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CITY OF CAMBRIDGE,  
MASSACHUSETTS

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ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
JULY 1, 2020 – JUNE 30, 2021

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**CITY OF CAMBRIDGE, MASSACHUSETTS**

Annual Comprehensive  
Financial Report

Fiscal Year  
July 1, 2020 through June 30, 2021

Louis A. DePasquale  
City Manager

David J. Kale  
Assistant City Manager for Fiscal Affairs and Public Investments

Michele Kincaid  
Assistant Finance Director

James Monagle  
City Auditor

Prepared by:  
Finance Department  
City of Cambridge, Massachusetts

**Cover Photo:**

Architectural rendition of Inman Square (Klopfer Martin Design Group)

# CITY OF CAMBRIDGE, MASSACHUSETTS

## Annual Comprehensive Financial Report

June 30, 2021

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## CITY OF CAMBRIDGE, MASSACHUSETTS

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# INTRODUCTORY SECTION



# City of Cambridge

## OFFICE OF THE CITY AUDITOR

JAMES H. MONAGLE  
*City Auditor*

January 31, 2022

Mr. Louis DePasquale  
City Manager  
City of Cambridge  
Cambridge, Massachusetts 02139

Dear Mr. DePasquale:

The Annual Comprehensive Financial Report (ACFR) of the City of Cambridge, Massachusetts (the City), for the fiscal year ended June 30, 2021 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 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 17 and 18.

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, 2020 which is its fiscal period for reporting to the Public Employee Retirement Administration Commission of the Commonwealth of Massachusetts.

### *Acknowledgments*

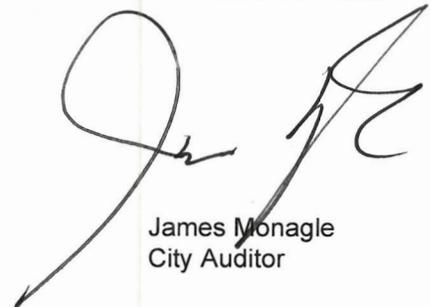
The City continues to show a strong financial position through responsible management of financial operations and through improved accounting and financial reporting practices. The sound financial decisions continued during the past fiscal year and will benefit the City in the years to come.

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,



David J. Kale  
Assistant City Manager  
for Fiscal Affairs and Public Investment



James Monagle  
City Auditor



# City of Cambridge

## Executive Department

**LOUIS A. DePASQUALE**  
City Manager

January 31, 2022

The Honorable, 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, 2021. 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, 2021. 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 July 5, 2022. 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, 2022.

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 funds 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 FY21 was initiated in November 2019. 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 FY21 Budget to the City Council on May 11, 2020 and it was adopted on June 15, 2020. The Annual Budget for FY21 became effective July 1, 2020.

### **Demographic Summary**

- Cambridge is a city of 13 neighborhoods, ranging in population from 1,332 (Cambridge Highlands) to 13,952 (North Cambridge). (Source: 2013-2017, U.S. Census Bureau) 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)
- 28.9% of residents are foreign born. Of those, over 43% were born in Asia and 23.2% were born in Europe. (Source: 2015-2019 ACS)
- 33.7% of residents speak a language other than English at home. Of these, 20.8% speak Spanish and 28.9% speak an Asian language, about half of whom speak Chinese. The remainder uses a wide variety of languages. (Source: 2015-2019 ACS)
- While the majority of new units are currently marketed as rentals, the 2015-2019 ACS found 35% of occupied housing units to be owner-occupied, and 65% to be renter-occupied.

- The Census recorded 46,835 households in 2019. Of these, 35.8% are single person households, one of the largest proportions in Massachusetts; 42.9% are family households; and 21.3% consist of roommates or unmarried partners. (Source: 2015-2019 ACS)
- 20,109 families reside in Cambridge; 8,404 are families with minor children. (Source: 2015-2019 ACS)
- 79% of residents have a four-year college degree and 50% also have a graduate degree. Only 5% of residents age 25 or older lack a high school diploma. (Source: 2015-2019 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 \$81,535 (Bureau of Economic Analysis, 2020) is identical to the Boston metro area average and higher than the Massachusetts, and U.S. averages.
- According to the Massachusetts Department of Labor, 2019 employment averaged 137,043 jobs, with private sector employment comprising 94.9% of total jobs.
- Cambridge's December 2020 unadjusted unemployment rate of 4.6%, an increase from the prior year, driven by the COVID-19 pandemic. The rate remains lower than those of the Boston Primary Metropolitan Statistical Area, Massachusetts, and United States. (Source: MA EOLWD, 2021)
- Cambridge continues to maintain a high job to resident ratio, with 1.15 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 28,000 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 Biogen, Novartis, Sanofi Aventis, Takeda/Millennium Pharmaceuticals, Pfizer, Alnylam Pharmaceuticals, and Bluebird Bio.
- The High-tech sector within the top 25 employers includes Akamai Technologies, HubSpot, Google, IBM Innovation center/Watson, Pegasystems, Phillips North America, 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 27 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 FY21, the City's free cash position increased to \$214.4 million. This is an increase of \$4.5 million from the previous year. Notable uses of Free Cash in FY21 included: Foundry redevelopment project; contribution to the Green Line Extension project; School Department COVID-19 expenses; Radio system infrastructure; open space acquisition; standardized trash barrels; Cambridgeport school windows; and a citywide school building assessment.

The City ended FY21 with a total general fund balance of \$344.4 million, which includes a 5.8% increase of general fund revenues, and is a 5.4% decrease of fund balance as compared to FY20. Each year, a portion of the fund balance is allocated to committed, assigned, nonspendable accounts. A total of \$121.8 million was held as committed, assigned or nonspendable in FY21, leaving an unassigned fund balance of \$222.7 million.

The property tax levy for FY21 increased by 7.85%. The ten-year average increase in the property tax levy is 5.17%. The FY21 Budget adopted by the City Council in June 2020 projected a property tax levy increase of \$35.2 million, or 8.03%, to \$473,296,465 in order to fund operating and capital expenditures. The FY21 adopted operating budget increased by 5.1% over the FY20 Adjusted Budget.

In FY21, real estate property assessed valuations totaled \$60.2 billion, a \$5.3 billion or 9.6% increase from FY20. 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, 59% 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 \$31.2 million to \$659.7 million. The excess tax levy capacity, which is the difference between the levy limit and the tax levy was \$187.2 million in FY21, a decrease of \$3.2 million or 1.67% from FY20.

The local portion of Community Preservation Act (CPA) funds are raised through a 3% surcharge on taxes. The total amount appropriated in FY21 was \$15.33 million (\$10.5 million local, \$2.15 million State, and \$2.68 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 FY21, the City has appropriated \$222.6 million in CPA funds with approximately \$54.8 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 FY21-FY25, which was adopted by the City Council in June 2020, has an estimated cost of \$607.3 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, 2021 totaled \$486.6 million.

### **COVID-19 Impacts**

Since the emergence of COVID-19, the City's priority has been to mitigate the spread of the virus, and to provide critical services to our most vulnerable residents. The COVID-19 pandemic resulted in a significant amount of uncertainty and unprecedented impacts on City finances which were particularly evident during FY21. Several strategies were used to help offset key non property tax revenue shortfalls. The City was able to use reserves and a limited amount of additional Free Cash to offset projected non-property tax revenue shortfalls in FY21. In addition, one-time sources of revenue from available agency fund balances were used. Filling of new positions in FY21 was also delayed which allowed the FY21 Adopted Budget to be reduced based on estimated salary and fringe benefit savings.

### **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, 2020. This was the 35th 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.

During fiscal year 2021, the City adopted GASB Statement No.98 to rename the Comprehensive Annual Financial Report to Annual Comprehensive Financial Report (ACFR).

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2020. 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.

After 20 years of service with the City as Assistant City Manager for Finance, and as City Manager, this is my last submission of the Comprehensive Annual Financial Report. I am extremely proud of what we have been able to accomplish working together to create a strong fiscal framework that allows us to support city operations, expand programs, and finance major projects and initiatives, without placing the burden on residential and commercial taxpayers. Our adopted policies and practices have demonstrated the City's ability to maintain fiscal stability, predictability, as well as the flexibility to address unexpected challenges.

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,



Louis DePasquale  
City Manager

**Fiscal Year 2021**  
**Directory of Officials**  
**City Council**  
Sumbul Siddiqui, Mayor

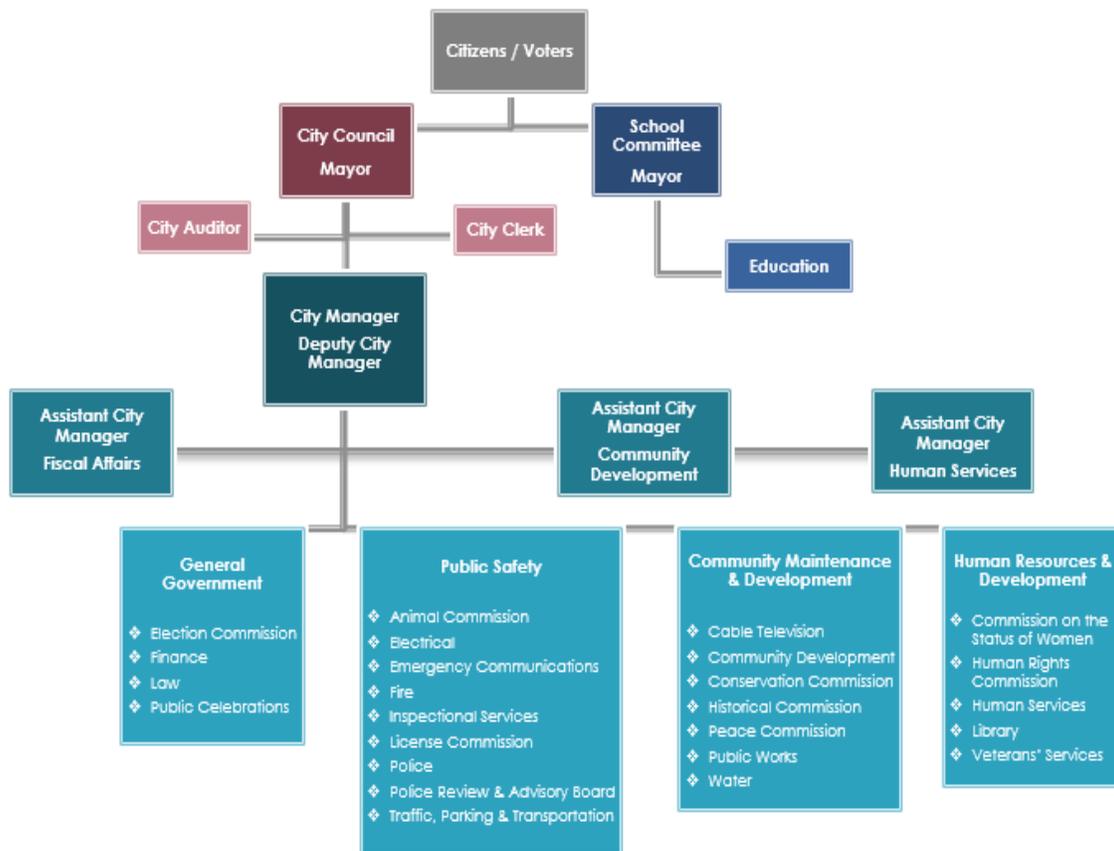
Alanna M. Mallon, Vice Mayor	E. Denise Simmons
Dennis J. Carlone	Jivan Sobrinho-Wheeler
Marc C. McGovern	Timothy J. Toomey, Jr.
Patricia M. Nolan	Quinton Y. Zondervan

**School Committee**  
Sumbul Siddiqui, Chair

Manikka L. Bowman	David Weinstein
Alfred B. Fantini	Rachel Weinstein
Jose Luis Rojas Villarreal	Ayesha Wilson

**Principal Executive Officers**

City Manager	Louis A. DePasquale
Assistant City Manager for Fiscal Affairs and Public Investments	David J. Kale
Assistant Finance Director	Michele Kincaid
Assistant City Manager for Community Development	Iram Farooq
Assistant City Manager for Human Services	Ellen M. Semonoff
City Auditor	James Monagle
Assistant City Auditor	Diane Meireles
City Solicitor	Nancy Glowa
City Clerk	Anthony I. Wilson





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
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Reporting

Presented to

**City of Cambridge  
Massachusetts**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

#### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### *Opinions*

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cambridge, Massachusetts, as of June 30, 2021, 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.

### *Emphasis of Matter*

As discussed in Note 2 (p), to the basic financial statements, in 2021, the City of Cambridge adopted Governmental Accounting Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

### *Other Matters*

#### 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 (collectively referred to as RSI), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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 RSI in accordance with auditing standards generally accepted in the United States of America, 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 and Other 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 supplemental statements and schedules included in the financial section and introductory and statistical sections are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplemental statements and schedules included in the financial section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022 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 31, 2022

## CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

Management's Discussion and Analysis

June 30, 2021

(Unaudited)

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, 2021. 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 of 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.

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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 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 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, 2020 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,

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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 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; three 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, the OPEB Trust Fund, Private Purpose Trust Fund and Custodial Fund.

### **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.

### **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

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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.

**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 17.

The City's combined net position (governmental and business-type activities) exceeded its liabilities at June 30, 2021 by \$747.4 million (presented as net position). Of this amount, (\$456.8) million was reported as "unrestricted net position" and \$99.5 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 \$1,104.7 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 \$742.4 million, up 10.5% from prior year; net receivables of \$42.9 million up \$5.3 million from prior year.

Governmental activities total liabilities include \$527.0 million in general obligation bonds and notes payable; \$23.9 million in compensated absence liabilities for unused sick and vacation leave; and \$17.5 million in future year workers' compensation, health benefits and possible judgments. The major change in liabilities is attributable to the increase in other postemployment benefit obligation (OPEB) which, net of deferrals, increased \$70.1 million over FY20. A decrease in the discount rate from 3.67% to 2.34% used in the prior year actuarial valuation rollforward contributed to the increase in the liability. The net pension obligation, net of deferrals, decreased by \$25.4 million from prior year primarily due to investment rates of return in excess of assumed rates of return.

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Business-type activity total liabilities include \$868 thousand in compensated absences and \$425 thousand in future year workers' compensation and health benefits.

**Condensed Schedule of Net Position**

**June 30, 2021 and 2020**

(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>2021</u>	<u>2020*</u>	<u>2021</u>	<u>2020*</u>	<u>2021</u>	<u>2020*</u>
Current and other assets	\$ 788.1	716.7	18.3	17.6	806.4	734.3
Capital assets	1,384.7	1,336.6	131.0	132.4	1,515.7	1,469.0
<b>Total assets</b>	<b>2,172.8</b>	<b>2,053.3</b>	<b>149.3</b>	<b>150.0</b>	<b>2,322.1</b>	<b>2,203.3</b>
Deferred outflow s	273.7	148.1	—	—	273.7	148.1
<b>Total assets and deferred outflow s</b>	<b>\$ 2,446.5</b>	<b>2,201.4</b>	<b>149.3</b>	<b>150.0</b>	<b>2,595.8</b>	<b>2,351.4</b>
Long-term liabilities	\$ 1,540.3	1,366.2	0.9	1.3	1,541.2	1,367.5
Other liabilities	188.9	137.6	1.7	1.2	190.6	138.8
<b>Total liabilities</b>	<b>1,729.2</b>	<b>1,503.8</b>	<b>2.6</b>	<b>2.5</b>	<b>1,731.8</b>	<b>1,506.3</b>
Deferred inflow s	116.5	107.6	—	—	116.5	107.6
<b>Total liabilities and deferred inflow s</b>	<b>\$ 1,845.7</b>	<b>1,611.4</b>	<b>2.6</b>	<b>2.5</b>	<b>1,848.3</b>	<b>1,613.9</b>
<b>Net position:</b>						
Net investment in capital assets	\$ 974.1	897.0	130.6	132.4	1,104.7	1,029.4
Restricted	99.5	128.2	—	—	99.5	128.2
Unrestricted	(472.9)	(435.2)	16.1	15.1	(456.8)	(420.1)
<b>Total net position</b>	<b>\$ 600.7</b>	<b>590.0</b>	<b>146.7</b>	<b>147.5</b>	<b>747.4</b>	<b>737.5</b>

\* prior year information has not been restated to reflect the effects of the adoption of GASB statement No. 84

*Statement of Changes in Net Position*

The City's total net position increased by \$15.8 million in fiscal year 2021 of which the governmental activities net position increased \$16.6 million and the business-type activity decreased \$.8 million. The continued investment in the City's capital assets of \$48.1 million and increased cash reserves of \$70.5 million are contributors to governmental activities increase in assets. The increase in long-term liabilities of \$174.1 million

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is mainly due to the increase in bonded debt and other post-employment benefits obligation, offset by a decrease in the net pension liability.

This summary of net changes is based upon the statement found on page 18.

**Condensed Schedule of Changes in Net Position**

June 30, 2021 and 2020

(In millions)

	<b>Governmental activities</b>		<b>Business-type activity</b>		<b>Total primary government</b>	
	<b>June 30</b>		<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Charges for services	\$ 137.6	125.8	16.5	17.1	154.1	142.9
Operating grants and contributions	34.4	30.9	—	—	34.4	30.9
Capital grants and contributions	3.5	3.1	—	—	3.5	3.1
General revenues:						
Taxes:						
Property taxes levied	475.8	441.9	—	—	475.8	441.9
Excises	11.6	27.4	—	—	11.6	27.4
Payment in lieu of taxes	8.2	8.0	—	—	8.2	8.0
Grants and contributions not restricted	88.7	83.0	—	—	88.7	83.0
Investment income	1.6	11.9	0.1	0.1	1.7	12.0
Miscellaneous	63.2	53.4	—	—	63.2	53.4
<b>Total revenues</b>	<b>824.6</b>	<b>785.4</b>	<b>16.6</b>	<b>17.2</b>	<b>841.2</b>	<b>802.6</b>
Expenses:						
General government	84.4	63.7	—	—	84.4	63.7
Public safety	171.3	171.7	—	—	171.3	171.7
Community maintenance and development	140.1	131.8	—	—	140.1	131.8
Human resource development	69.9	69.3	—	—	69.9	69.3
Education	331.7	287.6	—	—	331.7	287.6
Water department	—	—	16.7	14.6	16.7	14.6
Interest	11.3	15.8	—	—	11.3	15.8
<b>Total expenses</b>	<b>808.7</b>	<b>739.9</b>	<b>16.7</b>	<b>14.6</b>	<b>825.4</b>	<b>754.5</b>
Excess before transfers	15.9	45.5	(0.1)	2.6	15.8	48.1
Transfers	\$ 0.7	0.7	(0.7)	(0.7)	—	—
Change in net position	16.6	46.2	(0.8)	1.9	15.8	48.1
Net position – beginning	584.1 *	543.8	147.5	145.6	731.6	689.4
Net position – ending	\$ 600.7	590.0	146.7	147.5	747.4	737.5

\* reflects the effects of adoption of GASB statement No. 84 as more fully described in note 2(p)

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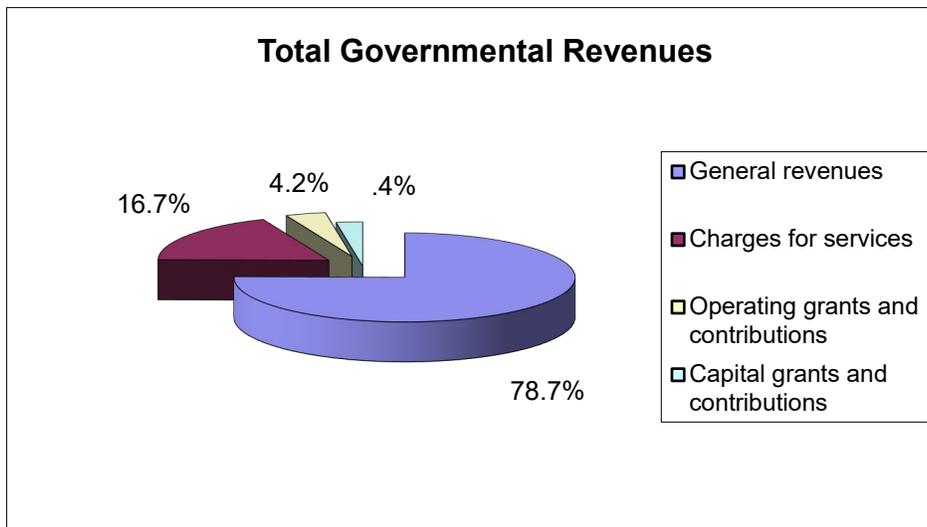
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*Total Revenues*

Total governmental activities revenues for the City are comprised of general revenues of \$649.1 million, charges for services \$137.6 million, operating grants and contributions \$34.4 million and capital grants and contributions of \$3.5 million.



