.16	99.26
2017	375.30	368.40	98.16	2.30	370.70	98.77
2018	392.70	387.58	98.70	1.85	389.43	99.17
2019	413.60	408.50	98.77	1.85	410.35	99.21
2020	442.30	434.90	98.33	5.69	440.59	99.61
2021	476.70	469.60	98.51	3.79	473.39	99.31
2022	498.40	492.32	98.78	3.30	495.62	99.44
2023	534.60	527.94	98.75	N/A	527.94	98.75

(1) Real and personal property taxes.

(2) Gross tax levied before overlay reserve.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal year	Governmental activities				Business-type activities	Total primary government (c)	Percentage of per capita income (a)	Per capita (a)	Ratio of debt to taxable assessed valuation (b)
	General obligation bonds	Section 108 HUD notes payable	Notes payable	Lease liability	General obligation bonds				
2014	\$ 347,393,458	170,000	4,128,675	—	12,680,000	364,372,133	7.61	3,465	1.34
2015	395,616,908	—	3,542,451	—	10,140,000	409,299,359	8.55	3,892	1.36
2016	402,454,910	—	2,944,394	—	7,720,000	413,119,304	8.60	3,928	1.19
2017	440,665,990	—	2,842,916	—	5,300,000	448,808,906	9.08	4,268	1.32
2018	477,490,177	—	2,842,916	—	2,880,000	483,213,093	10.09	4,595	1.11
2019	509,916,155	—	2,842,916	—	460,000	513,219,071	10.72	4,880	1.05
2020	504,418,755	—	2,842,916	—	—	507,261,671	10.59	4,824	0.92
2021	524,119,158	—	2,842,916	—	—	526,962,074	11.10	5,011	0.87
2022	548,071,069	—	—	5,604,020	—	553,675,089	7.66	4,676	0.87
2023	569,205,307	—	—	5,839,555	—	575,044,862	7.96	4,857	0.81

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- a. See page 116 for per capita income and population data. These ratios are calculated using per capita income and population from prior calendar year.
- b. See page 108 for the taxable assessed valuation figures.
- c. Beginning in FY2017, General Obligation bonds include unamortized bond premium.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

<b>Fiscal year</b>	<b>General obligation bonds outstanding</b>	<b>Total taxable assessed value</b>	<b>Per capita (a)</b>	<b>Ratio of debt to taxable assessed valuation (b)</b>
2014	\$ 360,073,458	27,161,000,000	3,424	1.33
2015	405,756,908	30,143,000,000	3,858	1.35
2016	410,174,910	34,680,000,000	3,900	1.18
2017	445,965,990	39,630,000,000	4,241	1.13
2018	480,370,177	43,619,000,000	4,568	1.10
2019	510,376,155	48,977,000,000	4,853	1.04
2020	504,418,755	54,948,000,000	4,797	0.92
2021	524,119,158	60,234,892,929	4,984	0.87
2022	548,071,069	63,952,953,737	4,629	0.86
2023	569,205,307	71,139,912,521	4,807	0.80

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- a. See page 116 for median family income and population data. These ratios are calculated using median family income and population from prior calendar year.
- b. See page 108 for the taxable assessed valuation figures.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Direct and Overlapping Governmental Activities Debt

June 30, 2023

<b>Name of unit</b>	<b>Direct debt and Lease liability (1)</b>	<b>Outstanding overlapping debt (2)</b>	<b>Percentage applicable to City of Cambridge</b>	<b>Total City of Cambridge direct and overlapping debt and lease liability</b>
City of Cambridge	\$ 575,044,862	—	100.00 %	575,044,862
Massachusetts Water Resources Authority	—	2,786,588,000	5.22%	145,457,862
Total direct and overlapping debt	\$ <u>575,044,862</u>	<u>2,786,588,000</u>		<u>720,502,724</u>

(1) Includes unamortized bond premium and lease liability.

(2) Overlapping debt amount and calculation obtained from Massachusetts Water Resources Authority (MWRA).

Per the MWRA – the overlapping debt percentages are based on the MWRA’s debt service portion of its current fiscal year sewer assessment.