*General*

Real estate tax revenues are the City's largest revenue source at \$475.8 million representing 73.3% of general revenues. The assessed tax valuation base is \$60.2 billion up from \$54.9 billion assessed in the prior year showing a 9.6% increase which is primarily due to new construction growth.

Grants and contributions not restricted to specific programs is \$88.7 million representing 13.7% of general revenues and include state cherry sheet revenues, Massachusetts Teachers Retirement System (MTRS) contributions and other unrestricted contributions. There was a \$5.7 million increase over prior year of which is primarily due to the increase in MTRS contributions.

*Program*

Charges for services are \$137.6 million which is an increase of \$11.8 million from prior year and represent an increase from a variety of department revenues. The public safety portion increased approximately \$14.5 million, this year and is primarily due to the rise in permit and license revenue. The community maintenance and development portion of \$55.6 million decreased slightly by \$0.4 million over prior year and includes sewer service revenues, community cable revenues and other public works type fees. The decrease in community maintenance revenues continues to be largely attributed to the reduction in water/sewer usage resulting from the COVID-19 pandemic but has begun to rebound in FY 21 and is slowly returning to pre pandemic levels.

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Operating grants and contributions of \$34.4 million represents several federal and state grants restricted to specific grant conditions. This amount accounts for approximately 4.2% of the total City revenues. Capital grants and contributions of \$3.5 million include community development capital grants, state revolving grants, state school construction grants, and other capital restricted revenues.

#### *Expenses*

For the fiscal year ended June 30, 2021, expenses for government activities totaled \$808.7 million, which cover a range of services including but not limited to public safety, education, and community maintenance. The City's expenses increased by \$68.8 million or 9.3% over prior year. The change encompasses increases in employee related costs, capital improvement costs, and increases in program costs from new initiatives, and the funding of additional costs including sanitation supplies, personal protection equipment (PPE), test kits and overtime for the COVID-19 pandemic. A significant portion of the increase in General Government expenditures was due to increased COVID grant expenditures of \$21.0 million.

The employee related costs increased approximately \$1.0 million in Public Safety and Public Works overtime as a result of the continuing COVID-19 pandemic. Additionally, the East wing of the Spaulding Hospital, located in Cambridge, was converted into the Transition Wellness Shelter to provide 58 additional beds for the homeless which added costs of approximately \$4.4 in improvements and monthly lease costs. Free community wide COVID-19 testing was also a large contributor to the increase at a cost of \$6.3 million and the "Homeless Meals Program" which provides meals to many of the homeless shelters that were having difficulty feeding their clients due to the reductions in volunteer help, increased General Government expenses by \$1.2 million.

The increase in Education expenditures is primarily due to increased OPEB expenditures of \$22.0 million as a result of the current year revaluation and reductions to the anticipated earnings rate.

As stated above, the City's affordable housing initiative and the preservation of open space are very important. This is the nineteenth 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 2021, the City spent \$4.1 million from the Affordable Housing Trust to subsidize housing projects.

#### **Business-Type Activity**

Business-type activity slightly decreased net position by \$0.8 million. There was a \$0.6 million decrease in water charges in FY21 due to a drop in consumption.

#### **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

#### *Governmental Funds*

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$659.5 million. Of this amount, \$2.7 million has been categorized as nonspendable which includes

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healthcare deposits. Another \$232.4 million was restricted because the funds include grants or bonded projects that are controlled by external sources. Also, \$198.1 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, \$25.0 million has been assigned for encumbrance balances. The remainder of the Fund balance of \$201.3 million is considered "Unassigned".

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance was \$222.6 million, while the total fund balance was \$344.4 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 30.6% of total General Fund expenditures, while the total balance represents 47.4% of that same amount.

The capital fund captures all the capital projects expenditures for the City. At the end of fiscal year 2021, the total fund balance was \$195.7 million. This reflects an increase over the prior fiscal year of \$32.3 million.

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 2021, the total fund balance was \$104.3 million which is an increase of 60.1% 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.

The city grants fund is reported separately this year due to the increase in expenditures from the COVID-19 CARES 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.

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.

### *Proprietary Fund*

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

Net position of the Water Fund at the end of the year consisted of unrestricted net position of \$16.1 million and a net investment in capital assets of \$130.6 million.

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#### **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.
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 2021 actual revenues on a budgetary basis totaled \$670.3 million. This represents an increase of \$28.8 million or 4.5% from fiscal year 2020. Property taxes are the single largest revenue source, representing approximately 69.8% of general fund revenues, net of abatements. Sewer use receipts comprise the City's next largest revenue source, representing 8.1%. Other Income was significantly higher than budget because of building permits (\$27.6 million), mitigation receipts (\$7.3 million), other permits (\$2.8 million) and State reimbursements received through the general fund.

#### *Expenditures*

During fiscal year 2021, total expenditures increased by \$45.9 million or 7.2% on a budgetary basis mainly due to 2.5% cost of living increase, 5.8% increase related to pensions and an increase in school expenditures due to a supplemental appropriation to cover additional COVID related costs to ensure the safety of students and employees.

#### **Capital Asset and Debt Administration**

##### *Capital Assets*

As of June 30, 2021, the City's capital assets of its governmental activities and business-type activity amounted to \$1.51 billion (net of depreciation). The City's capital assets include land, buildings, improvements, machinery and equipment, open space, road and highways.

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, completion of park improvements and City building renovations.

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

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*Debt*

At year-end, the City had \$527.0 million in outstanding bonds and notes compared to \$507.3 million last year. Table below in millions.

	<u>Governmental activities</u>		<u>Business-type activity</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds and notes payable	\$ 527.0	507.3	—	—	527.0	507.3

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 \$22.2 million, or 4.7%, to \$494,731,992 million in fiscal year 2022. The City's excess tax capacity, an extremely important indication of the City's financial health remained strong. The excess tax levy capacity increased from \$187.2 million in FY21 to \$196.6 million in FY22, a 5.0% increase.

The FY 22 operating budget increased by 1.1% over the FY 21 adjusted budget. The FY22 Adopted Capital budget totaled \$83.9 million. The largest component of the FY22 Capital budget was the appropriation and loan authorization of \$20.0 million for the River Street sewer and drainage infrastructure project. The development of the FY22 budget recognized the ongoing impact of the COVID-19 pandemic. Revenue and expenditure adjustments were made to the Adopted FY22 Operating budget when the property tax rate was set in the fall of 2021 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, 2021, the City adopted GASB Statement No. 84 "Fiduciary Activities", GASB Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period." and GASB Statement No. 90 "Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61.". Additional information regarding the effects of adopting these new accounting standards can be found in Note 2(p) of the financial statements.

*Future Pronouncements*

The GASB has issued GASB Statement No. 87 "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a

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lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The GASB has issued GASB Statement No. 91 "*Conduit Debt Obligations*." The primary objectives of this Statement are to provide a single method for government issuers to report conduit debt obligations and related commitments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

The GASB has issued GASB Statement No. 93 "*Replacement of Interbank Offered Rates*" The objective of this Statement is to address accounting and financial reporting implications related to the replacement of an interbank offered rate. As amended, the provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021.

The GASB has issued GASB Statement No. 94 "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*". The objective of this Statement is to improve the consistency of financial reporting of public-private and public-public partnership arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

The GASB has issued GASB Statement No. 96 "*Subscription-Based Information Technology Arrangements*." The objective of this Statement is to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

The GASB has issued GASB Statement No. 97 "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*." The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Required Supplementary Information  
Management's Discussion and Analysis

June 30, 2021

(Unaudited)

*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, 2021

Assets and Deferred Outflows of Resources	Primary government			Discretely presented component units
	Governmental activities	Business-type activity	Total	
Cash and investments	\$ 741,753,895	13,937,902	755,691,797	398,791,766
Cash and investments held by trustees	600,000	—	600,000	6,821,883
Receivables, net:				
Property taxes	7,892,717	—	7,892,717	—
Motor vehicle excise	1,260,009	—	1,260,009	—
Tax title and possessions	2,765,691	—	2,765,691	—
Intergovernmental	10,899,236	—	10,899,236	—
Other	20,132,231	4,281,090	24,413,321	26,625,311
Other assets	2,825,846	—	2,825,846	131,873,592
Internal balances	(32,723)	32,723	—	—
Noncurrent accounts receivable	—	—	—	3,022,728
Notes receivable	—	—	—	1,541,716
Development projects held for sale	—	—	—	65,785
Capital assets:				
Nondepreciable	316,621,534	46,312,340	362,933,874	19,917,408
Depreciable, net	1,068,107,394	84,729,818	1,152,837,212	150,859,786
Total assets	2,172,825,830	149,293,873	2,322,119,703	739,519,975
Deferred outflows of resources:				
Related to debt refundings	7,611,669	—	7,611,669	—
Related to pensions	50,417,818	—	50,417,818	10,685,693
Related to other post employment benefits	215,623,838	—	215,623,838	15,371,549
Total assets and deferred outflows of resources	2,446,479,155	149,293,873	2,595,773,028	765,577,217
Liabilities and Deferred Inflows of Resources				
Warrants and accounts payable	28,893,473	1,083,139	29,976,612	35,757,949
Accrued liabilities:				
Tax abatements	5,250,500	—	5,250,500	—
Accrued payroll	23,702,455	180,845	23,883,300	17,040,116
Accrued interest	7,464,682	—	7,464,682	—
Other	5,968,715	—	5,968,715	16,546,318
Unearned revenue	32,508,725	—	32,508,725	4,044,266
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	65,411,334	—	65,411,334	215,179
Due to third parties	—	—	—	52,517,659
Compensated absences	9,499,000	327,000	9,826,000	22,409,181
Payroll tax deferral	—	—	—	5,582,666
Landfill	—	—	—	—
Judgments and claims	9,703,100	97,700	9,800,800	—
Pollution remediation	491,480	—	491,480	—
Due in more than one year:				
Bonds and notes payable	461,550,740	—	461,550,740	6,689,923
Due to third parties	—	—	—	26,286,534
Compensated absences	14,389,000	541,000	14,930,000	62,308
Payroll tax deferral	—	—	—	5,582,666
Judgments and claims	7,792,200	327,100	8,119,300	—
Net OPEB liability	930,119,999	—	930,119,999	163,404,688
Pollution remediation	1,012,020	—	1,012,020	—
Net pension liability	125,468,822	—	125,468,822	29,430,706
Total liabilities	1,729,226,245	2,556,784	1,731,783,029	385,570,159
Deferred inflows of resources:				
Related to pensions	76,702,880	—	76,702,880	17,511,777
Related to other post employment benefits	39,799,845	—	39,799,845	6,377,837
Total liabilities and deferred inflows of resources	1,845,728,970	2,556,784	1,848,285,754	409,459,773
Net Position				
Net investment in capital assets	974,121,911	130,617,563	1,104,739,474	163,872,092
Restricted for:				
Capital projects	78,052,536	—	78,052,536	—
Community preservation	20,893,284	—	20,893,284	—
Specific purposes	—	—	—	13,000,000
Other purposes	600,000	—	600,000	6,758,208
Unrestricted	(472,917,546)	16,119,526	(456,798,020)	172,487,144
Total net position	\$ 600,750,185	146,737,089	747,487,274	356,117,444

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Statement of Activities  
Year ended June 30, 2021

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position			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	\$ 84,470,614	474,498	—	—	(83,996,116)	—	(83,996,116)	
Public safety	171,262,519	78,251,139	229,899	—	(92,781,481)	—	(92,781,481)	
Community maintenance and development	140,099,327	55,639,225	4,287,193	3,499,683	(76,673,226)	—	(76,673,226)	
Human resource development	69,863,526	2,268,049	16,072,606	—	(51,522,871)	—	(51,522,871)	
Education	331,705,869	920,711	13,810,577	—	(316,974,581)	—	(316,974,581)	
Interest on long-term debt	11,258,477	—	—	—	(11,258,477)	—	(11,258,477)	
Total governmental activities	<u>808,660,332</u>	<u>137,553,622</u>	<u>34,400,275</u>	<u>3,499,683</u>	<u>(633,206,752)</u>	<u>—</u>	<u>(633,206,752)</u>	
Business-type activity:								
Water	16,742,698	16,547,109	—	—	—	(195,589)	(195,589)	
Total business-type activity	<u>16,742,698</u>	<u>16,547,109</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(195,589)</u>	<u>(195,589)</u>	
Total primary government	<u>\$ 825,403,030</u>	<u>154,100,731</u>	<u>34,400,275</u>	<u>3,499,683</u>	<u>(633,206,752)</u>	<u>(195,589)</u>	<u>(633,402,341)</u>	
Component units:								
Cambridge Health Alliance	\$ 787,261,823	358,797,556	479,484,104	—				51,019,837
Cambridge Redevelopment Authority	2,599,447	445,671	—	—				(2,153,776)
Total component units	<u>\$ 789,861,270</u>	<u>359,243,227</u>	<u>479,484,104</u>	<u>—</u>				<u>48,866,061</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					\$ 475,764,483	—	475,764,483	—
Excises					11,614,255	—	11,614,255	—
Payments in lieu of taxes					8,219,285	—	8,219,285	—
Grants and contributions not restricted					88,724,457	—	88,724,457	—
Investment income					1,601,222	132,526	1,733,748	2,823,355
Miscellaneous					63,167,981	—	63,167,981	—
Transfers					723,285	(723,285)	—	—
Total general revenues and transfers					<u>649,814,968</u>	<u>(590,759)</u>	<u>649,224,209</u>	<u>2,823,355</u>
Change in net position					16,608,216	(786,348)	15,821,868	51,689,416
Net position – beginning, as restated (note 2(p))					<u>584,141,969</u>	<u>147,523,437</u>	<u>731,665,406</u>	<u>304,428,028</u>
Net position – ending					<u>\$ 600,750,185</u>	<u>146,737,089</u>	<u>747,487,274</u>	<u>356,117,444</u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Balance Sheet – Governmental Funds

June 30, 2021

<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	\$ 372,582,199	204,755,278	99,790,990	35,358,425	29,267,003	741,753,895
Cash and investments held by trustees	—	—	600,000	—	—	600,000
Receivables, net:						
Property taxes	7,892,717	—	—	—	—	7,892,717
Motor vehicle excise	1,260,009	—	—	—	—	1,260,009
Tax title and possessions	2,765,691	—	—	—	—	2,765,691
Intergovernmental	—	5,948,122	—	4,388,385	562,729	10,899,236
Departmental and other	15,689,348	—	4,076,782	—	366,101	20,132,231
Total receivables	<u>27,607,765</u>	<u>5,948,122</u>	<u>4,076,782</u>	<u>4,388,385</u>	<u>928,830</u>	<u>42,949,884</u>
Other assets	2,825,846	—	—	—	—	2,825,846
Due from other funds	17,339,987	569,969	—	—	—	17,909,956
Total assets	<u>420,355,797</u>	<u>211,273,369</u>	<u>104,467,772</u>	<u>39,746,810</u>	<u>30,195,833</u>	<u>806,039,581</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities:						
Warrants and accounts payable	9,422,358	15,520,034	126,306	2,086,040	1,738,735	28,893,473
Accrued liabilities:						
Tax abatements	2,625,250	—	—	—	—	2,625,250
Judgments and claims	9,703,100	—	—	—	—	9,703,100
Accrued payroll	23,448,636	39,356	—	107,735	106,728	23,702,455
Other	5,750,521	—	—	—	218,194	5,968,715
Unearned revenue	—	—	—	32,508,725	—	32,508,725
Due to other funds	32,723	—	—	17,339,987	569,969	17,942,679
Total liabilities	<u>50,982,588</u>	<u>15,559,390</u>	<u>126,306</u>	<u>52,042,487</u>	<u>2,633,626</u>	<u>121,344,397</u>
Deferred inflows of resources:						
Unavailable revenue	24,994,079	—	—	—	196,690	25,190,769
Fund balances (deficit):						
Nonspendable	2,745,846	—	—	—	—	2,745,846
Restricted	—	195,713,979	600,000	9,017,194	27,047,009	232,378,182
Committed	94,005,924	—	103,741,466	—	318,508	198,065,898
Assigned	25,000,000	—	—	—	—	25,000,000
Unassigned	222,627,360	—	—	(21,312,871)	—	201,314,489
Total fund balances (deficit)	<u>344,379,130</u>	<u>195,713,979</u>	<u>104,341,466</u>	<u>(12,295,677)</u>	<u>27,365,517</u>	<u>659,504,415</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 420,355,797</u>	<u>211,273,369</u>	<u>104,467,772</u>	<u>39,746,810</u>	<u>30,195,833</u>	<u>806,039,581</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, 2021

Total fund balance – governmental funds	\$ 659,504,415
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	1,384,728,928
Adjust deferred inflows of resources to record revenues on an accrual basis	25,190,769
Capitalized loss on debt refunding in the government-wide statements that is not capitalized in the governmental funds	7,611,669
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	526,962,074
Accrued interest on bonds	7,464,682
Compensated absences	23,888,000
Judgments and claims	7,792,200
Tax abatements	2,625,250
Pollution remediation	1,503,500
Net pension liability, net of deferred amounts	151,753,884
Net OPEB liability, net of deferred amounts	754,296,006
	<u>1,476,285,596</u>
Net position of governmental activities	\$ <u><u>600,750,185</u></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, 2021

	General fund	Capital fund	Affordable housing trust fund	City Grants fund	Other governmental fund	Total governmental funds
Revenues:						
Real and personal property taxes	\$ 477,368,683	—	—	—	—	477,368,683
Excises:						
Hotel/motel/meals	3,580,611	—	—	—	—	3,580,611
Motor vehicles	8,436,599	—	—	—	—	8,436,599
Payments in lieu of taxes	8,219,285	—	—	—	—	8,219,285
Intergovernmental	88,639,188	3,584,952	—	16,072,606	18,327,669	126,624,415
Investment income	1,387,592	22,709	101,708	2,775	86,438	1,601,222
Sewer use charges	54,122,053	—	—	—	—	54,122,053
Departmental and other	97,079,535	1,200,165	15,898,417	480,009	30,892,838	145,550,964
Total revenues	<u>738,833,546</u>	<u>4,807,826</u>	<u>16,000,125</u>	<u>16,555,390</u>	<u>49,306,945</u>	<u>825,503,832</u>
Expenditures:						
Current:						
General government	49,576,514	—	—	21,699,598	10,000	71,286,112
Public safety	147,362,761	—	—	1,007,839	—	148,370,600
Community maintenance and development	63,664,164	—	4,067,236	1,353,876	2,394,592	71,479,868
Human resource development	46,812,429	—	—	10,790,490	337,686	57,940,605
Education	258,815,011	—	—	—	14,244,458	273,059,469
Judgments and claims	19,683,893	—	—	—	—	19,683,893
State and district assessments	61,845,579	—	—	—	—	61,845,579
Capital outlays	—	97,530,049	—	—	—	97,530,049
Debt service	78,833,254	—	—	—	—	78,833,254
Total expenditures	<u>726,593,605</u>	<u>97,530,049</u>	<u>4,067,236</u>	<u>34,851,803</u>	<u>16,986,736</u>	<u>880,029,429</u>
Excess (deficiency) of revenues over expenditures	<u>12,239,941</u>	<u>(92,722,223)</u>	<u>11,932,889</u>	<u>(18,296,413)</u>	<u>32,320,209</u>	<u>(54,525,597)</u>
Other financing sources (uses):						
Premium on debt issuance	4,089,723	14,145,000	—	—	—	18,234,723
Issuance of debt	17,755,000	70,555,000	—	—	—	88,310,000
Transfers in	24,107,610	55,438,642	27,254,630	1,000,000	2,896,683	110,697,565
Transfers out	(56,421,776)	(15,154,179)	—	—	(38,398,325)	(109,974,280)
Payment to Fiscal Escrow Agent	(21,456,124)	—	—	—	—	(21,456,124)
Total other financing (uses) sources	<u>(31,925,567)</u>	<u>124,984,463</u>	<u>27,254,630</u>	<u>1,000,000</u>	<u>(35,501,642)</u>	<u>85,811,884</u>
Net change in fund balances	(19,685,626)	32,262,240	39,187,519	(17,296,413)	(3,181,433)	31,286,287
Fund balance – beginning, as restated (note 2(p))	364,064,756	163,451,739	65,153,947	5,000,736	30,546,950	628,218,128
Fund balance – ending	<u>\$ 344,379,130</u>	<u>195,713,979</u>	<u>104,341,466</u>	<u>(12,295,677)</u>	<u>27,365,517</u>	<u>659,504,415</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, 2021