See accompanying independent auditors’ report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Legal Debt Margin Information

Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2023:

Fiscal year 2023 equalized valuation (1)	\$ 70,337,058,800
Debt limit (5% of assessed value) (2)	<u>3,516,852,940</u>
Debt applicable to limit:	
General obligation bonds	523,425,821
Total authorized/unissued	<u>546,799,500</u>
Total debt outstanding plus authorized/unissued	1,070,225,321
Less general obligation bonds exempted by authority of the State legislature	<u>—</u>
Amount within debt limit	<u>1,070,225,321</u>
Legal debt margin	\$ <u><u>2,446,627,619</u></u>

	<b>Fiscal year (dollars in thousands)</b>									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$ 1,332,006	1,486,690	1,486,690	1,978,541	1,978,541	2,472,468	2,472,468	3,175,287	3,175,287	3,516,853
Total net debt applicable to limit	<u>463,877</u>	<u>474,434</u>	<u>634,382</u>	<u>616,477</u>	<u>645,116</u>	<u>662,305</u>	<u>873,974</u>	<u>841,364</u>	<u>977,109</u>	<u>1,070,225</u>
Legal debt margin	\$ <u><u>868,129</u></u>	<u><u>1,012,256</u></u>	<u><u>852,308</u></u>	<u><u>1,362,064</u></u>	<u><u>1,333,425</u></u>	<u><u>1,810,163</u></u>	<u><u>1,598,494</u></u>	<u><u>2,333,923</u></u>	<u><u>2,198,178</u></u>	<u><u>2,446,628</u></u>
Total net debt applicable to the limit as a percentage of debt limit	34.83 %	31.91 %	42.67 %	31.16 %	32.61 %	26.79 %	35.35 %	26.50 %	30.77 %	30.43 %

(1) In order to determine appropriate relative values for the purpose of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes his own determination of fair cash value of the taxable property in each municipality. This is known as "equalized valuation." The last redetermination of "equalized valuation" for the City was made as of January 1, 2022.

(2) Under Massachusetts Statutes, the Normal Debt Limit of the City is 5% of the valuation of taxable property as of the last equalized valuation.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Demographic and Economic Statistics

Last Ten Calendar Years

<u>Year</u>	<u>Population (1)</u>	<u>Median family income (1)</u>	<u>Per capita income (1)</u>	<u>Median age (1)</u>	<u>School enrollment (2)</u>	<u>Unemployment rate (3)</u>
2014	105,162	\$ 88,574	45,521	30.2	6,518	4.40
2015	105,162	88,574	45,521	30.2	6,539	3.50
2016	105,162	88,574	45,521	30.2	6,607	2.80
2017	105,162	88,574	45,521	30.2	6,794	4.30
2018	105,162	88,574	45,521	30.2	7,072	3.60
2019	105,162	88,574	45,521	30.2	7,052	1.60
2020	105,162	88,574	45,521	30.2	7,091	1.50
2021	105,162	88,574	45,521	30.2	6,678	1.80
2022	118,403	107,490	61,036	30.6	6,612	2.20
2023	118,403	107,490	61,036	30.6	6,627	2.30

(1) Source 2013–2021: U.S. Department of Commerce, Bureau of Census, Decennial Census, 2010

Source 2022-2023: US Department of Commerce, Bureau of Census, Decennial Census, 2020

(2) Source: Massachusetts Department of Education

(3) Source: State Executive Office of Labor and Workforce Development

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Principal Employers (1)

Current Year and Ten Years Ago

<b>2023</b>				<b>2013</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of total city employment</b>	<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of total city employment</b>
Harvard University	12,553	1	8.70 %	Harvard University	11,167	1	10.31 %
MIT	9,043	2	6.26	MIT	7,824	2	7.22
Takeda Pharmaceutical	3,634	3	2.52	City of Cambridge (2)	2,925	3	2.70
Cambridge Innovation Center	3,499	4	2.42	Novartis Institute	2,276	4	2.10
City of Cambridge (2)	3,480	5	2.41	Mt. Auburn Hospital	1,731	5	1.60
Novartis Institute	2,254	6	1.56	Biogen Idec	1,530	6	1.41
Sanofi	2,200	7	1.52	Genzyme Corporation	1,453	7	1.34
Broad Institute	2,119	8	1.47	Cambridge Innovation Center	1,420	8	1.31
Google	2,100	9	1.45	Federal Government	1,226	9	1.13
Phillips North America	2,000	10	1.39	Draper Laboratory	1,214	10	1.12
	<u>42,882</u>		<u>29.70 %</u>		<u>32,766</u>		<u>30.24 %</u>
Total average employed	144,355				108,329		

(1) Totals based on full time equivalents (FTE's), when available.