Net change in fund balances – total governmental funds	\$ 31,286,287
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, (\$104,782,104) exceeded depreciation expense (\$56,674,581)	48,107,523
Revenues are recorded on an accrual basis	(958,569)
Proceeds of long-term debt (\$88,310,000) 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, including amounts to defease long-term debt, (\$81,419,718) is an expenditure the governmental funds, but reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceed payments.	(6,890,282)
Premiums received are revenues in the governmental funds, but are increases to long-term liabilities, net of amortization, in the statement of net position	(12,810,121)
Deferred loss on refunding is amortized in the statement of activities and is not reported in the governmental funds	2,425,484
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	(44,661,421)
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 decrease in landfill liabilities (\$25,000), non current claims (\$169,600), and pollution remediation (\$385,618), offset by increases in accrued interest (\$238,903) and compensated absences (\$232,000).	109,315
	<hr/>
Change in net position of governmental activities	\$ <u>16,608,216</u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Statement of Net Position – Proprietary Fund

June 30, 2021

	<b>Enterprise fund</b>
	<b><u>Water fund</u></b>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 13,937,902
Receivables, net	4,281,090
Due from other funds	<u>32,723</u>
Total current assets	<u>18,251,715</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	46,312,340
Depreciable, net	<u>84,729,818</u>
Total noncurrent assets	<u>131,042,158</u>
Total assets	<u>149,293,873</u>
<b>Liabilities:</b>	
Current liabilities:	
Warrants and accounts payable	1,083,139
Accrued liabilities:	
Claims	97,700
Compensated absences	327,000
Accrued payroll	<u>180,845</u>
Total current liabilities	<u>1,688,684</u>
Noncurrent liabilities:	
Accrued liabilities:	
Claims	327,100
Compensated absences	<u>541,000</u>
Total noncurrent liabilities	<u>868,100</u>
Total liabilities	<u>2,556,784</u>
<b>Net position:</b>	
Net investment in capital assets	130,617,563
Unrestricted	<u>16,119,526</u>
Total net position	\$ <u><u>146,737,089</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, 2021

	<b>Enterprise fund</b>
	<b><u>Water fund</u></b>
Operating revenues:	
Charges for services	\$ 16,547,109
Total operating revenues	<u>16,547,109</u>
Administration	3,980,766
Service and support programs	7,370,961
Depreciation	<u>5,390,971</u>
Total operating expenses	<u>16,742,698</u>
Operating loss	<u>(195,589)</u>
Nonoperating revenue:	
Investment earnings – other	<u>132,526</u>
Nonoperating revenue	<u>132,526</u>
Loss before transfers	(63,063)
Transfers to other funds	<u>(723,285)</u>
Change in net position	(786,348)
Total net position – beginning	<u>147,523,437</u>
Total net position – ending	\$ <u><u>146,737,089</u></u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Statement of Cash Flows – Proprietary Fund

Year ended June 30, 2021

	<b>Enterprise fund</b>
	<b><u>Water fund</u></b>
Cash flows from operating activities:	
Cash received from customers	\$ 16,518,760
Cash paid to vendors	(7,227,894)
Cash paid to employees	<u>(4,486,590)</u>
Net cash provided by operating activities	<u>4,804,276</u>
Cash flows from noncapital financing activities:	
Transfers	<u>(723,285)</u>
Net cash used in noncapital financing activities	<u>(723,285)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	<u>(3,573,897)</u>
Net cash used in capital and related financing activities	<u>(3,573,897)</u>
Cash flows from investing activities:	
Investment income	<u>132,526</u>
Net cash provided by investing activities	<u>132,526</u>
Increase in cash and cash equivalents	639,620
Cash and cash equivalents, beginning of year	<u>13,298,282</u>
Cash and cash equivalents, end of year	\$ <u><u>13,937,902</u></u>
Reconciliation of operating loss to cash provided by operating activities:	
Operating loss	\$ (195,589)
Depreciation	5,390,971
Changes in operating assets and liabilities:	
Accounts receivable	(28,349)
Other liabilities	<u>(362,757)</u>
Net cash provided by operating activities	\$ <u><u>4,804,276</u></u>
Noncash capital and related financing activities:	
Noncash capital acquisitions	\$ (424,595)

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Statement of Fiduciary Net Position

June 30, 2021

<b>Assets</b>	<b>Pension and OPEB Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents	\$ 4,604,856	4,984,021	240,953	9,829,830
Dividend and interest receivable	255,242	—	—	255,242
Other assets	559,052	—	—	559,052
Investments, at fair value:				
Fixed income securities	58,513,731	—	—	58,513,731
Equities	32,234,862	—	—	32,234,862
Pooled investments:				
Fixed income	117,426,119	—	—	117,426,119
Real estate	226,170,125	—	—	226,170,125
Domestic equities	627,176,468	—	—	627,176,468
International equities	237,526,544	—	—	237,526,544
International fixed income	52,515,528	—	—	52,515,528
Alternative	263,638,150	—	—	263,638,150
Total investments	<u>1,615,201,527</u>	<u>—</u>	<u>—</u>	<u>1,615,201,527</u>
Cash collateral on security lending	<u>2,513,792</u>	<u>—</u>	<u>—</u>	<u>2,513,792</u>
Total assets	<u>1,623,134,469</u>	<u>4,984,021</u>	<u>240,953</u>	<u>1,628,359,443</u>
<b>Liabilities</b>				
Accrued liabilities	896,372	—	—	896,372
Guarantee deposits	324,592	—	—	324,592
Cash collateral on security lending	<u>2,513,792</u>	<u>—</u>	<u>—</u>	<u>2,513,792</u>
Total liabilities	<u>3,734,756</u>	<u>—</u>	<u>—</u>	<u>3,734,756</u>
<b>Net Position</b>				
Restricted for:				
Pensions	1,593,100,540	—	—	1,593,100,540
OPEB Benefits	26,299,173	—	—	26,299,173
Individuals, organizations and other governments	<u>—</u>	<u>4,984,021</u>	<u>240,953</u>	<u>5,224,974</u>
Total net position	<u>\$ 1,619,399,713</u>	<u>4,984,021</u>	<u>240,953</u>	<u>1,624,624,687</u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**  
Statement of Changes in Fiduciary Net Position  
Year ended June 30, 2021

	<b>Pension and OPEB Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>	<b>Total</b>
Additions:				
Contributions:				
Employers	\$ 69,466,407	—	—	69,466,407
Nonemployer – city	2,330,093	—	—	2,330,093
Plan members	24,711,247	—	—	24,711,247
Other systems	3,310,192	—	—	3,310,192
Commonwealth of Massachusetts	212,945	—	—	212,945
Gifts and bequests	—	277,077	185,145	462,222
Miscellaneous	—	500,958	—	500,958
Total contributions	<u>100,030,884</u>	<u>778,035</u>	<u>185,145</u>	<u>100,994,064</u>
Investment earnings:				
Interest and dividends	27,584,153	26,660	50	27,610,863
Securities lending income	51,027	—	—	51,027
Net appreciation (depreciation) in the fair value of investments	147,066,363	—	—	147,066,363
Less:				
Management fees	(8,680,588)	—	—	(8,680,588)
Borrower rebates and fees under securities lending program	(40,586)	—	—	(40,586)
Net investment earnings	<u>165,980,369</u>	<u>26,660</u>	<u>50</u>	<u>166,007,079</u>
Total additions	<u>266,011,253</u>	<u>804,695</u>	<u>185,195</u>	<u>267,001,143</u>
Deductions:				
Benefits	112,136,655	—	—	112,136,655
Refunds of contributions	1,607,442	—	—	1,607,442
Other systems	2,798,511	—	—	2,798,511
Administrative expenses	1,507,213	—	—	1,507,213
Beneficiary payments to individuals	—	193,626	219,307	412,933
Miscellaneous	—	1,494,304	—	1,494,304
Total deductions	<u>118,049,821</u>	<u>1,687,930</u>	<u>219,307</u>	<u>119,957,058</u>
Change in net position	147,961,432	(883,235)	(34,112)	147,044,085
Net position, beginning of year, as restated (note 2(p))	1,471,438,281	5,867,256	275,065	1,477,580,602
Net position, end of year	<u>\$ 1,619,399,713</u>	<u>4,984,021</u>	<u>240,953</u>	<u>1,624,624,687</u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Discretely Presented Component Units

Statements of Net Position

June 30, 2021

	Component Units		
	CHA June 30, 2021	CRA December 31, 2020	Total
<b>Assets and Deferred Outflows of Resources</b>			
Current assets:			
Cash and investments	\$ 348,824,027	49,967,739	398,791,766
Cash and investments held by trustees	6,821,883	—	6,821,883
Receivables, net:			
Other	26,140,667	484,644	26,625,311
Other assets	<u>131,840,697</u>	<u>32,895</u>	<u>131,873,592</u>
Total current assets	<u>513,627,274</u>	<u>50,485,278</u>	<u>564,112,552</u>
Noncurrent assets:			
Accounts receivable	—	3,022,728	3,022,728
Notes receivable	—	1,541,716	1,541,716
Development projects held for sale	—	65,785	65,785
Capital assets:			
Nondepreciable	17,655,855	2,261,553	19,917,408
Depreciable, net	<u>142,837,795</u>	<u>8,021,991</u>	<u>150,859,786</u>
Total noncurrent assets	<u>160,493,650</u>	<u>14,913,773</u>	<u>175,407,423</u>
Total assets	<u>674,120,924</u>	<u>65,399,051</u>	<u>739,519,975</u>
Deferred outflows of resources:			
Related to pensions	10,494,023	191,670	10,685,693
Related to other post employment benefits	<u>15,305,920</u>	<u>65,629</u>	<u>15,371,549</u>
Total assets and deferred outflows of resources	<u>699,920,867</u>	<u>65,656,350</u>	<u>765,577,217</u>
<b>Liabilities and Deferred Inflows of Resources</b>			
Current liabilities:			
Warrants and accounts payable	35,384,996	372,953	35,757,949
Accrued liabilities:			
Accrued payroll	17,040,116	—	17,040,116
Other	16,510,038	36,280	16,546,318
Unearned revenue	<u>4,044,266</u>	<u>—</u>	<u>4,044,266</u>
Total current liabilities	<u>72,979,416</u>	<u>409,233</u>	<u>73,388,649</u>
Long-term liabilities:			
Due within one year:			
Bonds and notes payable	69,042	146,137	215,179
Due to third parties	52,517,659	—	52,517,659
Compensated absences	22,388,411	20,770	22,409,181
Payroll tax deferral – current	5,582,666	—	5,582,666
Due in more than one year:			
Bonds and notes payable	—	6,689,923	6,689,923
Due to third parties	26,286,534	—	26,286,534
Compensated absences	—	62,308	62,308
Payroll tax deferral	5,582,666	—	5,582,666
Net OPEB liability	162,671,782	732,906	163,404,688
Net pension liability	<u>29,102,042</u>	<u>328,664</u>	<u>29,430,706</u>
Total noncurrent liabilities	<u>304,200,802</u>	<u>7,980,708</u>	<u>312,181,510</u>
Total liabilities	<u>377,180,218</u>	<u>8,389,941</u>	<u>385,570,159</u>
Deferred inflows of resources:			
Related to pensions	17,330,744	181,033	17,511,777
Related to other post employment benefits	<u>6,228,396</u>	<u>149,441</u>	<u>6,377,837</u>
Total liabilities and deferred inflows of resources	<u>400,739,358</u>	<u>8,720,415</u>	<u>409,459,773</u>
<b>Net Position</b>			
Net investment in capital assets	160,424,608	3,447,484	163,872,092
Restricted for specific purposes	—	13,000,000	13,000,000
Restricted for other purposes	6,758,208	—	6,758,208
Unrestricted	<u>131,998,693</u>	<u>40,488,451</u>	<u>172,487,144</u>
Total net position	<u>\$ 299,181,509</u>	<u>56,935,935</u>	<u>356,117,444</u>

See accompanying notes to basic financial statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Discretely Presented Component Units

Statements of Revenues, Expenses and Changes in Net Positions

June 30, 2021

<b>Functions/programs</b>	<b>Component Units</b>		
	<b>CHA June 30, 2021</b>	<b>CRA December 31, 2020</b>	<b>Total</b>
Expenses	\$ 787,261,823	2,599,447	789,861,270
Program revenues:			
Charges for services	358,797,556	445,671	359,243,227
Operating grants and contributions	479,484,104	—	479,484,104
Total program revenues	838,281,660	445,671	838,727,331
Net program revenues (expenses)	51,019,837	(2,153,776)	48,866,061
General revenues:			
Investment income	849,444	1,973,911	2,823,355
Total general revenues	849,444	1,973,911	2,823,355
Change in net position	51,869,281	(179,865)	51,689,416
Net position – beginning	247,312,228	57,115,800	304,428,028
Net position – ending	\$ 299,181,509	56,935,935	356,117,444

See accompanying notes to basic financial statements.

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2021

#### (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, 2020. The System is included in the City's fiduciary fund financial statements. Complete financial statements for the System for its year ended December 31, 2020 are available from its offices on 125 Cambridgepark 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, 2021

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, 2021 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, 2020 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, 2021

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 the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

##### *(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*. 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 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 are recorded when received in cash because they are generally not measurable until actually received.

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

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

June 30, 2021

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

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

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 2021, the City has reported deferred outflows pertaining to its debt refunding, other post-employment benefits and pension transactions in the government-wide statements and a deferred inflow related to other post-employment benefits and pension transactions in the government-wide statements and related to unavailable revenue in the governmental fund statements.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

**(h) Capital Assets**

Capital assets, which 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) 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).

**(j) Long-Term Obligations and Related Costs**

Premiums, discounts, and issue 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.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

**(k) 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.

*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 Homerule 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

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

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.

**(l) *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.

**(m) *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 2021. At June 30, 2021, 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.

**(n) *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 \$32,508,725 of American Rescue Plan Act (ARPA) funds during fiscal year 2021 which was not spent as of June 30, 2021. As such, these funds are recorded as unearned revenue in the City Grants fund.

**(o) *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.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

**(p) Adoption of New Accounting Pronouncements**

During the fiscal year ended June 30, 2021:

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 84 “*Fiduciary Activities*.” The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard resulted in the reclassification of certain balances between governmental and fiduciary financial statements. The standard also resulted in the elimination of the previously presented Agency Fund: Combining Statement of Changes in Assets and Liabilities and the incorporation of a new component of the Fiduciary Fund Financial Statements reflecting prior agency activity in custodial accounts, as applicable.

	<u>Government wide</u>	<u>City Grants fund</u>	<u>Other governmental funds</u>	<u>Private purpose funds</u>	<u>Custodial /Agency funds</u>
Net position, as previously reported	\$ 590,009,225	—	41,414,942	—	—
Reclass of City Grants to major fund	—	5,000,736	(5,000,736)	—	—
GASB 84 implementation adjustment	(5,867,256)	—	(5,867,256)	5,867,256	275,065
Net position, as restated	<u>\$ 584,141,969</u>	<u>5,000,736</u>	<u>30,546,950</u>	<u>5,867,256</u>	<u>275,065</u>

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 89 “*Accounting for Interest Cost Incurred before the End of a Construction Period*.” The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement was implemented in fiscal year 2021 and had no material effect on the City’s financial statements.

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 90 “*Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*.” The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement was implemented in fiscal year 2021 and had no material effect on the City’s financial statements.

GASB No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This addresses the temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain GASB pronouncements that first became effective or are scheduled to become effective for periods beginning after June 25, 2018 and later. The effective dates for certain pronouncements are postponed by one year and GASB Statement 87 “Leases” is postponed by eighteen months. The primary government and component units have implemented

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GASB Statement 95 and as a result, the implementation of GASB Statement 87 Leases will be implemented during fiscal year 2022.

**(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, 2021, the bank balances of uninsured and uncollateralized deposits are as follows:

Primary government	\$	15,040
Discretely presented component units:		
CHA		12,568,683
CRA (as of December 31, 2020)		<u>943,468</u>
	\$	<u><u>13,527,191</u></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.

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### Notes to Basic Financial Statements

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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.

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(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, 2021:

<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	\$ 352,019,890	352,019,890	—	—	—
Certificates of deposit	65,272,410	65,272,410	—	—	—
U.S. agencies	150,183,746	44,794,259	105,389,487	—	—
Subtotal city	<u>567,476,046</u>	<u>462,086,559</u>	<u>105,389,487</u>	<u>—</u>	<u>—</u>
System (as of December 31, 2020):					
U.S. treasury notes and bonds	10,039,946	—	3,436,900	1,699,425	4,903,621
Municipal securities	1,738,689	—	1,014,484	377,444	346,761
U.S. agencies	4,321,320	20,989	958,639	647,465	2,694,227
Domestic corporate	21,875,172	—	7,321,408	4,267,105	10,286,659
Asset-backed:					
CMOs	4,905,252	—	—	—	4,905,252
Other	3,814,628	—	3,356,488	458,140	—
Pooled fixed-income investments	169,941,647	—	—	169,941,647	—
Subtotal system	<u>216,636,654</u>	<u>20,989</u>	<u>16,087,919</u>	<u>177,391,226</u>	<u>23,136,520</u>
OPEB Trust:					
Money market	127,511	127,511	—	—	—
U.S. agencies	11,818,724	7,340,302	4,478,422	—	—
Subtotal OPEB Trust	<u>11,946,235</u>	<u>7,467,813</u>	<u>4,478,422</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 796,058,935</u>	<u>469,575,361</u>	<u>125,955,828</u>	<u>177,391,226</u>	<u>23,136,520</u>
Discretely presented component units					
CHA:					
Money market	\$ 78,520,811	78,520,811	—	—	—
MMDT	164,488,179	164,488,179	—	—	—
Corporate fixed income	29,987,700	29,987,700	—	—	—
Municipal Bonds	21,811,790	1,462,286	11,095,789	9,253,715	—
U.S. agencies	45,113,491	500,455	22,519,470	22,093,566	—
U.S. treasury notes	6,599,010	—	6,599,010	—	—
Subtotal CHA	<u>346,520,981</u>	<u>274,959,431</u>	<u>40,214,269</u>	<u>31,347,281</u>	<u>—</u>
CRA (as of December 31, 2020):					
Certificates of deposit	734,930	734,930	—	—	—
Corporate fixed income	2,316,584	453,668	1,372,445	490,471	—
Foreign issuance	1,019,120	—	1,019,120	—	—
U.S. agencies	19,909,187	11,449,266	8,459,921	—	—
Subtotal CRA	<u>23,979,821</u>	<u>12,637,864</u>	<u>10,851,486</u>	<u>490,471</u>	<u>—</u>
Total discretely presented component units	<u>\$ 370,500,802</u>	<u>287,597,295</u>	<u>51,065,755</u>	<u>31,837,752</u>	<u>—</u>

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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.

*(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.