(2) Includes the Cambridge School Department

Source: Cambridge Community Development Department and cited employers

Source: Massachusetts Division of Employment and Training.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**  
 Full-Time Equivalent Positions by Function/Program  
 Last Ten Fiscal Years

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Executive management	18	18	19	18	22	22	22	30	30	35
Clerk	11	10	10	10	9	10	10	10	10	11
Law	11	11	11	13	13	13	13	15	15	16
Finance	85	87	91	97	97	100	100	102	102	103
Other	14	14	15	16	16	14	14	15	15	17
Subtotal	139	140	146	154	157	159	159	172	172	182
Public safety:										
Fire	285	285	285	283	283	285	285	285	285	285
Police	317	318	319	316	322	327	329	329	329	331
Traffic	81	82	82	83	85	85	85	87	87	89
Inspectional	27	27	28	28	28	29	29	29	29	30
Emergency communication	38	41	42	50	51	53	53	55	55	57
Other	26	26	28	29	29	30	30	30	30	36
Subtotal	774	779	784	789	798	809	811	815	815	828
Community maintenance:										
Public works	213	215	222	228	232	239	242	247	247	248
Community development	43	45	49	54	57	61	61	66	66	68
Other	12	12	11	11	12	12	11	11	11	11
Subtotal	268	272	282	293	301	312	314	324	324	327
Human resource development:										
Library	68	68	68	69	70	72	75	82	82	84
Human services	141	143	144	160	163	172	173	177	177	188
Other	6	6	6	6	6	6	6	6	6	8
Subtotal	215	217	218	235	239	250	254	265	265	280
Education	1,438	1,470	1,504	1,548	1,586	1,653	1,716	1,749	1,750	1,710
Water	55	55	55	55	55	57	58	59	59	59
Grand total	2,889	2,933	2,989	3,074	3,136	3,240	3,312	3,384	3,385	3,386