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The primary government's fixed income investments as of June 30, 2021 were rated by Standard and Poor's and/or an equivalent national rating organization. The ratings are presented below using the Standard and Poor's rating scale:

<u>Investment type</u>	<u>Carrying value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB and less than BB</u>	<u>Not rated</u>
City:							
Money market/MMDT	\$ 352,019,890	—	—	—	—	—	352,019,890
Certificates of deposit	65,272,410	—	—	—	—	—	65,272,410
U.S. agencies	150,183,746	148,436,362	—	—	—	—	1,747,384
Subtotal city	<u>567,476,046</u>	<u>148,436,362</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>419,039,684</u>
System (as of December 31, 2020):							
U.S. Treasury notes and bonds	10,039,946	4,179,660	—	—	2,423,386	—	3,436,900
Municipal securities	1,738,689	—	1,249,955	146,491	140,855	201,388	—
U.S. agencies	4,321,320	1,192,823	—	—	—	—	3,128,497
Domestic corporate	21,875,172	510,972	935,948	6,475,269	12,237,907	107,991	1,607,085
Asset-backed:							
CMOs	4,905,252	3,520,743	—	225,102	—	—	1,159,407
Other	3,814,628	3,147,849	—	168,290	498,489	—	—
Pooled fixed-income investments	169,941,647	—	—	—	—	—	169,941,647
Subtotal system	<u>216,636,654</u>	<u>12,552,047</u>	<u>2,185,903</u>	<u>7,015,152</u>	<u>15,300,637</u>	<u>309,379</u>	<u>179,273,536</u>
OPEB Trust:							
Money market	127,511	—	—	—	—	—	127,511
U.S. agencies	11,818,724	11,818,724	—	—	—	—	—
Subtotal OPEB Trust	<u>11,946,235</u>	<u>11,818,724</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>127,511</u>
Total	<u>\$ 796,058,935</u>	<u>172,807,133</u>	<u>2,185,903</u>	<u>7,015,152</u>	<u>15,300,637</u>	<u>309,379</u>	<u>598,440,731</u>
Discretely presented component units							
CHA:							
Money market	\$ 78,520,811	—	—	—	—	—	78,520,811
MMDT	164,488,179	—	—	—	—	—	164,488,179
Corporate fixed income	29,987,700	—	29,987,700	—	—	—	—
Municipal Bonds	21,811,790	21,811,790	—	—	—	—	—
U.S. agencies	45,113,491	45,113,491	—	—	—	—	—
U.S. treasury notes	6,599,010	6,599,010	—	—	—	—	—
Subtotal CHA	<u>346,520,981</u>	<u>73,524,291</u>	<u>29,987,700</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>243,008,990</u>
CRA (as of December 31, 2020):							
Certificates of deposit	734,930	—	—	—	—	—	734,930
Corporate fixed income	2,316,584	—	958,863	1,357,721	—	—	—
Foreign Issuance	1,019,120	1,019,120	—	—	—	—	—
U.S. agencies	19,909,187	19,909,187	—	—	—	—	—
Subtotal CRA	<u>23,979,821</u>	<u>20,928,307</u>	<u>958,863</u>	<u>1,357,721</u>	<u>—</u>	<u>—</u>	<u>734,930</u>
Total discretely presented component units	<u>\$ 370,500,802</u>	<u>94,452,598</u>	<u>30,946,563</u>	<u>1,357,721</u>	<u>—</u>	<u>—</u>	<u>243,743,920</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

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(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, 2021.

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, 2020 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 20% 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, 2020, 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)	\$ 237,526,544
International fixed income pooled funds (various currencies)	<u>52,515,528</u>
	<u>\$ 290,042,072</u>

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.

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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, 2021.

*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.

*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, 2021:

<u>Investments</u>	<u>Fair value</u>	<u>Level 1 inputs</u>	<u>Level 2 inputs</u>
Equity securities	\$ 14,352,938	14,352,938	—
US agency securities	162,002,470	162,002,470	—
Total investments	<u>\$ 176,355,408</u>	<u>176,355,408</u>	<u>—</u>

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, 2021:

<u>Investments</u>	<u>Fair value</u>	<u>Level 1 inputs</u>	<u>Level 2 inputs</u>
U.S. agencies	\$ 45,113,491	45,113,491	—
U.S. treasury notes	6,599,010	6,599,010	—
Municipal Bonds	21,811,790	21,811,790	—
Corporate fixed income	29,987,700	29,987,700	—
Total investments	<u>\$ 103,511,991</u>	<u>103,511,991</u>	<u>—</u>

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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, 2020:

<b>Investments</b>	<b>Fair value</b>	<b>Level 1 inputs</b>	<b>Level 2 inputs</b>
Equity securities	\$ 13,721,445	13,721,445	—
US agency securities	19,909,187	7,391,326	12,517,861
Foreign issuance	1,019,120	—	1,019,120
Corporate fixed income	2,316,584	2,316,584	—
Total investments	\$ <u>36,966,336</u>	<u>23,429,355</u>	<u>13,536,981</u>

The System has the following fair value measurements as of December 31, 2020:

	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>
Investments by fair value level:			
Fixed income	\$ 46,695,007	11,220,741	35,474,266
Equities	17,881,924	17,881,924	—
	<u>64,576,931</u>	<u>29,102,665</u>	<u>35,474,266</u>
Investments measured at NAV:			
Commingled equity funds:			
International	237,526,544	—	—
Domestic	627,176,468	—	—
Commingled fixed income funds:			
International	52,515,528	—	—
Domestic	117,426,119	—	—
Real estate	226,170,125	—	—
Alternative:			
PRIT hedge fund	61,089,883	—	—
PRIT private equity	125,544,179	—	—
Other alternative	77,004,088	—	—
	<u>1,524,452,934</u>	<u>—</u>	<u>—</u>
Total investments	\$ <u>1,589,029,865</u>	<u>29,102,665</u>	<u>35,474,266</u>

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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>2020</b>	<b>Redemption frequency</b>	<b>Redemption notice period</b>
Commingled equity funds	\$ 864,703,012	Daily	1–30 days
Commingled fixed income funds	169,941,647	Daily	1–30 days
Real estate	226,170,125	Quarterly	1–30 days
Alternative	263,638,150	Quarterly	1–30 days

- 1 Commingled equity funds: This type includes 9 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 3 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 18 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.

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**(5) Capital Assets**

Capital asset activity for the year ended June 30, 2021 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	\$ 166,310,430	19,600,000	—	185,910,430
Construction in progress	<u>326,298,819</u>	<u>75,961,801</u>	<u>(271,549,516)</u>	<u>130,711,104</u>
Total capital assets not being depreciated	<u>492,609,249</u>	<u>95,561,801</u>	<u>(271,549,516)</u>	<u>316,621,534</u>
Capital assets being depreciated:				
Buildings and improvements	610,746,064	198,063,706	—	808,809,770
Improvements – nonbuilding	121,419,737	4,012,506	—	125,432,243
Furniture and equipment	116,423,968	8,648,003	(17,378,835)	107,693,136
Infrastructure	<u>601,235,143</u>	<u>70,114,130</u>	<u>—</u>	<u>671,349,273</u>
Total capital assets being depreciated	<u>1,449,824,912</u>	<u>280,838,345</u>	<u>(17,378,835)</u>	<u>1,713,284,422</u>
Less accumulated depreciation for:				
Buildings and improvements	(215,729,323)	(23,023,681)	—	(238,753,004)
Improvements – nonbuilding	(56,618,718)	(5,595,302)	—	(62,214,020)
Furniture and equipment	(83,241,869)	(8,479,671)	17,310,309	(74,411,231)
Infrastructure	<u>(250,222,846)</u>	<u>(19,575,927)</u>	<u>—</u>	<u>(269,798,773)</u>
Total accumulated depreciation	<u>(605,812,756)</u>	<u>(56,674,581)</u>	<u>17,310,309</u>	<u>(645,177,028)</u>
Total capital assets being depreciated, net	<u>844,012,156</u>	<u>224,163,764</u>	<u>(68,526)</u>	<u>1,068,107,394</u>
Governmental activities capital assets, net	\$ <u>1,336,621,405</u>	<u>319,725,565</u>	<u>(271,618,042)</u>	<u>1,384,728,928</u>

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 4,276,256
Public safety	5,049,063
Human resource development	2,729,771
Education	10,621,173
Community maintenance and development	<u>33,998,318</u>
Total depreciation expense – governmental activities	\$ <u><u>56,674,581</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	\$ 39,839,763	—	—	39,839,763
Construction in progress	<u>10,122,078</u>	<u>3,998,492</u>	<u>(7,647,993)</u>	<u>6,472,577</u>
Total capital assets not being depreciated	<u>49,961,841</u>	<u>3,998,492</u>	<u>(7,647,993)</u>	<u>46,312,340</u>
Capital assets being depreciated:				
Buildings and improvements	88,085,432	2,346,256	—	90,431,688
Furniture and equipment	13,646,991	5,301,737	(2,275,431)	16,673,297
Infrastructure	<u>47,639,623</u>	—	—	<u>47,639,623</u>
Total capital assets being depreciated	<u>149,372,046</u>	<u>7,647,993</u>	<u>(2,275,431)</u>	<u>154,744,608</u>
Less accumulated depreciation for:				
Buildings and improvements	(39,683,631)	(2,877,447)	—	(42,561,078)
Furniture and equipment	(6,256,216)	(1,630,092)	2,275,431	(5,610,877)
Infrastructure	<u>(20,959,403)</u>	<u>(883,432)</u>	—	<u>(21,842,835)</u>
Total accumulated depreciation	<u>(66,899,250)</u>	<u>(5,390,971)</u>	<u>2,275,431</u>	<u>(70,014,790)</u>
Total capital assets being depreciated, net	<u>82,472,796</u>	<u>2,257,022</u>	—	<u>84,729,818</u>
Business-type activity capital assets, net	\$ <u><u>132,434,637</u></u>	<u><u>6,255,514</u></u>	<u><u>(7,647,993)</u></u>	<u><u>131,042,158</u></u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

**(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	\$ 8,632,918	—	—	—	—	8,632,918	—
Motor vehicle taxes	4,488,411	—	—	—	—	4,488,411	—
Other taxes	3,072,990	—	—	—	—	3,072,990	—
Intergovernmental	—	5,948,122	—	4,388,385	562,729	10,899,236	—
Other	15,901,884	—	4,076,782	—	366,101	20,344,767	4,324,334
Gross receivables	32,096,203	5,948,122	4,076,782	4,388,385	928,830	47,438,322	4,324,334
Less allowance for uncollectibles	4,488,438	—	—	—	—	4,488,438	43,244
Net total receivables	\$ 27,607,765	5,948,122	4,076,782	4,388,385	928,830	42,949,884	4,281,090

**(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:

	Unavailable
Delinquent taxes receivable	\$ 9,304,731
Other	15,886,038
Total unavailable for governmental funds	\$ 25,190,769

**(c) Tax Abatement Programs**

The City enters into tax abatement agreements that meet the reporting requirements of GASB Statement No. 77, *Tax Abatement Disclosures*. Below are the descriptions of the tax abatement programs and the amount of Real Estate taxes that were abated for each program during the fiscal year.

**Chapter 121A**

Chapter 121A of the Massachusetts General Laws authorizes a local government in cooperation with its redevelopment authorities to suspend the imposition of real and personal property taxes, betterments and special assessments on properties determined to be "blighted" in order to encourage the redevelopment of residential, commercial, civic, recreational, historic or industrial projects by

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

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Chapter 121A Corporations. Under Chapter 121A, a local government is entitled to two forms of revenue from *payments* in lieu of real and property taxes. The first form of revenue consists of an excise, as determined under Section 10 of Chapter 121A, that each Chapter 121A Corporation must pay to the Commonwealth that is then distributed to the City. The second form of revenue consists of payments as required by a contract between the City and Chapter 121A Corporations as authorized by Chapter 121A, Section 6A that provide for additional revenue beyond the excise provided under Section 10 of Chapter 121A.

There were no Chapter 121A related activities or abatements noted for the year ended June 30, 2021.

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

Individual fund receivable and payable balances at June 30, 2021, 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	17,339,987	—
Capital fund – receivable from other governmental funds – for capital items	569,969	—
City grants fund - payable to the general fund	—	17,339,987
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, 2021	<u>\$ 17,942,679</u>	<u>17,942,679</u>

As of June 30, 2021, 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

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**(8) Long-Term Obligations**

Following is a summary of the governmental activities long-term obligations of the City as of June 30, 2021:

	<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, 2040	2/15/10 to 3/3/21	1.0%–5.0%	\$ 332,495,308	57,965,000	53,819,654	336,640,654	34,689,654
Urban redevelopment, serial maturities through February 15, 2030	2/15/11 to 3/3/21	2.0%–5.0%	31,375,000	11,925,000	5,570,000	37,730,000	6,430,000
Sewer, serial maturities through February 15, 2030	2/15/11 to 3/3/21	0.0%–5.0%	115,829,312	18,420,000	22,030,064	112,219,248	21,485,690
Sub-total general obligation bonds			<u>479,699,620</u>	<u>88,310,000</u>	<u>81,419,718</u>	<u>486,589,902</u>	<u>62,605,344</u>
Notes payable:							
Note payable serial maturities through July 1, 2022	4/20/00 to 7/16/01	2.00%	2,842,916	—	—	2,842,916	2,805,990
Sub-total notes payable			<u>2,842,916</u>	<u>—</u>	<u>—</u>	<u>2,842,916</u>	<u>2,805,990</u>
Total governmental obligation bonds and notes payable			<u>\$ 482,542,536</u>	<u>88,310,000</u>	<u>81,419,718</u>	<u>489,432,818</u>	<u>65,411,334</u>
Add (deduct):							
Unamortized bond premium			24,719,135	18,234,723	5,424,602	<u>37,529,256</u>	
Current portion of long-term debt						<u>(65,411,334)</u>	
						<u>461,550,740</u>	
Other long-term obligations:							
Judgments and claims			\$ 15,315,400	83,243,212	81,063,312	17,495,300	9,703,100
Compensated absences			23,656,000	26,628,500	26,396,500	23,888,000	9,499,000
Landfill postclosure care costs			25,000	—	25,000	—	—
Net OPEB liability			713,172,408	242,366,930	25,419,339	930,119,999	—
Net pension liability			183,560,092	11,548,421	69,639,691	125,468,822	—
Pollution remediation			1,889,118	1,630,281	2,015,899	1,503,500	491,480
Total other governmental long-term obligations			<u>\$ 937,618,018</u>	<u>365,417,344</u>	<u>204,559,741</u>	<u>1,098,475,621</u>	<u>19,693,580</u>

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Following is a summary of the business-type activity long-term obligations of the City as of June 30, 2021:

	<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	\$ 958,700	1,761,549	2,295,449	424,800	97,700
Compensated absences	<u>866,000</u>	<u>523,700</u>	<u>521,700</u>	<u>868,000</u>	<u>327,000</u>
Total other long-term obligations	<u>\$ 1,824,700</u>	<u>2,285,249</u>	<u>2,817,149</u>	<u>1,292,800</u>	<u>424,700</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

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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, 2021, are as follows:

	Principal		Interest		Total	
	G/O bonds	Notes	G/O bonds	Notes	G/O bonds	Notes
Year ending June 30:						
2022	\$ 62,605,344	2,805,990	19,434,524	72,142	82,039,868	2,878,132
2023	60,533,737	36,926	17,444,928	70,923	77,978,665	107,849
2024	55,274,002	—	14,968,800	—	70,242,802	—
2025	51,349,330	—	12,458,898	—	63,808,228	—
2026	43,523,988	—	10,176,080	—	53,700,068	—
2027–2031	140,643,501	—	27,020,701	—	167,664,202	—
2032–2036	54,230,000	—	7,160,481	—	61,390,481	—
2037–2041	18,430,000	—	1,018,625	—	19,448,625	—
	<u>\$ 486,589,902</u>	<u>2,842,916</u>	<u>109,683,037</u>	<u>143,065</u>	<u>596,272,939</u>	<u>2,985,981</u>

The City has entered into loan agreements with the President and Fellows of Harvard College. The loans provide funding to further the development of affordable housing within the City. The notes carry interest at 2% per year for a period of twenty years with principal payments beginning in 2010. During fiscal year 2016, payments were suspended as the City re-negotiates the loan. At June 30, 2021, the principal and interest amount outstanding remained at \$2,842,916 and \$143,065 respectively as no payments were made in 2021. In 2022 the City paid \$2,805,990 in principal and \$72,142 in interest. The City is still re-negotiating the balance of loan.

In March 2021, the City issued \$88,310,000 of general obligation bonds with an interest rate of 5.0%. Approximately \$21.5 million of the proceeds were used in April 2021 to advance refund a like amount of the City's general obligation bonds. The remainder of the proceeds are to fund various capital purchases and improvements throughout the City. The economic gain realized from the advance refunding is approximately \$3.55 million. 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 2041.

The City enters into loan agreements with the Massachusetts Clean Water Trust (MCWT) to provide funding for sewer separation and drinking water projects. According to some of the loan agreements, the City will be subsidized on a periodic basis for debt and interest costs. The City received \$44,507 in subsidies during 2021 and expects to receive subsidies totaling \$89,214 through fiscal 2023. Loan payments on the existing loans commenced on January 15, 2013 and end on January 15, 2026, with interest rates ranging from 0% to 2.0%.

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 State 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

## CITY OF CAMBRIDGE, MASSACHUSETTS

### Notes to Basic Financial Statements

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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, 2021, the City may issue approximately \$2.3 billion additional general obligation debt under the normal debt limit. The City has approximately \$2.8 million of debt exempt from the debt limit.

The City's water enterprise fund debt was fully paid in FY20 and no new issuances occurred within this fund during the year.

The City's commitments under operating leases are not significant.

#### **(9) 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, 2020, 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.

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 and 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 and the average annual rate of regular compensation received during the last five years of creditable service prior to retirement.

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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 their required contributions to the System for the years ended June 30, 2021 were \$36,675,807 and \$8,506,821, 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, 2021, the City reported a liability of \$125.5 million for its proportionate share of the System’s net pension liability measured as of December 31, 2020. 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 Alliance special funding situation. The total portion of the net pension liability associated with the City at June 30, 2021 was as follows:

City’s proportionate share of net pension liability	\$	117,497,516
City’s proportionate share of net pension liability associated with Cambridge Health Alliance		<u>7,971,306</u>
	\$	<u>125,468,822</u>

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To determine employers' proportionate share of the net pension liability, allocations of net pension liability were performed. At December 31, 2020, the City was allocated 71.50% (69.97% in the prior year) of the net pension liability related to the City and 4.85% (6.55% in the prior year) related to the Cambridge Health Alliance special funding situation described below based on the proportion of the 2019 required employer contributions.

For the year ended June 30, 2021, the City recognized pension expense of \$11.5 million. At June 30, 2021, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
	<u>                    </u>	<u>                    </u>
Net differences between projected and actual investment earnings on pension plan investments	\$ —	54,438,939
Net differences between expected and actual experience	2,096,776	14,503,829
Changes in employer proportion	8,433,491	7,760,112
Changes in assumptions	<u>39,887,551</u>	<u>—</u>
	<u>\$ 50,417,818</u>	<u>76,702,880</u>

Amounts reported as deferred outflows of resources at June 30, 2021 related to pensions will be recognized in pension expense as follows:

2022	\$ (10,816,228)
2023	8,169,076
2024	(19,685,635)
2025	(3,898,087)
2026	<u>(54,188)</u>
Total	<u>\$ (26,285,062)</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 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, 2020 was measured by an actuarial valuation as of January 1, 2020. Updated procedures were used to roll forward the total pension liability from the

**CITY OF CAMBRIDGE, MASSACHUSETTS**

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valuation dates to the measurement dates. The following actuarial assumptions were applied to the measurement of the total pension liability at December 31, 2020:

Inflation	3.0 %
Salary increases	4.0 %
Investment rate of return	7.25 %
Cost of living adjustments	3% of first \$16,000
Pre retirement mortality	Group 1 and 2: Pub-2010 General Employee Amount-Weighted Mortality Table set forward one year projected generationally using Scale MP-2019 Group 4: Pub-2010 Safety Employee Amount-Weighted Mortality Table projected generationally using Scale MP-2019
Healthy Retiree mortality	Group 1 and 2: Pub-2010 General Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables set forward one year projected generationally using Scale MP-2019 Group 4: Pub-2010 Safety Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2019
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-2019 Group 4: Pub-2010 Disabled Retiree Amount-Weighted Mortality Table projected generationally using Scale MP-2019

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, 2020 is summarized below:

<u>Asset class</u>	<u>Target asset allocation</u>	<u>Long-term expected real rate of return</u>
Cash	— %	(0.19)%
Domestic equity	28.00	6.28
International developed markets equity	10.00	7.00
International emerging markets equity	10.00	8.82
Core fixed income	10.00	0.38
High yield fixed income	10.00	2.97
Real estate	11.00	3.50
Commodities	3.00	3.45
Hedge fund, GTAA, Risk parity	5.00	2.35
Private equity	13.00	10.11
	<u>100.00</u>	

(iv) *Discount Rate*

The discount rate used to calculate the total pension liability was 7.25%. 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*

The following presents the City's proportionate share of the System's net pension liability calculated using the discount rate of 7.25% 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 (6.25%) or 1%-point higher (8.25%) than the current rate (in 000s):

	<u>1% Decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
June 30, 2021	\$ 280,108	125,469	(4,248)

## 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, 2020 measurement date is \$364.5 million based on an employer allocation percentage of 1.277%. The Commonwealth contributed \$45.0 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.

#### **(10) 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, 2021, 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	2,749
Inactive members entitled to but not yet receiving benefits	<u>—</u>
Total membership	<u><u>6,043</u></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 2021. 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, 2021 was measured based on a June 30, 2021 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-2020.

*Healthcare cost trend rates.* Trend rates begin with 7.25% (non-Medicare) and 6.25% (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 2.29% per annum. The rate is based on a blend of the 20 year Bond Buyer GO index at June 30, 2021 of 2.16% and the expected long-term OPEB trust investment rate of return of 4.5%. The Plan's net

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

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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, 2020 was assumed to be 2.34% 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, 2021 and the actuarial valuation assumptions as outlined above.

	<u>The plan</u>
Total OPEB Liability	\$ 941,474,904
Fiduciary net position	<u>(26,299,173)</u>
City's net OPEB liability	<u>\$ 915,175,731</u>
Fiduciary net position as a percentage of the total OPEB liability	2.79 %

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

(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, 2020	\$ 950,818,820	20,698,821	930,119,999
Changes for the year:			
Service cost	25,244,849	—	25,244,849
Interest	22,588,802	—	22,588,802
Difference between expected and actual experience	(23,138,935)	—	(23,138,935)
Changes in assumptions	(12,578,096)	—	(12,578,096)
Contribution – employer	—	23,460,536	(23,460,536)
Net investment income	—	3,636,817	(3,636,817)
Benefit payments	(21,460,536)	(21,460,536)	—
Administrative expenses	—	(36,465)	36,465
Net changes	<u>(9,343,916)</u>	<u>5,600,352</u>	<u>(14,944,268)</u>
Balances at June 30, 2021	<u>\$ 941,474,904</u>	<u>26,299,173</u>	<u>915,175,731</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, 2021 (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	2.29 % \$	1,099,336	915,176	771,161

*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):

	<b>1% Decrease of current rate</b>	<b>Current discount rate</b>	<b>1% Increase of current rate</b>
Net OPEB liability	\$ 753,081	915,176	1,128,704

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

(vi) *Annual Money Weighted Return*

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense was 17%. 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	\$	127,511
Investments, at fair value:		
Fixed income securities		11,818,724
Equities		<u>14,352,938</u>
Total investments		<u>26,171,662</u>
Held in trust for OPEB benefits	\$	<u><u>26,299,173</u></u>

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

Additions:

Contributions:

Employers	\$	<u>23,460,536</u>
Total contributions		<u>23,460,536</u>

Investment earnings:

Interest and dividends		2,550,856
Net appreciation (depreciation) in the fair value of investments		<u>1,085,961</u>
Net investment earnings		<u>3,636,817</u>
Total additions		<u>27,097,353</u>

Deductions:

Benefits		21,460,536
Administrative expenses		<u>36,465</u>
Total deductions		<u>21,497,001</u>

Change in net position 5,600,352

Net position, beginning of year 20,698,821

Net position, end of year \$ 26,299,173

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

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

The City's net OPEB liability was based on a June 30, 2019 valuation rolled forward to the June 30, 2020 measurement date.

*(i) Employees Covered by the Benefit Terms*

As of the June 30, 2020 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	3,100
Inactive members receiving benefits	<u>2,711</u>
Total membership	<u><u>5,811</u></u>
Total number of participating employers	1

*(ii) Actuarial Methods and Assumptions*

The total OPEB liability was based on a June 30, 2019 valuation rolled forward to the June 30, 2020 measurement date, using the following assumptions:

*Salary Increase: 3.5%.*

*Inflation Increase: 3%*

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

*Mortality.* PUB-2010 table scaled using Scale MP-2018, applied on a gender-specific basis.

*Healthcare cost trend rates.* Trend rates begin with 5.5% (non-Medicare) and 4.5% (Medicare) and decrease 0.5% annually to an ultimate rate of 4.5%.

*Discount Rate.* The discount rate used to measure the total OPEB liability for the City is 2.34% per annum. The discount rates are based on a blend of the 20 year Bond Buyer GO index at June 30, 2020 of 2.21% 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, 2019 was assumed to be 3.67% 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

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

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>	

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

	<u>Increase (decrease)</u>		
	<u>Total OPEB liability</u>	<u>Plan fiduciary net position</u>	<u>Net OPEB liability</u>
Balances at July 1, 2019	\$ 731,594,858	18,422,450	713,172,408
Changes for the year:			
Service cost	24,667,627	—	24,667,627
Interest	27,330,585	—	27,330,585
Difference between expected and actual experience	—	—	—
Changes in assumptions	190,345,545	—	190,345,545
Contribution – employer	—	25,119,795	(25,119,795)
Net investment income	—	299,544	(299,544)
Benefit payments	(23,119,795)	(23,119,795)	—
Administrative expenses	—	(23,173)	23,173
Net changes	<u>219,223,962</u>	<u>2,276,371</u>	<u>216,947,591</u>
Balances at June 30, 2020	<u>\$ 950,818,820</u>	<u>20,698,821</u>	<u>930,119,999</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

*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, 2020 (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	2.34 % \$	1,127,210	930,120	817,635

*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	\$ 796,276	930,120	1,159,096

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

For the year ended June 30, 2021 the City recognized OPEB expense of \$96.5 million.

At June 30, 2021, 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	\$ 5,081	—
Changes in assumptions	187,083	39,550
Net difference between projected and actual earnings on OPEB plan investments	—	250
Contributions subsequent to the measurement date	23,460	—
	<u>\$ 215,624</u>	<u>39,800</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

Contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2022. 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>
2021	\$ 44,763
2022	44,773
2023	40,118
2024	23,462
2025	<u>(752)</u>
Total	<u>\$ 152,364</u>

**(11) 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, 2020, the fair value of securities on loan was \$3.1 million. The associated collateral was \$3.2 million, of which \$2.5 million was cash collateral and \$.7 million was non-cash. The cash collateral has been reinvested in repurchase agreements (\$2.5 million). The repurchase agreements are valued at amortized cost which approximates fair value.

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 borrows 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, 2020, 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, 2020.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

**(12) Transfers**

Transfers and their purposes during the year ended June 30, 2021 were as follows:

	Governmental funds					Proprietary fund
	General	Capital	Affordable housing trust fund	City grants	Other	Enterprise fund water
Capital – to fund capital expenditures	\$ (44,532,542)	44,532,542	—	—	—	—
General – mitigation revenues to fund eligible capital expenditures	(8,148,100)	8,148,100	—	—	—	—
General – mitigation revenues to fund Human Services grants	(1,000,000)	—	—	1,000,000	—	—
Parking – to fund administrative costs and other eligible City expenditures	23,384,325	1,933,000	—	—	(25,317,325)	—
General – to parking to cover eligible expenses	(2,741,134)	—	—	—	2,741,134	—
Capital – to fund eligible CDBG program costs	—	(155,549)	—	—	155,549	—
Water – to fund administrative costs	723,285	—	—	—	—	(723,285)
Capital fund to/from Affordable housing Fund	—	(14,998,630)	14,998,630	—	—	—
Affordable housing fund to/from CPA Fund	—	—	12,256,000	—	(12,256,000)	—
Aggregation Adder fund to Capital	—	825,000	—	—	(825,000)	—
<b>Total</b>	<b>\$ (32,314,166)</b>	<b>40,284,463</b>	<b>27,254,630</b>	<b>1,000,000</b>	<b>(35,501,642)</b>	<b>(723,285)</b>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

**(13) Fund Balance Classification Details**

The components of fund balance for the City's governmental funds as of June 30, 2021 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	\$ 2,745,846	—	—	—	—
Restricted:					
Property and development	—	60,042,965	—	—	14,073,684
Streets and sidewalks	—	29,690,417	—	—	—
Parks and recreation	—	21,346,302	—	—	6,622,910
Sewer projects	—	50,979,169	—	—	—
Library	—	979,591	—	—	—
Schools	—	26,036,908	—	—	—
General government	—	6,421,510	—	—	—
Affordable housing	—	—	600,000	—	—
Other City Grants Fund:					
General government	—	—	—	8,779,857	—
Human services	—	217,117	—	237,337	—
Aggregation Adder Fund	—	—	—	—	674,527
School Grants Fund Federal/State	—	—	—	—	5,675,888
Committed:					
Parking fund	—	—	—	—	318,508
Health claims	36,468,986	—	—	—	—
Budget stabilization	57,536,938	—	—	—	—
Affordable housing	—	—	103,741,466	—	—
Assigned:					
Subsequent year's expenditures	25,000,000	—	—	—	—
Unassigned (deficit)	<u>222,627,360</u>	<u>—</u>	<u>—</u>	<u>(21,312,871)</u>	<u>—</u>
Total fund balances (deficit)	\$ <u>344,379,130</u>	<u>195,713,979</u>	<u>104,341,466</u>	<u>(12,295,677)</u>	<u>27,365,517</u>

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

**(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 three 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, 2021

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. 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, 2021 are as follows:

City Stabilization fund	\$	51,127,857
Mitigation Stabilization fund		5,952,081
Community Benefits Stabilization fund		<u>457,000</u>
Total Stabilization funds	\$	<u><u>57,536,938</u></u>

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

**(b) Commitments and Contingencies**

The City has \$9.9 million in encumbrances for purchase orders and contracts in the General Fund, \$82.7 million in the Capital Fund, \$9.0 million in the City Grant Funds, and \$4.3 million in the Other Governmental Funds.

**(c) Infrastructure Investment Incentive Transactions**

Infrastructure Investment Incentive transactions (I-Cubed) are governed by Chapter 293 of the Acts of 2006 (the Act). Under the Act, the funding for the projects associated with these transactions is provided through proceeds of bonds issued by the Massachusetts Development Finance Agency (MDFA) and is to be used for approved public infrastructure improvements undertaken by the developer. The debt service on these bonds will be paid by the Commonwealth through State Infrastructure Development Assistance to the extent that New State Tax Revenues generated once the project is operational offset the amounts paid to the MDFA to cover the debt service. When this is not the case, the participating municipality or developer generally will be responsible for the shortfall depending on the transaction agreement. The Act provides for the establishment of a Municipal Liquidity Reserve (MLR) from which the participating municipality can draw to offset any required payments made to the Commonwealth. The MLR is generally funded by the developer either through cash or a direct pay letter of credit.

The City executed an Infrastructure Development Assistance Agreement (IDAA) for I-Cubed transactions on December 20, 2017. The IDAA is for \$25.0 million in bonds issued by MDFA in February 2018. Also, an MLR of \$2.7 million was established at the time of the issuance of the bonds. The reserve is equal to twice the maximum annual debt service payable in any fiscal year on the bonds issued under the indenture. The City is obligated for any shortfalls between debt service on the bonds and New State Tax Revenues. However, it has the right to assess the developer or draw from the MLR for any payments on such obligations. The City had no obligations for shortfalls at June 30, 2021.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Notes to Basic Financial Statements

June 30, 2021

**(14) 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, 2021, 2020, and 2019.

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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Judgments and accrued claims, beginning of year	\$ 16,274,100	16,464,000
Incurred claims	85,004,761	52,672,600
Less payments of claims attributable to events of both current and prior fiscal years	<u>(83,358,761)</u>	<u>(52,862,500)</u>
Judgments and accrued claims, end of year	<u>\$ 17,920,100</u>	<u>16,274,100</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**

Notes to Basic Financial Statements

June 30, 2021

**(15) Subsequent Event**

Between July 1, 2021 and December 2021, the Affordable Housing Trust (AHT) disbursed funds totaling approximately \$38.8 million. This includes funding for loans for affordable housing developments committed in prior years, including \$34.5 million to preserve affordability of Fresh Pond apartments, a multi-year effort completed in FY 2022. As of December 31, 2021, the AHT has approved loan commitments of \$64.9 million for housing preservation and creation efforts now underway. These loans are expected to close and funds disbursed in late fiscal year 2022 or fiscal year 2023. Approved funding commitments include a loan commitment of \$43.6 million to fund the revitalization of the Cambridge Housing Authority's Jefferson Park federal housing development which is anticipated to close in fiscal year 2023.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Required Supplementary Information

June 30, 2021

(Unaudited)

**Schedule of Employer OPEB Contributions**

(Dollars in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution (ADC)	\$ 47,760	49,857	45,818	36,817	36,817
Contribution in relation to the actuarially determined contribution	<u>23,460</u>	<u>25,120</u>	<u>24,193</u>	<u>22,732</u>	<u>22,271</u>
Contribution deficiency (excess)	<u>\$ 24,300</u>	<u>24,737</u>	<u>21,625</u>	<u>14,085</u>	<u>14,546</u>
Covered payroll	\$ 240,681	245,281	236,987	238,710	196,095
Contributions as a percent of covered payroll	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 with a target rate of 4.5%.

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

June 30, 2021

(Unaudited)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Service cost	\$ 25,244,849	24,667,627	21,565,086	20,749,626
Interest cost	22,588,802	27,330,585	25,308,994	25,372,266
Differences between expected and actual experience	(23,138,935)	—	8,829,767	—
Changes in assumptions or other inputs	(12,578,096)	190,345,545	64,557,764	(27,084,632)
Benefit payments	<u>(21,460,536)</u>	<u>(23,119,795)</u>	<u>(22,192,854)</u>	<u>(20,732,507)</u>
Net change in OPEB liability	(9,343,916)	219,223,962	98,068,757	(1,695,247)
Total OPEB liability – beginning	<u>950,818,820</u>	<u>731,594,858</u>	<u>633,526,101</u>	<u>635,221,348</u>
Total OPEB liability – ending	<u>941,474,904</u>	<u>950,818,820</u>	<u>731,594,858</u>	<u>633,526,101</u>
Plan fiduciary net position:				
Contributions – employer	23,460,536	25,119,795	24,192,854	22,732,507
Net investment income	3,636,817	299,544	1,634,141	(3,643)
Benefit payments	(21,460,536)	(23,119,795)	(22,192,854)	(20,732,507)
Admin. expense	<u>(36,465)</u>	<u>(23,173)</u>	<u>(57,869)</u>	<u>(63,412)</u>
Net change in plan fiduciary net position	5,600,352	2,276,371	3,576,272	1,932,945
Plan fiduciary net position – beginning	<u>20,698,821</u>	<u>18,422,450</u>	<u>14,846,178</u>	<u>12,913,233</u>
Plan fiduciary net position – ending	<u>26,299,173</u>	<u>20,698,821</u>	<u>18,422,450</u>	<u>14,846,178</u>
City's net OPEB liability – ending	\$ <u>915,175,731</u>	<u>930,119,999</u>	<u>713,172,408</u>	<u>618,679,923</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.79 %	2.18 %	2.52 %	2.34 %
Covered payroll	\$ 240,680,974	245,281,000	236,986,885	238,709,766
City's net OPEB liability as a percentage of covered payroll	380.2 %	379.2 %	300.9 %	259.2 %

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Required Supplementary Information

June 30, 2021

(Unaudited)

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

Changes of assumptions	Amount of change TPL	Description
2021:	\$ (12,578,096)	<p>Discount rate decreased from 2.34% to 2.29%</p> <p>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%.</p> <p>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</p> <p>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.</p>
2020:	\$ 190,345,545	<p>Discount rate decreased from 3.67% to 2.34%</p> <p>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%.</p>
2019:	\$ 64,557,764	<p>Discount rate decreased from 3.93% to 3.67%</p> <p>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.</p> <p>The inflation assumption was increased from 2.5% to 3.0%</p> <p>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%.</p> <p>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.</p>
2018:	\$ (27,084,632)	<p>Discount rate increased from 3.65% to 3.93%</p> <p>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%.</p>

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 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	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>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>
Covered payroll	\$ 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	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>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	76.350725 %	76.520724 %	75.216558 %	75.922581 %	76.792582 %	76.337126 %	77.532583 %
City's proportionate share of the net pension liability	\$ 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	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	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	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 specific 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, 2021

(Unaudited)

(with comparative actual amounts for 2020)

	<u>2021 Original budget</u>	<u>2021 Final budget</u>	<u>2021 Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>2020 Actual</u>
Revenues:					
Property taxes	\$ 472,520,148	472,520,148	472,520,148	—	438,128,694
Provisions for tax abatements and adj.	(4,343,318)	(4,343,318)	(4,343,318)	—	(4,329,196)
Payments in lieu of tax receipts	7,100,000	7,100,000	8,219,285	1,119,285	8,028,511
Hotel/motel/meals excise tax	6,400,000	6,400,000	3,580,611	(2,819,389)	19,717,395
Intergovernmental	43,967,814	43,967,814	43,617,903	(349,911)	44,806,210
Sewer use	61,242,560	61,242,560	54,122,053	(7,120,507)	55,905,811
Motor vehicle excise	7,868,814	7,868,814	8,436,599	567,785	6,995,547
Investment income	5,510,000	5,510,000	1,264,708	(4,245,292)	8,752,728
Other	39,879,189	39,879,189	82,918,298	43,039,109	63,448,539
<b>Total revenues</b>	<u>640,145,207</u>	<u>640,145,207</u>	<u>670,336,287</u>	<u>30,191,080</u>	<u>641,454,239</u>
Expenditures:					
Current:					
General government	59,397,850	54,936,095	44,344,371	10,591,724	45,003,048
Public safety	154,014,475	154,164,475	148,297,835	5,866,640	146,175,354
Community maintenance and development	65,216,976	67,090,791	64,487,572	2,603,219	60,245,113
Human resource development	60,142,779	60,181,719	47,832,069	12,349,650	50,432,259
Education	213,714,735	222,991,925	215,916,192	7,075,733	199,301,694
Judgments and claims	300,000	20,200,000	20,200,000	—	201,386
State and district assessments	62,418,607	62,418,607	61,845,579	573,028	60,242,559
Debt service:					
Principal	60,119,720	60,119,720	60,119,718	2	55,660,616
Interest	18,735,170	18,735,170	18,723,226	11,944	18,609,339
<b>Total expenditures</b>	<u>694,060,312</u>	<u>720,838,502</u>	<u>681,766,562</u>	<u>39,071,940</u>	<u>635,871,368</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(53,915,105)</u>	<u>(80,693,295)</u>	<u>(11,430,275)</u>	<u>69,263,020</u>	<u>5,582,871</u>
Other financing sources (uses):					
Operating transfers in (out):					
Special revenue funds	24,104,820	24,104,820	20,643,191	(3,461,629)	24,619,895
Capital projects funds	(16,953,000)	(16,953,000)	(44,532,542)	(27,579,542)	(69,892,577)
Affordable housing funds	—	—	—	—	(15,000,000)
Trust funds	21,540,000	21,540,000	18,365,611	(3,174,389)	7,064,156
Enterprise fund	723,285	723,285	723,285	—	721,865
<b>Total other financing sources (uses)</b>	<u>29,415,105</u>	<u>29,415,105</u>	<u>(4,800,455)</u>	<u>(34,215,560)</u>	<u>(52,486,661)</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>(24,500,000)</u>	<u>(51,278,190)</u>	<u>\$ (16,230,730)</u>	<u>35,047,460</u>	<u>(46,903,790)</u>
Other budget items:					
Free cash appropriations	22,000,000	48,778,190			
Overlay surplus	2,500,000	2,500,000			
<b>Total other budget items</b>	<u>24,500,000</u>	<u>51,278,190</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, 2021

(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, 2021:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses), net</u>
As reported on a budgetary basis	\$ 670,336,287	681,766,562	(4,800,455)
Adjustments:			
Revenues to modified accrual basis	23,475,974	—	—
Expenditures, encumbrances and accruals, net	—	(194,242)	—
On-behalf contribution for teachers pension	45,021,285	45,021,285	—
Reclassification:			
Premium on debt issuance	—	—	4,089,723
Transfers not reported on a Budgetary/GAAP basis	—	—	(31,603,434)
As reported on a GAAP basis	\$ <u>738,833,546</u>	<u>726,593,605</u>	<u>(32,314,166)</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Supplemental Statements and Schedules