Source: FTE Report, Budget Department

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Emergency communications:</b>										
911 call pickups (land lines)	19,024	18,135	17,567	17,325	14,086	14,294	12,968	22,846	10,448	8,776
911 call pickups (cell phones)	16,171	17,203	17,434	14,700	18,358	19,860	30,252	27,685	43,751	40,149
Percent of 911 calls answered within 20 seconds	99 %	99 %	99 %	99 %	99 %	99 %	99 %	99 %	99 %	99 %
Percent of dispatchers and supervisors fully cross-certified	27 %	30 %	33 %	35 %	45 %	36 %	40 %	43 %	45 %	41 %
<b>Fire:</b>										
Number of state-mandated inspections of facilities	1,088	1,088	1,088	1,110	1,150	1,150	1,170	1,170	1,170	1,190
First response to fire emergency within 4-8 minutes	95 %	95 %	95 %	93 %	93 %	90 %	90 %	90 %	90 %	95 %
Respond to EMS requests within 4-6 minutes, 90% of the time	95 %	95 %	95 %	93 %	93 %	90 %	90 %	90 %	90 %	90 %
<b>Inspectional:</b>										
Number of BZA applications	136	167	141	173	158	130	135	154	175	179
Number of compliance inspections (buildings)	4,852	4,641	6,383	6,316	6,433	5,872	4,371	6,290	7,227	8,170
Number of compliance inspections and re-inspections	2,351	1,999	1,999	2,712	2,640	2,409	1,949	3,238	2,190	2,466
Number of inspections (housing complaints)	4,743	4,076	4,087	4,610	3,191	4,085	3,498	5,272	4,109	4,588
Number of licensed dumpster inspections completed	914	635	633	1,097	1,108	1,007	937	906	928	819
<b>Police:</b>										
Number of part 1 crimes reported	2,868	3,010	2,850	2,362	2,340	2,412	1,129	2,558	2,611	3,209
Average number of days between identified Part 1 crime patterns and the elimination of the pattern by an arrest or increase in police presence	19	34	24	21	76	41	16	22	32	19
Number of accidents citywide	n/a	1,733	1,560	1,589	1,444	1,473	2,331	961	1,305	1,468
Number of bicycle accidents citywide	145	169	168	174	139	155	116	60	108	155
<b>Traffic:</b>										
Short-term, on street spaces managed by parking meters and pay citations	3,140	3,161	3,167	3,114	2,874	2,910	2,737	2,711	2,621	2,648
Percent of tickets paid within 21 days from issuance without a notice	62.5 %	62.0 %	62.6 %	60.1 %	55.0 %	55.0 %	57.0 %	70.7 %	69.0 %	59.1 %
Percent of tickets issued this fiscal year that have been paid this year	86.8 %	85.6 %	86.1 %	78.5 %	74.0 %	67.0 %	70.0 %	76.9 %	80.0 %	89.7 %
<b>Community Development:</b>										
Number of projects undergoing urban design review	46	25	41	43	38	38	30	41	47	39
Number of small businesses assisted through the Small Business Enhancement Program and Retail Interior Accessibility Program (a)	10	41	29	43	35	23	17	21	16	7
Transportation demand management programs that encourage walking, bicycling, and public transit (a)	10	10	10	12	10	16	20	19	17	27
Number of local/regional transportation infrastructure projects that advance the City's environmental, public health, and community livability goals (a)	12	10	10	11	15	23	27	32	42	39
New rental units under development and existing units preserved as affordable housing with City financing	94	124	104	125	140	—	338	—	190	74
New affordable homeownership units under development with City financing and older homes rehabilitated for new buyers	15	11	11	14	11	11	12	18	16	10
New affordable inclusionary housing units approved	29	57	98	56	127	44	134	206	8	3
New households purchasing affordable homes through CDD	22	16	10	12	18	20	16	8	15	23
<b>Public Works:</b>										
Number of CPS buildings with food scrap collection for composting (e)	8	10	13	14	18	18	18	14	—	13
Complete planting requests within 1 year (percent of requests)	97 %	90 %	80 %	70 %	68 %	69 %	90 %	100 %	100 %	100 %
<b>Water:</b>										
Meters replaced	392	314	327	427	438	304	222	375	383	450
Number of fire hydrants replaced	57	101	66	15	15	85	56	66	28	54
<b>Human Services:</b>										
ADA trainings, technical assistance sessions, and disability awareness trainings provided to City staff and other public entities	321	260	200	200	196	215	215	202	290	360
Number of clients served in youth and family services programs (d)	1,102	2,600	2,600	2,695	2,610	2,616	2,670	n/a	1,443	1,621
Number of clients served through domestic violence and abuse prevention programs	74	70	68	70	68	55	64	52	50	90
Number of clients served through homelessness prevention/service programs (g)	4,805	4,700	3,597	3,500	3,500	3,750	3,900	3,025	1,850	2,630
Number of students served at Community Learning Center	978	881	890	900	840	840	830	776	715	800
Number of clients receiving case management and information and referral services through elderly services (d)	4,316	3,553	3,800	3,900	3,700	3,900	3,800	n/a	2,745	4,100
Number of families placed in housing Multi-Service Center	24	25	35	37	25	26	20	60	60	55
Number of residents served through the Cambridge Employment Program (CEP)	278	257	240	250	245	275	240	163	250	266
Number of youth recreation and swimming classes/participants (b)	118	121	141	136	1,145	1,180	850	—	418	1,600
Number of books distributed to children, families, and staff	7,807	8,700	9,450	9,550	9,000	9,400	9,300	6,002	7,888	9,250
Number of parents participating in Baby University and Alumni Association activities (d) (f)	88	141	161	159	130	135	130	n/a	20	26
Number of families participating in Center for Families programming	726	864	715	725	750	725	700	518	675	700
Number of children served in summer camps	762	949	1,050	1,070	1,153	1,083	1,052	700	800	855
Number of teens enrolled in school year programming	532	397	500	500	500	500	400	200	300	300
Number of teens involved in summer programming (c)	399	369	378	375	1,475	1,475	1,500	700	900	900