June 30, 2021

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**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
General government:			
Mayor:			
Salaries and wages	\$ 648,570	528,795	119,775
Other ordinary maintenance	147,130	88,692	58,438
Travel and training	<u>29,500</u>	<u>9,176</u>	<u>20,324</u>
Total Mayor	<u>825,200</u>	<u>626,663</u>	<u>198,537</u>
City Manager:			
Salaries and wages	2,928,550	2,642,014	286,536
Other ordinary maintenance	1,335,800	1,118,470	217,330
Travel and training	<u>53,800</u>	<u>38,626</u>	<u>15,174</u>
Total City Manager	<u>4,318,150</u>	<u>3,799,110</u>	<u>519,040</u>
City Council:			
Salaries and wages	2,115,190	1,927,166	188,024
Other ordinary maintenance	61,500	5,200	56,300
Travel and training	<u>75,200</u>	<u>712</u>	<u>74,488</u>
Total City Council	<u>2,251,890</u>	<u>1,933,078</u>	<u>318,812</u>
City Clerk:			
Salaries and wages	1,311,410	1,285,815	25,595
Other ordinary maintenance	151,110	150,189	921
Travel and training	<u>4,420</u>	<u>30</u>	<u>4,390</u>
Total City Clerk	<u>1,466,940</u>	<u>1,436,034</u>	<u>30,906</u>
Law:			
Salaries and wages	2,200,925	2,095,840	105,085
Other ordinary maintenance	1,212,200	1,144,561	67,639
Travel and training	<u>14,245</u>	<u>6,240</u>	<u>8,005</u>
Total law	<u>3,427,370</u>	<u>3,246,641</u>	<u>180,729</u>
Finance:			
Salaries and wages	15,284,940	14,366,806	918,134
Other ordinary maintenance	7,732,610	6,580,944	1,151,666
Travel and training	429,775	226,669	203,106
Extraordinary expenditures	<u>62,800</u>	<u>1,080</u>	<u>61,720</u>
Total finance	<u>23,510,125</u>	<u>21,175,499</u>	<u>2,334,626</u>
Employment benefits:			
Salaries and wages	13,716,950	7,093,696	6,623,254
Other ordinary maintenance	1,534,140	1,526,815	7,325
Travel and training	<u>30,000</u>	<u>116</u>	<u>29,884</u>
Total employment benefits	<u>15,281,090</u>	<u>8,620,627</u>	<u>6,660,463</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Election commission:			
Salaries and wages	\$ 1,426,480	1,426,479	1
Other ordinary maintenance	333,330	304,363	28,967
Travel and training	<u>5,570</u>	<u>—</u>	<u>5,570</u>
Total election commission	<u>1,765,380</u>	<u>1,730,842</u>	<u>34,538</u>
Public celebrations:			
Salaries and wages	898,165	727,014	171,151
Other ordinary maintenance	657,150	535,492	121,658
Travel and training	<u>1,325</u>	<u>550</u>	<u>775</u>
Total public celebrations	<u>1,556,640</u>	<u>1,263,056</u>	<u>293,584</u>
Reserve:			
Other ordinary maintenance	<u>15,000</u>	<u>—</u>	<u>15,000</u>
Total reserve	<u>15,000</u>	<u>—</u>	<u>15,000</u>
Animal commission:			
Salaries and wages	496,855	496,852	3
Other ordinary maintenance	18,805	15,439	3,366
Travel and training	<u>2,650</u>	<u>530</u>	<u>2,120</u>
Total animal commission	<u>518,310</u>	<u>512,821</u>	<u>5,489</u>
Total general government	<u>54,936,095</u>	<u>44,344,371</u>	<u>10,591,724</u>
Public safety:			
Fire:			
Salaries and wages	53,923,665	53,778,283	145,382
Other ordinary maintenance	1,591,020	1,568,671	22,349
Travel and training	776,500	750,105	26,395
Extraordinary expenditures	<u>145,000</u>	<u>132,070</u>	<u>12,930</u>
Total fire	<u>56,436,185</u>	<u>56,229,129</u>	<u>207,056</u>
Police:			
Salaries and wages	62,288,535	60,430,433	1,858,102
Other ordinary maintenance	2,529,410	2,393,402	136,008
Travel and training	382,500	209,213	173,287
Extraordinary expenditures	<u>725,500</u>	<u>623,371</u>	<u>102,129</u>
Total police	<u>65,925,945</u>	<u>63,656,419</u>	<u>2,269,526</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2021

	<b>Budget</b>	<b>Actual</b>	<b>Variance positive (negative)</b>
Traffic and parking:			
Salaries and wages	\$ 9,999,425	9,087,038	912,387
Other ordinary maintenance	4,417,040	3,317,699	1,099,341
Travel and training	91,000	50,567	40,433
Extraordinary expenditures	90,000	34,027	55,973
Total traffic and parking	<u>14,597,465</u>	<u>12,489,331</u>	<u>2,108,134</u>
Police review and advisory board:			
Other ordinary maintenance	1,900	16	1,884
Travel and training	4,400	2,601	1,799
Total police review and advisory board	<u>6,300</u>	<u>2,617</u>	<u>3,683</u>
Inspectional services:			
Salaries and wages	3,956,345	3,790,797	165,548
Other ordinary maintenance	220,960	140,441	80,519
Travel and training	14,170	9,030	5,140
Extraordinary expenditures	10,000	—	10,000
Total inspectional services	<u>4,201,475</u>	<u>3,940,268</u>	<u>261,207</u>
License:			
Salaries and wages	1,460,240	1,388,566	71,674
Other ordinary maintenance	34,520	11,710	22,810
Travel and training	7,520	1,300	6,220
Total license	<u>1,502,280</u>	<u>1,401,576</u>	<u>100,704</u>
Electrical:			
Salaries and wages	1,959,900	1,848,808	111,092
Other ordinary maintenance	811,460	535,277	276,183
Travel and training	65,170	60,116	5,054
Extraordinary expenditures	50,000	31,274	18,726
Total electrical	<u>2,886,530</u>	<u>2,475,475</u>	<u>411,055</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2021

	<b>Budget</b>	<b>Actual</b>	<b>Variance positive (negative)</b>
Emergency communications:			
Salaries and wages	\$ 7,985,235	7,549,315	435,920
Other ordinary maintenance	541,610	511,274	30,336
Travel and training	55,850	16,834	39,016
Extraordinary expenditures	25,600	25,597	3
Total emergency communications	<u>8,608,295</u>	<u>8,103,020</u>	<u>505,275</u>
Total public safety	<u>154,164,475</u>	<u>148,297,835</u>	<u>5,866,640</u>
Community maintenance and development:			
Public works:			
Salaries and wages	30,164,480	29,704,483	459,997
Other ordinary maintenance	20,542,065	19,868,290	673,775
Travel and training	324,530	281,638	42,892
Extraordinary expenditures	1,000,000	997,880	2,120
Total public works	<u>52,031,075</u>	<u>50,852,291</u>	<u>1,178,784</u>
Community development:			
Salaries and wages	9,648,277	8,888,915	759,362
Other ordinary maintenance	2,649,555	2,280,839	368,716
Travel and training	55,258	22,164	33,094
Extraordinary expenditures	58,731	58,731	—
Total community development	<u>12,411,821</u>	<u>11,250,649</u>	<u>1,161,172</u>
Historical commission:			
Salaries and wages	766,085	766,084	1
Other ordinary maintenance	51,500	50,683	817
Travel and training	1,450	899	551
Total historical commission	<u>819,035</u>	<u>817,666</u>	<u>1,369</u>
Peace commission:			
Salaries and wages	169,065	169,060	5
Other ordinary maintenance	9,125	961	8,164
Travel and training	3,050	1,030	2,020
Total peace commission	<u>181,240</u>	<u>171,051</u>	<u>10,189</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2021

	<b>Budget</b>	<b>Actual</b>	<b>Variance positive (negative)</b>
Cable television:			
Salaries and wages	\$ 548,200	465,434	82,766
Other ordinary maintenance	1,095,970	930,481	165,489
Travel and training	3,450	—	3,450
Total cable television	<u>1,647,620</u>	<u>1,395,915</u>	<u>251,705</u>
Total community maintenance and development	<u>67,090,791</u>	<u>64,487,572</u>	<u>2,603,219</u>
Human resource development:			
Library:			
Salaries and wages	11,931,970	10,409,328	1,522,642
Other ordinary maintenance	3,702,200	3,106,065	596,135
Travel and training	95,150	39,358	55,792
Total library	<u>15,729,320</u>	<u>13,554,751</u>	<u>2,174,569</u>
Human services:			
Salaries and wages	31,736,100	25,863,231	5,872,869
Other ordinary maintenance	10,433,024	6,605,343	3,827,681
Travel and training	102,340	43,832	58,508
Extraordinary expenditures	40,000	39,966	34
Total human services	<u>42,311,464</u>	<u>32,552,372</u>	<u>9,759,092</u>
Women's commission:			
Salaries and wages	300,855	300,851	4
Other ordinary maintenance	30,985	14,257	16,728
Travel and training	525	27	498
Total women's commission	<u>332,365</u>	<u>315,135</u>	<u>17,230</u>
Human rights commission:			
Salaries and wages	493,820	467,283	26,537
Other ordinary maintenance	48,100	39,050	9,050
Travel and training	2,900	2,455	445
Total human rights commission	<u>544,820</u>	<u>508,788</u>	<u>36,032</u>
Veterans benefits:			
Salaries and wages	408,950	408,948	2
Other ordinary maintenance	64,800	44,358	20,442
Travel and training	790,000	447,717	342,283
Total veterans benefits	<u>1,263,750</u>	<u>901,023</u>	<u>362,727</u>
Total human resource development	<u>60,181,719</u>	<u>47,832,069</u>	<u>12,349,650</u>

**CITY OF CAMBRIDGE, MASSACHUSETTS**

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<b>Variance positive (negative)</b>
Education:			
Salaries and wages	\$ 183,280,280	179,412,712	3,867,568
Other ordinary maintenance	38,084,590	34,991,829	3,092,761
Travel and training	1,196,755	1,119,296	77,459
Extraordinary expenditures	<u>430,300</u>	<u>392,355</u>	<u>37,945</u>
Total education	<u>222,991,925</u>	<u>215,916,192</u>	<u>7,075,733</u>
Judgments and claims	20,200,000	20,200,000	—
Debt retirement:			
Principal payments	60,119,720	60,119,718	2
Interest payments	<u>18,735,170</u>	<u>18,723,226</u>	<u>11,944</u>
Total debt retirement	<u>78,854,890</u>	<u>78,842,944</u>	<u>11,946</u>
State and district assessments:			
MBTA assessment	10,662,919	10,662,919	—
MWRA assessment	27,153,100	26,630,300	522,800
Other State assessments	17,152,588	17,102,360	50,228
Cambridge Health Alliance	<u>7,450,000</u>	<u>7,450,000</u>	<u>—</u>
Total state and district assessments	<u>62,418,607</u>	<u>61,845,579</u>	<u>573,028</u>
Total general fund expenditures	<u>\$ 720,838,502</u>	<u>681,766,562</u>	<u>39,071,940</u>

See accompanying independent auditors' report.

## **CITY OF CAMBRIDGE, MASSACHUSETTS**

Other Governmental Funds

June 30, 2021

### **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, 2021

<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	\$ 639,614	6,749,914	150,112	21,052,836	674,527	29,267,003
Accounts receivable	—	—	169,411	196,690	—	366,101
Due from other governments	33,398	529,331	—	—	—	562,729
<b>Total assets</b>	<b>\$ 673,012</b>	<b>7,279,245</b>	<b>319,523</b>	<b>21,249,526</b>	<b>674,527</b>	<b>30,195,833</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities:						
Warrants payable	\$ 87,740	1,513,508	—	137,487	—	1,738,735
Accrued liabilities	15,303	89,849	1,015	218,755	—	324,922
Due to other funds	569,969	—	—	—	—	569,969
<b>Total liabilities</b>	<b>673,012</b>	<b>1,603,357</b>	<b>1,015</b>	<b>356,242</b>	<b>—</b>	<b>2,633,626</b>
Deferred inflows of resources:						
Unavailable revenue	—	—	—	196,690	—	196,690
Fund balances:						
Restricted	—	5,675,888	—	20,696,594	674,527	27,047,009
Committed	—	—	318,508	—	—	318,508
<b>Total fund balances</b>	<b>—</b>	<b>5,675,888</b>	<b>318,508</b>	<b>20,696,594</b>	<b>674,527</b>	<b>27,365,517</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 673,012</b>	<b>7,279,245</b>	<b>319,523</b>	<b>21,249,526</b>	<b>674,527</b>	<b>30,195,833</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, 2021

	<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>	
Revenues:						
Intergovernmental	\$ 745,077	13,810,577	229,899	3,542,116	—	18,327,669
Investment income	—	—	75,522	9,335	1,581	86,438
Other:						
Permits	—	—	1,228,654	—	—	1,228,654
Fines	—	—	5,956,017	—	—	5,956,017
Charges for services	—	—	8,256,713	—	—	8,256,713
Miscellaneous	—	709,449	54,037	13,190,022	1,497,946	15,451,454
<b>Total revenues</b>	<b>745,077</b>	<b>14,520,026</b>	<b>15,800,842</b>	<b>16,741,473</b>	<b>1,499,527</b>	<b>49,306,945</b>
Expenditures:						
General government	—	—	—	10,000	—	10,000
Community maintenance and development	562,940	—	—	1,831,652	—	2,394,592
Human services	337,686	—	—	—	—	337,686
Education	—	14,244,458	—	—	—	14,244,458
<b>Total expenditures</b>	<b>900,626</b>	<b>14,244,458</b>	<b>—</b>	<b>1,841,652</b>	<b>—</b>	<b>16,986,736</b>
Excess (deficiency) of revenues over expenditures	(155,549)	275,568	15,800,842	14,899,821	1,499,527	32,320,209
Other financing sources (uses):						
Transfers from other funds	155,549	—	2,741,134	—	—	2,896,683
Transfers to other funds	—	—	(25,317,325)	(12,256,000)	(825,000)	(38,398,325)
Excess (deficiency) of revenues over expenditures and transfers	—	275,568	(6,775,349)	2,643,821	674,527	(3,181,433)
Fund balances at beginning of year, as restated	—	5,400,320	7,093,857	18,052,773	—	30,546,950
Fund balances at end of year	\$ —	5,675,888	318,508	20,696,594	674,527	27,365,517

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Supplemental Statements and Schedules

June 30, 2021

**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.

**Custodial Funds**

The primary purpose of this fund is to provide oversight to Cambridge schools activity funds.

**CITY OF CAMBRIDGE, MASSACHUSETTS**  
Combining Statement of Net Position - Fiduciary Units  
June 30, 2021

	<b>Pension (and Other Employee Benefit) Trust Funds</b>		<b>Private purpose trust funds</b>			<b>Custodial fund</b>	<b>Total</b>
	<b>Employee retirement plan December 31, 2020</b>	<b>OPEB Trust fund June 30, 2021</b>	<b>Cemetery trust June 30, 2021</b>	<b>Mayor's disaster relief June 30, 2021</b>	<b>Other June 30, 2021</b>	<b>Other/Schools June 30, 2021</b>	
<b>Assets</b>							
Cash and cash equivalents	\$ 4,477,345	127,511	2,283,990	541,531	2,158,500	240,953	9,829,830
Dividend and interest receivable	255,242	—	—	—	—	—	255,242
Other assets	559,052	—	—	—	—	—	559,052
Investments, at fair value:							
Fixed income securities	46,695,007	11,818,724	—	—	—	—	58,513,731
Equities	17,881,924	14,352,938	—	—	—	—	32,234,862
Pooled investments:							
Fixed income	117,426,119	—	—	—	—	—	117,426,119
Real estate	226,170,125	—	—	—	—	—	226,170,125
Domestic equities	627,176,468	—	—	—	—	—	627,176,468
International equities	237,526,544	—	—	—	—	—	237,526,544
International fixed income	52,515,528	—	—	—	—	—	52,515,528
Alternative	263,638,150	—	—	—	—	—	263,638,150
Total investments	1,589,029,865	26,171,662	—	—	—	—	1,615,201,527
Cash collateral on security lending	2,513,792	—	—	—	—	—	2,513,792
Total assets	1,596,835,296	26,299,173	2,283,990	541,531	2,158,500	240,953	1,628,359,443
<b>Liabilities</b>							
Accrued liabilities	896,372	—	—	—	—	—	896,372
Due to brokers for securities purchased	324,592	—	—	—	—	—	324,592
Cash collateral on security lending	2,513,792	—	—	—	—	—	2,513,792
Total liabilities	3,734,756	—	—	—	—	—	3,734,756
<b>Net Position</b>							
Restricted for:							
Pensions	1,593,100,540	—	—	—	—	—	1,593,100,540
OPEB Benefits	—	26,299,173	—	—	—	—	26,299,173
Individuals, organizations and other governments	—	—	2,283,990	541,531	2,158,500	240,953	5,224,974
Total net position	\$ 1,593,100,540	26,299,173	2,283,990	541,531	2,158,500	240,953	1,624,624,687

See independent auditors' report

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Combining Statement of Changes in Net Position - Fiduciary Units

Year ended June 30, 2021

	<b>Pension (and Other Employee Benefit) Trust Funds</b>		<b>Private purpose trust funds</b>			<b>Custodial fund</b>	<b>Total</b>
	<b>Employee retirement plan December 31, 2020</b>	<b>OPEB Trust fund June 30, 2021</b>	<b>Cemetery trust June 30, 2021</b>	<b>Mayor's disaster relief June 30, 2021</b>	<b>Other June 30, 2021</b>	<b>Other/Schools June 30, 2021</b>	
<b>Additions:</b>							
Contributions:							
Employers	\$ 46,005,871	23,460,536	—	—	—	—	69,466,407
Nonemployer – City	2,330,093	—	—	—	—	—	2,330,093
Plan members	24,711,247	—	—	—	—	—	24,711,247
Other systems	3,310,192	—	—	—	—	—	3,310,192
Commonwealth of Massachusetts	212,945	—	—	—	—	—	212,945
Gifts and bequests	—	—	27,500	—	249,577	185,145	462,222
Miscellaneous	—	—	—	500,958	—	—	500,958
<b>Total contributions</b>	<b>76,570,348</b>	<b>23,460,536</b>	<b>27,500</b>	<b>500,958</b>	<b>249,577</b>	<b>185,145</b>	<b>100,994,064</b>
<b>Investment earnings:</b>							
Interest and dividends	25,033,297	2,550,856	12,306	4,954	9,400	50	27,610,863
Securities lending income	51,027	—	—	—	—	—	51,027
Net appreciation (depreciation) in the fair value of investments	145,980,402	1,085,961	—	—	—	—	147,066,363
Less:							
Management fees	(8,680,588)	—	—	—	—	—	(8,680,588)
Borrower rebates and fees under securities lending program	(40,586)	—	—	—	—	—	(40,586)
<b>Net investment earnings</b>	<b>162,343,552</b>	<b>3,636,817</b>	<b>12,306</b>	<b>4,954</b>	<b>9,400</b>	<b>50</b>	<b>166,007,079</b>
<b>Total additions</b>	<b>238,913,900</b>	<b>27,097,353</b>	<b>39,806</b>	<b>505,912</b>	<b>258,977</b>	<b>185,195</b>	<b>267,001,143</b>
<b>Deductions:</b>							
Benefits	90,676,119	21,460,536	—	—	—	—	112,136,655
Refunds of contributions	1,607,442	—	—	—	—	—	1,607,442
Other systems	2,798,511	—	—	—	—	—	2,798,511
Administrative expenses	1,470,748	36,465	—	—	—	—	1,507,213
Beneficiary payments to individuals	—	—	—	—	193,626	219,307	412,933
Miscellaneous	—	—	40,000	1,454,304	—	—	1,494,304
<b>Total deductions</b>	<b>96,552,820</b>	<b>21,497,001</b>	<b>40,000</b>	<b>1,454,304</b>	<b>193,626</b>	<b>219,307</b>	<b>119,957,058</b>
<b>Change in net position</b>	<b>142,361,080</b>	<b>5,600,352</b>	<b>(194)</b>	<b>(948,392)</b>	<b>65,351</b>	<b>(34,112)</b>	<b>147,044,085</b>
Net position, beginning of year, as restated, (note 2(p))	1,450,739,460	20,698,821	2,284,184	1,489,923	2,093,149	275,065	1,477,580,602
<b>Net position, end of year</b>	<b>\$ 1,593,100,540</b>	<b>26,299,173</b>	<b>2,283,990</b>	<b>541,531</b>	<b>2,158,500</b>	<b>240,953</b>	<b>1,624,624,687</b>

See independent auditors' report

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Supplemental Statements and Schedules

June 30, 2021

**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, 2021.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

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

June 30, 2021

	<b>Uncollected June 30, 2020</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, 2021</b>
Real estate taxes:								
2017	\$ 12,735	—	—	—	58,597	(64,254)	—	7,078
2018	1,494	—	—	—	28,133	(28,133)	—	1,494
2019	293,910	—	(80,970)	(145,136)	161,105	(221,585)	(13)	7,311
2020	6,215,542	—	(62,810)	—	686,687	(5,860,358)	(367)	978,694
2021	—	454,465,373	(1,221,948)	—	607,894	(448,913,811)	22,731	4,960,239
Total real estate	\$ <u>6,523,681</u>	<u>454,465,373</u>	<u>(1,365,728)</u>	<u>(145,136)</u>	<u>1,542,416</u>	<u>(455,088,141)</u>	<u>22,351</u>	<u>5,954,816</u>

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, 2021

	<b>Uncollected June 30, 2020</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, 2021</b>
Personal property taxes:								
2003	\$ 2,947	—	—	—	—	—	—	2,947
2004	3,484	—	—	—	—	—	—	3,484
2005	6,580	—	—	—	—	—	(422)	6,158
2006	5,253	—	—	—	—	(164)	—	5,089
2007	7,871	—	—	—	—	(171)	—	7,700
2008	7,844	—	—	—	—	—	—	7,844
2009	11,738	—	—	—	—	(412)	—	11,326
2010	12,386	—	—	—	—	—	(77)	12,309
2011	17,453	—	—	—	—	—	—	17,453
2012	29,536	—	—	—	—	(97)	(7,657)	21,782
2013	35,201	—	—	—	—	(64)	(16,081)	19,056
2014	26,761	—	—	—	—	(252)	(3,688)	22,821
2015	34,358	—	—	—	—	(51)	(2,471)	31,836
2016	157,829	—	—	—	—	(118)	(3,585)	154,126
2017	276,941	—	—	—	—	(4,344)	(37,669)	234,928
2018	379,000	—	—	—	—	(5,666)	(122,493)	250,841
2019	413,200	—	—	—	142	(35,127)	(65,237)	312,978
2020	1,058,208	—	—	—	—	(623,382)	69,959	504,785
2021	—	22,256,622	(183,898)	—	—	(21,293,184)	(4,494)	775,046
Total personal property	2,486,590	22,256,622	(183,898)	—	142	(21,963,032)	(193,915)	2,402,509
Other	261,050	—	—	—	—	—	14,543	275,593
Property taxes	\$ <u>9,271,321</u>	<u>476,721,995</u>	<u>(1,549,626)</u>	<u>(145,136)</u>	<u>1,542,558</u>	<u>(477,051,173)</u>	<u>(157,021)</u>	<u>8,632,918</u>

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, 2021

	Uncollected June 30, 2020	Commitments	Abatements	Transfers to tax title	Refunds	Collections	Adjustments increase (decrease)	Uncollected June 30, 2021
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	50,944	—	—	—	—	(140)	—	50,804
1992	51,363	—	—	—	—	(87)	—	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	61,402	—	—	—	—	(18)	—	61,384
1999	107,922	—	—	—	—	(13)	—	107,909
2000	168,109	—	—	—	—	(309)	—	167,800
2001	210,112	—	—	—	—	(202)	—	209,910
2002	190,392	—	—	—	—	(81)	—	190,311
2003	169,271	—	—	—	—	(121)	—	169,150
2004	140,355	—	—	—	—	(26)	—	140,329
2005	113,114	—	—	—	—	(39)	—	113,075
2006	100,849	—	—	—	—	(138)	—	100,711
2007	133,932	—	(44)	—	—	(542)	—	133,346
2008	115,028	—	(126)	—	—	(1,217)	—	113,685
2009	95,400	—	(40)	—	—	(586)	(1)	94,773
2010	109,140	—	—	—	—	(319)	—	108,821
2011	111,591	—	(144)	—	—	(858)	—	110,589
2012	101,932	—	—	—	—	(964)	—	100,968
2013	96,595	—	—	—	—	(988)	—	95,607
2014	103,939	—	—	—	203	(1,528)	—	102,614
2015	108,201	—	—	—	—	(3,830)	—	104,371
2016	121,200	—	(81)	—	322	(9,134)	3	112,310
2017	130,225	—	(1,192)	—	887	(13,419)	(1)	116,500
2018	172,834	—	(42,219)	—	41,182	(27,171)	23	144,649
2019	398,991	—	(15,464)	—	15,828	(186,777)	5	212,583
2020	1,145,688	882,327	(117,163)	—	95,028	(1,679,483)	(6)	326,391
2021	—	7,238,222	(166,865)	—	38,068	(6,392,283)	(755)	716,387
Total motor vehicle	\$ 4,840,687	8,120,549	(343,338)	—	191,518	(8,320,273)	(732)	4,488,411

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, 2021

	Interest rates	Issue dates	Final maturity date	Balance June 30, 2020	Additions	Retired	Balance June 30, 2021
Inside debt limit:							
CRLS Renovations	2.00%-3.75%	2/15/2010	2/15/2030	\$ 12,500,000	—	12,500,000	—
War Memorial Renovations	2.00%-4.00%	2/15/2011	2/15/2021	15,000	—	15,000	—
Building Renovations	2.00%-4.00%	2/15/2011	2/15/2021	150,000	—	150,000	—
Replacement of Radio System	2.00%-4.00%	2/15/2011	2/15/2021	620,000	—	620,000	—
Old Police Station Renovations	2.00%-4.50%	2/15/2011	2/15/2031	2,200,000	—	2,200,000	—
CRLS Renovations	2.00%-4.50%	2/15/2011	2/15/2031	8,855,000	—	8,855,000	—
Harvard Square Enhancements	2.00%-4.00%	2/15/2011	2/15/2021	250,000	—	250,000	—
Danehy Park Improvements	2.00%-4.00%	2/15/2011	2/15/2021	70,000	—	70,000	—
Sewer Reconstruction	2.00%-4.00%	2/15/2011	2/15/2021	1,500,000	—	1,500,000	—
CRLS Renovations (MSBA)	2.00%	7/12/2011	11/1/2021	1,189,308	—	594,654	594,654
Building Renovations	2.00%	2/15/2012	2/15/2022	400,000	—	200,000	200,000
Old Police Station Renovations	2.00%-3.00%	2/15/2012	2/15/2032	6,300,000	—	525,000	5,775,000
Refunding Bonds (2004, 2005, 2006)	1.00%-5.00%	3/22/2012	1/1/2024	11,765,000	—	3,585,000	8,180,000
Street/Sidewalk Reconstruction	2.00%	2/15/2012	2/15/2022	200,000	—	100,000	100,000
Open Space Improvements	2.00%	2/15/2012	2/15/2022	260,000	—	130,000	130,000
Kendall Square Improvements	2.00%	2/15/2012	2/15/2022	60,000	—	30,000	30,000
Harvard Square Tunnel Improvements	2.00%	2/15/2012	2/15/2022	400,000	—	200,000	200,000
Sewer Reconstruction	2.00%	2/15/2012	2/15/2022	4,070,000	—	2,035,000	2,035,000
MCWT Loan (Gross Payment) (CW-10-04)	—%	6/13/2012	7/15/2022	3,040,969	—	1,012,136	2,028,833
King School Renovations	2.00%-3.00%	2/19/2013	2/15/2033	21,450,000	—	1,650,000	19,800,000
Old Police Station Renovations	2.00%-3.00%	2/19/2013	2/15/2033	2,635,000	—	205,000	2,430,000
Acquisitions of Fire Vehicles	2.00%-3.00%	2/19/2013	2/15/2023	370,000	—	125,000	245,000
City Hall Roof Replacement	2.00%-3.00%	2/19/2013	2/15/2023	300,000	—	100,000	200,000
Street/Sidewalk Reconstruction	2.00%-3.00%	2/19/2013	2/15/2023	300,000	—	100,000	200,000
Harvard Square Tunnel Improvements	2.00%-3.00%	2/19/2013	2/15/2023	450,000	—	150,000	300,000
Danehy Park Improvements	2.00%-3.00%	2/19/2013	2/15/2023	455,000	—	155,000	300,000
Kendall Square Improvements	2.00%-3.00%	2/19/2013	2/15/2023	150,000	—	50,000	100,000
Sewer Reconstruction	2.00%-3.00%	2/19/2013	2/15/2023	6,420,000	—	2,140,000	4,280,000
King School Renovations	3.00%-5.00%	2/18/2014	2/15/2034	12,950,000	—	925,000	12,025,000
Kendall Square Improvements	5.00%	2/18/2014	2/15/2024	400,000	—	100,000	300,000
Street/Sidewalk Reconstruction	5.00%	2/18/2014	2/15/2024	400,000	—	100,000	300,000
Harvard Square Tunnel Improvements	5.00%	2/18/2014	2/15/2024	400,000	—	100,000	300,000
Cambridge Common Improvements	5.00%	2/18/2014	2/15/2024	200,000	—	50,000	150,000
Sewer Reconstruction	5.00%	2/18/2014	2/15/2024	5,160,000	—	1,290,000	3,870,000
MCWT Loan (CWP-13-03)	2.00%	1/7/2015	1/15/2025	6,918,275	—	1,324,804	5,593,471
King School Renovations	2.00%-5.00%	3/3/2015	2/15/2035	30,750,000	—	2,050,000	28,700,000
344 Broadway Building Renovations (Comprehensive)	2.00%-5.00%	3/3/2015	2/15/2025	750,000	—	150,000	600,000
School Building Renovations	2.00%-5.00%	3/3/2015	2/15/2025	375,000	—	75,000	300,000
Kendall Square Surface Improvements	2.00%-5.00%	3/3/2015	2/15/2025	2,000,000	—	400,000	1,600,000
Cambridge Common Improvements	2.00%-5.00%	3/3/2015	2/15/2025	580,000	—	120,000	460,000
Danehy Park Improvements	2.00%-5.00%	3/3/2015	2/15/2025	575,000	—	115,000	460,000
Street/Sidewalk Reconstruction	2.00%-5.00%	3/3/2015	2/15/2025	500,000	—	100,000	400,000
Golf Course Improvements	2.00%-5.00%	3/3/2015	2/15/2025	275,000	—	55,000	220,000
Sewer Reconstruction	2.00%-5.00%	3/3/2015	2/15/2025	11,735,000	—	2,450,000	9,285,000
Refunding Bonds (2005, 2006, 2007 and 2008)	2.00%-4.00%	3/4/2015	1/1/2028	29,275,000	—	2,810,000	26,465,000
School Building Renovations (Kennedy Longfellow Roof)	2.00%-4.00%	3/1/2016	2/15/2026	1,500,000	—	250,000	1,250,000
Police Station Elevator Repairs	2.00%-4.00%	3/1/2016	2/15/2021	30,000	—	30,000	—
Harvard Square Kiosk Design	2.00%-4.00%	3/1/2016	2/15/2021	120,000	—	120,000	—
King Open and Cambridge St. Upper School and Community Complex	2.00%-4.00%	3/1/2016	2/15/2036	8,800,000	—	550,000	8,250,000
Building Renovations (344 Broadway and Comprehensive)	2.00%-4.00%	3/1/2016	2/15/2026	2,100,000	—	350,000	1,750,000
Street/Sidewalk Reconstruction	2.00%-4.00%	3/1/2016	2/15/2026	2,400,000	—	400,000	2,000,000
Harvard Square Reconstruction	2.00%-4.00%	3/1/2016	2/15/2026	300,000	—	50,000	250,000
Sewer Reconstruction	2.00%-4.00%	3/1/2016	2/15/2026	7,640,000	—	1,275,000	6,365,000
MCWT Loan (CWP-13-03-A)	2.00%	2/11/2016	1/15/2026	8,758,295	—	1,382,392	7,375,903

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Schedule of Bonds and Notes Payable

Year ended June 30, 2021

	Interest rates	Issue dates	Final maturity date	Balance June 30, 2020	Additions	Retired	Balance June 30, 2021
Building Renovation/Energy Improvements	3.00%-5.00%	3/1/2017	2/15/2027	\$ 1,635,000	—	235,000	1,400,000
Kennedy School Roof Replacement	3.00%-5.00%	3/1/2017	2/15/2027	1,435,000	—	205,000	1,230,000
Police Station Elevator Repairs	3.00%-5.00%	3/1/2017	2/15/2022	60,000	—	30,000	30,000
King Open and Cambridge St. Upper School and Community Complex	3.00%-5.00%	3/1/2017	2/15/2037	16,890,000	—	995,000	15,895,000
School Building Roof Repairs	3.00%-5.00%	3/1/2017	2/15/2027	1,630,000	—	235,000	1,395,000
School Boiler Maintenance	3.00%-5.00%	3/1/2017	2/15/2027	320,000	—	50,000	270,000
Comprehensive Facilities Improvements Plan	3.00%-5.00%	3/1/2017	2/15/2027	3,260,000	—	470,000	2,790,000
Cambridge Common Improvements	3.00%-5.00%	3/1/2017	2/15/2027	320,000	—	50,000	270,000
Harvard Square Surface Reconstruction	3.00%-5.00%	3/1/2017	2/15/2027	2,280,000	—	330,000	1,950,000
Street/Sidewalk Reconstruction	3.00%-5.00%	3/1/2017	2/15/2027	1,300,000	—	190,000	1,110,000
Sewer Reconstruction	3.00%-5.00%	3/1/2017	2/15/2027	14,705,000	—	2,110,000	12,595,000
Library Construction (Refunding)	4.00 %	6/12/2017	2/15/2029	4,370,000	—	495,000	3,875,000
CRLS Renovations (Refunding)	4.00 %	6/12/2017	2/15/2029	12,425,000	—	1,400,000	11,025,000
MWRA bond	— %	11/27/2017	11/15/2022	1,783,410	—	594,470	1,188,940
King Open and Cambridge St Upper School and Community Complex	3.0%-5.0%	3/1/2018	2/15/2038	53,191,000	—	2,955,000	50,236,000
Municipal Facilities Improvement Plan	4.3%-5.0%	3/1/2018	2/15/2028	3,520,000	—	440,000	3,080,000
Fletcher Maynard Academy Roof	4.3%-5.0%	3/1/2018	2/15/2028	1,055,000	—	135,000	920,000
School Boiler Maintenance	4.3%-5.0%	3/1/2018	2/15/2028	350,000	—	45,000	305,000
East Grand Junction design	4.6%-5.0%	3/1/2018	2/15/2023	555,000	—	185,000	370,000
Street / Sidewalk Reconstruction	4.3%-5.0%	3/1/2018	2/15/2028	2,810,000	—	355,000	2,455,000
Sewer Reconstruction	4.3%-5.0%	3/1/2018	2/15/2028	11,672,000	—	1,470,000	10,202,000
City Hall Improvements (Design)	5.0 %	3/6/2019	2/15/2024	1,460,000	—	365,000	1,095,000
831 Massachusetts Avenue/3 Bigelow St (MP/Feasibility)	5.0 %	3/6/2019	2/15/2024	735,000	—	185,000	550,000
Fire Headquarters (Design)	5.0 %	3/6/2019	2/15/2024	2,195,000	—	550,000	1,645,000
Tobin School (Design)	5.0 %	3/6/2019	2/15/2024	2,195,000	—	550,000	1,645,000
King Open and Cambridge St Upper School and Community Complex	3.00%-5.00%	3/6/2019	2/15/2039	43,560,000	—	2,295,000	41,265,000
Municipal Facilities Improvement Plan	5.0 %	3/6/2019	2/15/2029	3,890,000	—	435,000	3,455,000
School Boiler Maintenance	5.0 %	3/6/2019	2/15/2029	505,000	—	60,000	445,000
School Boiler Maintenance	5.0 %	3/6/2019	2/15/2029	465,000	—	55,000	410,000
East Grand Junction design	5.0 %	3/6/2019	2/15/2024	1,460,000	—	365,000	1,095,000
Harvard Square Kiosk	5.0 %	3/6/2019	2/15/2029	775,000	—	90,000	685,000
Street/Sidewalk Reconstruction	5.0 %	3/6/2019	2/15/2029	2,335,000	—	260,000	2,075,000
Riverside Reconstruction	5.0 %	3/6/2019	2/15/2029	2,335,000	—	260,000	2,075,000
Sewer Reconstruction	5.0 %	3/6/2019	2/15/2029	12,730,000	—	1,430,000	11,300,000
MWRA Bond	— %	3/7/2019	2/15/2029	2,531,363	—	281,262	2,250,101
King Open and Cambridge St. Upper School and Community Complex	2.00%-5.00%	3/5/2020	2/15/2040	8,810,000	—	445,000	8,365,000
City Hall Improvements (Construction)	5.0 %	3/5/2020	2/15/2030	820,000	—	85,000	735,000
Tobin School (Design)	5.0 %	3/5/2020	2/15/2025	8,925,000	—	1,785,000	7,140,000
School Building Upgrades	5.0 %	3/5/2020	2/15/2025	715,000	—	145,000	570,000
Municipal Facilities Improvement Plan	5.0 %	3/5/2020	2/15/2025	2,680,000	—	540,000	2,140,000
Harvard Square Kiosk	5.0 %	3/5/2020	2/15/2030	1,645,000	—	165,000	1,480,000
Street/Sidewalk Reconstruction	5.0 %	3/5/2020	2/15/2030	3,290,000	—	330,000	2,960,000
Riverside Reconstruction	5.0 %	3/5/2020	2/15/2030	1,645,000	—	165,000	1,480,000
Sewer Reconstruction	5.0 %	3/5/2020	2/15/2030	17,165,000	—	1,735,000	15,430,000
City Hall Improvements (Construction)	5.0 %	3/3/2021	2/15/2031	—	7,395,000	—	7,395,000
Tobin School (Design)	2.00%-5.00%	3/3/2021	2/15/2041	—	11,605,000	—	11,605,000
School Buildings Upgrades	5.0 %	3/3/2021	2/15/2031	—	1,485,000	—	1,485,000
Municipal Facilities Improvement Plan	5.0 %	3/3/2021	2/15/2031	—	12,325,000	—	12,325,000
River St. Firehouse Construction Improvements	5.0 %	3/3/2021	2/15/2031	—	4,110,000	—	4,110,000
Lexington Ave Firehouse Construction Improvements	5.0 %	3/3/2021	2/15/2031	—	3,290,000	—	3,290,000
Refunding (CRLS & Old Police Station 2010-2011)	5.0 %	3/3/2021	2/15/2031	—	17,755,000	—	17,755,000
Harvard Square Kiosk Infrastructure Improvements	5.0 %	3/3/2021	2/15/2031	—	825,000	—	825,000
Harvard Square Kiosk Surface Enhancement	5.0 %	3/3/2021	2/15/2031	—	1,235,000	—	1,235,000
Street/Sidewalk Reconstruction	5.0 %	3/3/2021	2/15/2031	—	4,110,000	—	4,110,000
Riverside Reconstruction	5.0 %	3/3/2021	2/15/2031	—	5,755,000	—	5,755,000
Sewer Reconstruction	5.0 %	3/3/2021	2/15/2031	—	18,420,000	—	18,420,000
<b>Total inside debt limit</b>				<b>479,699,620</b>	<b>88,310,000</b>	<b>81,419,718</b>	<b>486,589,902</b>
Outside debt limit:							
Water				—	—	—	—
Total water				—	—	—	—
Housing Trust Fund:							
Note payable	2.00%	4/20/00 and 7/16/01	4/1/20 and 7/1/21	2,842,916	—	—	2,842,916
Total outside debt limit				2,842,916	—	—	2,842,916
Total debt outstanding				\$ 482,542,536	88,310,000	81,419,718	489,432,818

See accompanying independent auditors' report.