CITY OF CAMBRIDGE, MASSACHUSETTS

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Library:										
Check-outs	1,360,545	1,326,584	1,249,878	1,218,788	1,200,835	1,683,119	1,393,407	656,993	1,709,304	1,750,051
Select, purchase, and catalog new acquisitions for library collection	50,596	47,147	50,427	48,520	52,326	56,769	29,756	53,858	51,784	54,315
Number of items in collection	401,469	401,469	374,290	391,263	330,863	416,458	449,097	502,181	510,637	521,075
Provide a welcoming environment for all visitors at Main Library	601,078	579,935	592,377	556,198	565,422	553,623	379,975	28,872	358,042	423,083
Number of visitors to the branches	n/a	377,542	368,046	348,002	340,668	418,716	308,324	8,555	307,077	436,293
Education:										
Total enrollment	6,518	6,539	6,607	6,794	7,072	7,052	7,091	6,678	6,612	6,627

Note: In FY14 the City Departments changed operating indicator data to conform to the performance measures reflected in the newly formatted adopted Budget Book.

- (a) Beginning in FY19 this indicator was revised for more accurate measure
- (b) Beginning in FY18 this measurement was changed from the number of classes to the number of participants
- (c) Beginning in FY18 this measurement includes the Mayor's Program
- (d) Due to the pandemic, in FY21 these indicators were calculated differently and would not be an accurate benchmark in relation to prior years, therefore were not included in this chart.
- (e) In FY22, due to operational issues related to COVID-19, the School Department did not offer any food scrap collection for composting. This practice has resumed in FY23.
- (f) Beginning in FY22 this measurement includes only parents participating. It does not include Alumni Association activities.
- (g) Beginning in FY22 the calculation method of this measurement was changed.

Source: Budget Department

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/program	Fiscal year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fire:										
Fire stations	8	8	8	8	8	8	8	8	8	8
Emergency vehicles	30	32	31	31	33	33	32	30	32	40
Maintenance facility	1	1	1	1	1	1	1	1	1	1
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	83	80	80	80	80	80	80	80	80	80
Traffic:										
Garages	2	2	2	2	2	2	2	2	2	2
Public works:										
Collection trucks	15	15	15	15	15	19	19	19	19	13
Streets (miles)	125	125	125	125	125	125	125	125	125	133
Electric:										
Streetlights	7,374	7,110	7,279	7,257	7,268	7,268	7,300	7,306	7,315	7,014
Traffic signals	184	185	188	180	181	187	191	192	200	185
Sewer:										
Sanitary sewers (miles)	151	151	148	148	149	148	148	148	148	148
Storm sewers (miles)	95	95	97	97	97	97	97	98	97	96
Library:										
Main library	1	1	1	1	1	1	1	1	1	1
Number of branches	6	6	6	6	6	6	6	6	6	6
Parks and recreation:										
Acreage	497	497	497	497	497	497	497	497	503	503
Playgrounds	59	59	59	59	59	59	59	61	63	61
Baseball/softball diamonds	23	23	23	23	23	23	23	21	21	20
Soccer/football fields	10	10	10	10	10	10	10	10	10	10
Youth centers	5	5	5	5	5	5	5	5	5	5
Senior centers	2	2	2	2	2	2	2	2	2	2
Water:										
Water treatment plant	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	185	185	185	195	195	195	195	195	195	185
Fire hydrants	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,854
Storage capacity (gallons) (000)	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Reservoirs (gallons) (000)	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000
Education:										
Elementary schools	12	12	12	12	12	12	12	12	12	12
High school	1	1	1	1	1	1	1	1	1	1

Source: Budget Department

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Annual Comprehensive Financial Report

Year ended June 30, 2023

Electronic Publishing	KPMG LLP
Paper	70 pound Finch
Covers and Dividers	80 pound coated
Printing – Laser Printing/Text	KPMG LLP
Printing – Covers and Dividers	KPMG LLP
Composing	KPMG LLP
Cover and Divider Design	KPMG LLP