# STATISTICAL SECTION

CITY OF CAMBRIDGE, MASSACHUSETTS

June 30, 2021

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.

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<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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	\$ 35,852	34,894	33,235	33,317	38,656	38,852	43,290	41,039	41,729	49,577
Percentage of total	8.1 %	7.8 %	6.7 %	6.6 %	7.3 %	6.9 %	7.3 %	6.6 %	6.3 %	6.8 %
Percentage change	(0.1)	(2.7)	(4.8)	0.2	16.0	0.5	11.4	(5.2)	1.7	18.8
Public safety	103,389	106,985	112,496	117,991	116,756	128,759	132,296	139,422	143,442	147,363
Percentage of total	23.4 %	23.8 %	22.8 %	23.5 %	22.0 %	22.9 %	22.2 %	22.3 %	21.7 %	20.3 %
Percentage change	3.0	3.5	5.2	4.9	(1.0)	10.3	2.7	5.4	2.9	2.7
Community maintenance and development	36,683	39,175	40,570	46,004	46,667	48,449	51,393	54,666	56,419	63,664
Percentage of total	8.3 %	8.7 %	8.2 %	9.2 %	8.8 %	8.6 %	8.6 %	8.7 %	8.6 %	8.8 %
Percentage change	0.6	6.8	3.6	13.4	1.4	3.8	6.1	6.4	3.2	12.8
Human resource	30,919	32,143	32,861	34,302	36,155	38,125	41,678	45,380	48,359	46,812
Percentage of total	7.0 %	7.1 %	6.7 %	6.8 %	6.8 %	6.8 %	7.0 %	7.3 %	7.3 %	6.4 %
Percentage change	4.5	4.0	2.2	4.4	5.4	5.4	9.3	8.9	6.6	(3.2)
Education	139,276	143,788	176,930	168,367	183,324	197,087	209,886	218,767	234,864	258,815
Percentage of total	31.6 %	32.0 %	35.9 %	33.6 %	34.5 %	35.0 %	35.2 %	35.0 %	35.6 %	35.6 %
Percentage change	3.9	3.2	23.0	(4.8)	8.9	7.5	6.5	4.2	7.4	10.2
Judgments and claims	4,113	76	52	122	2,715	371	197	2,311	201	19,684
Percentage of total	0.9 %	— %	— %	— %	0.5 %	0.1 %	— %	0.4 %	— %	2.7 %
Percentage change	(54.4)	(98.2)	(31.6)	134.6	2,125.4	(86.3)	(46.9)	1,073.1	(91.3)	9,693.0 (2)
State assessments	46,147	46,660	47,683	50,184	52,024	53,427	56,316	57,931	60,243	61,846
Percentage of total	10.5 %	10.4 %	9.7 %	10.0 %	9.8 %	9.5 %	9.4 %	9.3 %	9.1 %	8.5 %
Percentage change	2.8	1.1	2.2	5.2	3.7	2.7	5.4	2.9	4.0	2.7
Debt service	44,562	46,305	49,669	51,359	54,814	57,823	61,826	66,014	74,276	78,833
Percentage of total	10.3 %	10.3 %	10.1 %	10.2 %	10.3 %	10.3 %	10.4 %	10.6 %	11.3 %	10.8 %
Percentage change	(1.5)	3.9	7.3	3.4	6.7	5.5	6.9	6.8	12.5	6.1
<b>Total expenditures</b>	<b>\$ 440,941</b>	<b>450,026</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>
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	1.2	2.1	9.7	1.7	5.9	6.0	6.0	4.8	5.4	10.2

(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.

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Property taxes	\$ 297,724	315,777	327,999	342,853	356,247	375,682	391,038	412,522	439,072	477,369
Percentage of total	67.1 %	68.0 %	64.4 %	65.4 %	63.5 %	63.4 %	61.8 %	62.7 %	62.9 %	64.6 %
Percentage change	5.6	6.1	3.9	4.5	3.9	5.5	4.1	5.5	6.4	8.7
Motor vehicle excises	6,239	6,833	7,230	7,200	7,452	8,035	7,727	8,351	6,996	8,437
Percentage of total	1.4 %	1.5 %	1.4 %	1.4 %	1.3 %	1.4 %	1.2 %	1.3 %	1.0 %	1.1 %
Percentage change	(3.3)	9.5	5.8	(0.4)	3.5	7.8	(3.8)	8.1	(16.2)	20.6
Hotel/motel/meals	14,954	15,910	16,525	17,861	19,213	19,959	20,938	21,511	19,717	3,581
Percentage of total	3.4 %	3.4 %	3.2 %	3.4 %	3.4 %	3.4 %	3.3 %	3.3 %	2.8 %	0.5 %
Percentage change	10.2	6.4	3.9	8.1	7.6	3.9	4.9	2.7	(8.3)	(81.8)
Fines	599	608	500	488	364	342	304	282	374	115
Percentage of total	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	— %	— %	0.1 %	— %
Percentage change	(6.0)	1.5	(17.8)	(2.4)	(25.4)	(6.0)	(11.1)	(7.2)	32.6	(69.3)
Intergovernmental	31,954	31,036	58,572	45,503	52,554	65,150	67,599	70,843	82,997	88,639
Percentage of total	7.2 %	6.7 %	11.5 %	8.7 %	9.4 %	11.0 %	10.7 %	10.8 %	11.9 %	12.0 %
Percentage change	0.5	(2.9)	88.7	(22.3)	15.5	24.0	3.8	4.8	17.2	6.8
Licenses and permits	20,832	25,213	23,329	27,561	32,181	29,051	40,662	41,272	40,396	58,174
Percentage of total	4.7 %	5.4 %	4.6 %	5.3 %	5.7 %	4.9 %	6.4 %	6.3 %	5.8 %	7.9 %
Percentage change	46.0	21.0	(7.5)	18.1	16.8	(9.7)	40.0	1.5	(2.1)	44.0
Payment in lieu of taxes	7,586	7,554	7,759	8,082	9,191	8,101	7,389	7,793	8,028	8,219
Percentage of total	1.7 %	1.6 %	1.5 %	1.5 %	1.6 %	1.4 %	1.2 %	1.2 %	1.1 %	1.1 %
Percentage change	3.3	(0.4)	2.7	4.2	13.7	(11.9)	(8.8)	5.5	3.0	2.4
Investment income	864	616	1,622	1,523	3,274	4,877	6,025	7,925	9,404	1,387
Percentage of total	0.2 %	0.1 %	0.3 %	0.3 %	0.6 %	0.8 %	1.0 %	1.2 %	1.3 %	0.2 %
Percentage change	(18.8)	(28.7)	163.3	(6.1)	115.0	49.0	23.5	31.5	18.7	(85.3)
Charges for services	40,579	40,020	41,690	47,921	48,819	48,334	51,427	54,875	55,906	54,122
Percentage of total	9.2 %	8.6 %	8.2 %	9.1 %	8.7 %	8.2 %	8.1 %	8.3 %	8.0 %	7.3 %
Percentage change	0.6	(1.4)	4.2	14.9	1.9	(1.0)	6.4	6.7	1.9	(3.2)
Departmental/other	22,126	20,654	24,064	25,363	31,403	33,067	39,531	32,973	35,268	38,791
Percentage of total	5.1 %	(333.3)	4.8 %	4.9 %	5.7 %	5.6 %	6.2 %	5.0 %	5.1 %	5.3 %
Percentage change	12.6	(6.7)	16.5	5.4	23.8	5.3	19.5	(16.6)	7.0	10.0
Total revenues	\$ 443,457	464,221	509,290	524,355	560,698	592,598	632,640	658,347	698,158	738,834
Percentage of total	100.0 %	100.0 %	100.0 %	100.0 %	100.1 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Percentage change	6.4	4.7	9.7	3.0	6.9	5.7	6.8	4.1	6.0	5.8

(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)

	Fiscal year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 524,201,859	553,655,888	598,532,113	637,618,851	673,717,401	729,145,088	778,225,743	835,512,790	897,045,989	974,121,911
Restricted	14,457,153	14,628,412	17,967,958	52,949,329	73,349,849	68,958,578	85,639,778	115,165,139	128,190,015	99,545,820
Unrestricted	<u>100,571,712</u>	<u>121,839,635</u>	<u>131,964,205</u>	<u>15,974,060</u>	<u>1,931,327</u>	<u>(14,425,882)</u>	<u>(391,023,437)</u>	<u>(406,887,103)</u>	<u>(435,226,779)</u>	<u>(472,917,546)</u>
Total governmental activities net position	<u>\$ 639,230,724</u>	<u>690,123,935</u>	<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>
Business-type activities:										
Net investment in capital assets	\$ 112,708,862	114,837,208	117,985,639	120,185,083	120,185,083	125,305,918	131,655,638	133,726,139	132,390,620	130,617,563
Unrestricted	<u>7,765,682</u>	<u>8,594,828</u>	<u>10,231,969</u>	<u>13,379,993</u>	<u>17,982,299</u>	<u>13,682,522</u>	<u>10,988,999</u>	<u>11,893,193</u>	<u>15,132,817</u>	<u>16,119,526</u>
Total business-type activities net position	<u>\$ 120,474,544</u>	<u>123,432,036</u>	<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>
Primary government:										
Net investment in capital assets	\$ 636,910,721	668,493,096	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
Restricted	14,457,153	14,628,412	17,967,958	52,949,329	73,349,849	68,958,578	85,639,778	115,165,139	128,190,015	99,545,820
Unrestricted	<u>108,337,394</u>	<u>130,434,463</u>	<u>142,196,174</u>	<u>29,354,053</u>	<u>19,913,626</u>	<u>(743,360)</u>	<u>(380,034,438)</u>	<u>(394,993,910)</u>	<u>(420,093,962)</u>	<u>(456,798,020)</u>
Total primary government net position	<u>\$ 759,705,268</u>	<u>813,555,971</u>	<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>

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Changes in Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
General government	\$ 39,836,031	37,777,409	36,588,647	29,002,206	56,389,559	58,919,949	69,141,946	51,368,261	63,737,058	84,470,614
Public safety	124,013,170	127,768,163	134,185,406	138,554,014	134,762,503	155,775,352	145,638,049	165,325,582	171,741,473	171,262,519
Community maintenance and development	103,733,414	88,401,456	95,640,484	102,203,863	112,901,226	96,825,775	111,620,459	124,737,385	131,786,256	140,099,327
Human resource development	46,689,220	47,732,541	49,606,417	50,644,258	53,357,816	56,006,242	56,913,782	66,384,654	69,285,452	69,863,526
Education	181,180,963	185,466,794	220,006,395	211,018,908	228,453,104	246,388,426	245,765,315	263,665,736	287,638,382	331,705,869
Interest on long-term debt	8,253,614	9,142,323	9,537,632	9,381,387	10,938,908	10,430,981	13,443,479	15,588,780	15,769,932	11,258,477
Total governmental activities	<u>503,706,412</u>	<u>496,288,686</u>	<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>
Business-type activities:										
Water	13,223,002	14,701,032	13,127,587	14,226,883	14,228,525	15,855,491	14,198,148	15,767,827	14,627,842	16,742,698
Total business-type activities expenses	<u>13,223,002</u>	<u>14,701,032</u>	<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>
Total primary government expenses	<u>\$ 516,929,414</u>	<u>510,989,718</u>	<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>
Program revenues:										
Governmental activities:										
Charges for services:										
Public safety	\$ 45,572,456	50,486,221	49,919,980	53,782,729	58,678,631	56,139,937	69,974,862	71,036,237	63,768,630	78,251,139
Community maintenance and development	42,296,774	40,660,130	44,521,761	50,851,436	52,489,213	42,067,768	52,798,914	58,110,137	55,956,156	55,639,225
Human resource and development	3,883,114	4,083,383	4,578,908	4,726,472	4,978,730	5,562,842	5,932,108	5,907,990	4,513,183	2,268,049
Other activities	2,254,981	2,088,454	1,366,380	1,649,398	2,266,034	2,336,489	2,233,207	1,901,559	1,601,729	1,395,209
Operating grants and contributions	23,137,698	23,168,113	25,475,845	23,282,530	24,526,412	22,482,361	21,969,498	26,284,533	30,903,480	34,400,275
Capital grants and contributions	13,093,858	23,794,638	21,680,944	21,913,519	15,508,261	4,857,466	19,479,360	15,829,377	3,124,221	3,499,683
Total governmental activities program revenues	<u>130,238,881</u>	<u>144,280,939</u>	<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>
Business-type activities:										
Charges for services:										
Water	18,824,741	18,318,827	18,507,650	20,091,724	19,288,216	17,210,466	18,465,997	19,323,749	17,164,177	16,547,109
Total business-type program revenues	<u>18,824,741</u>	<u>18,318,827</u>	<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>
Total primary government program revenues	<u>\$ 149,063,622</u>	<u>162,599,766</u>	<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>
Net (expense) revenue:										
Governmental activities	\$ (373,467,531)	(352,007,747)	(398,021,163)	(384,598,552)	(438,355,835)	(490,899,862)	(470,135,081)	(508,000,566)	(580,091,154)	(633,206,752)
Business-type activities	5,601,739	3,617,795	5,380,063	5,864,841	5,059,691	1,354,975	4,267,849	3,555,922	2,536,335	(195,589)
Total primary government net expense	<u>\$ (367,865,792)</u>	<u>(348,389,952)</u>	<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>

CITY OF CAMBRIDGE, MASSACHUSETTS

Changes in Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 297,981,301	315,153,860	326,755,052	343,594,775	356,993,674	374,927,115	390,851,108	412,526,951	441,912,832	475,764,483
Excise taxes	21,289,347	22,877,579	23,510,611	25,079,784	26,806,239	27,876,390	28,971,646	29,620,301	27,336,175	11,614,255
Unrestricted grants and contributions	31,954,472	31,035,786	58,572,275	45,502,677	52,554,349	65,150,348	67,599,080	70,843,377	82,996,910	88,724,457
Payments in lieu of taxes	7,586,219	7,553,728	7,759,252	8,082,220	9,191,431	8,100,931	7,388,601	7,793,155	8,028,511	8,219,285
Investment income	1,458,430	1,101,514	2,367,520	1,662,538	3,256,036	7,678,166	7,488,958	8,041,502	11,892,353	1,601,222
Miscellaneous	25,230,542	26,339,352	36,691,219	36,626,619	31,296,358	41,128,314	51,310,617	49,403,546	53,420,907	63,167,981
Transfers	693,955	705,575	705,575	709,855	714,085	717,805	719,125	720,475	721,865	723,285
Total governmental activities	<u>386,194,266</u>	<u>404,767,394</u>	<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>
Business-type activities:										
Investment income	113,475	100,337	111,084	192,482	256,700	183,888	107,473	139,248	89,635	132,526
Transfers	(693,955)	(705,575)	(705,575)	(709,855)	(714,085)	(717,805)	(719,125)	(720,475)	(721,865)	(723,285)
Total business-type activities	<u>(580,480)</u>	<u>(605,238)</u>	<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>
Total primary government	<u>\$ 385,613,786</u>	<u>404,162,156</u>	<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>
Change in net position:										
Governmental activities	\$ 12,726,735	52,759,647	58,340,341	76,659,916	42,456,337	34,679,207	84,194,054	70,948,742	46,218,399	16,608,216
Business-type activities	5,021,259	3,012,557	4,785,572	5,347,468	4,602,306	821,058	3,656,197	2,974,695	1,904,105	(786,348)
Total primary government	<u>\$ 17,747,994</u>	<u>55,772,204</u>	<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>

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund:										
Nonspendable	\$ 2,186,162	2,279,193	1,806,542	2,077,459	1,536,290	2,466,688	2,505,371	3,325,529	7,133,833	2,745,846
Assigned	—	—	—	—	12,180,000	14,200,000	11,000,000	16,500,000	24,500,000	25,000,000
Committed	34,256,986	43,762,124	59,468,937	70,997,088	71,455,514	86,509,702	99,295,248	102,798,057	106,771,288	94,005,924
Unassigned	<u>126,726,779</u>	<u>149,940,041</u>	<u>166,222,585</u>	<u>202,673,242</u>	<u>215,772,588</u>	<u>229,632,250</u>	<u>255,838,733</u>	<u>265,107,570</u>	<u>225,659,635</u>	<u>222,627,360</u>
Total general fund	\$ <u>163,169,927</u>	<u>195,981,358</u>	<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>
All other governmental funds:										
Nonspendable	\$ 2,106,473	2,136,928	2,170,328	2,199,328	2,234,567	2,244,204	2,276,704	2,323,744	2,368,203	— (1)
Restricted	84,361,676	101,619,998	102,945,688	98,314,260	102,467,578	117,848,103	142,910,928	166,882,864	196,004,621	232,378,182
Committed	47,105,139	50,958,117	53,741,300	54,314,647	43,524,368	51,545,527	56,345,935	51,476,442	71,647,804	104,059,974
Unassigned (deficit)	—	—	—	—	—	—	—	—	—	(21,312,871)
Total all other governmental funds	\$ <u>133,573,288</u>	<u>154,715,043</u>	<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>

(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

	Fiscal years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Real and personal property taxes	\$ 297,723,747	315,776,734	327,998,703	342,853,089	356,247,426	375,682,378	391,037,632	412,521,742	439,072,292	477,368,683
Excises:										
Hotel/motel/meals	14,954,425	15,909,648	16,525,182	17,861,201	19,212,693	19,958,924	20,937,973	21,510,878	19,717,395	3,580,611
Motor vehicles	6,238,835	6,833,482	7,230,474	7,200,225	7,452,353	8,035,187	7,727,124	8,350,538	6,995,547	8,436,599
Payments in lieu of taxes	7,586,219	7,553,728	7,759,252	8,082,220	9,191,431	8,100,931	7,388,601	7,793,155	8,028,511	8,219,285
Intergovernmental	68,186,028	77,998,537	105,729,064	90,698,726	92,589,021	92,490,175	109,047,938	112,957,287	117,024,611	126,624,415
Investment income	1,458,430	1,101,514	2,367,520	1,662,538	3,557,639	7,678,166	7,488,958	8,041,502	11,892,353	1,601,222
Sewer use charges	44,541,076	40,019,569	41,690,417	47,920,611	48,818,911	48,333,542	51,427,534	54,874,965	55,905,811	54,122,053
Departmental and other	76,147,745	85,552,428	94,500,678	90,340,819	98,811,972	107,094,771	131,502,497	128,690,248	123,660,843	145,550,964
Total revenues	<u>516,836,505</u>	<u>550,745,640</u>	<u>603,801,290</u>	<u>606,619,429</u>	<u>635,881,446</u>	<u>667,374,074</u>	<u>726,558,257</u>	<u>754,740,315</u>	<u>782,297,363</u>	<u>825,503,832</u>
Expenditures:										
General government	36,208,277	35,314,267	33,666,421	33,939,319	39,263,469	40,855,932	43,683,064	41,449,503	50,281,754	71,317,756
Public safety	104,715,922	108,274,572	113,968,219	119,194,172	117,208,429	129,514,130	133,068,609	140,283,863	145,514,494	148,370,600
Community maintenance and development	61,281,315	50,603,919	52,362,862	56,099,790	72,599,793	56,863,214	69,020,813	77,089,105	80,627,760	64,227,813
Human resource development	39,148,273	39,884,217	40,972,087	42,342,999	43,971,684	45,924,052	49,756,470	54,190,381	57,164,748	57,940,605
Education (1)	152,550,364	157,451,132	188,662,328	180,839,120	196,938,970	209,648,999	222,577,254	231,529,272	249,464,084	273,059,469
Judgments and claims	4,112,551	75,633	52,394	121,540	2,714,745	371,023	196,843	2,311,069	201,386	19,683,893
State and district assessments	46,146,725	46,660,306	47,682,872	50,184,292	52,023,584	53,426,731	56,316,174	57,931,297	60,242,559	61,845,579
Capital outlays (2)	62,132,657	83,432,261	80,397,730	125,479,923	90,735,725	77,094,496	112,083,782	130,991,266	93,610,507	104,782,104
Debt service:										
Interest (1)	10,598,471	10,269,653	11,183,721	11,652,622	12,900,991	13,215,082	14,511,131	16,705,848	18,513,046	18,681,892
Principal (1)	34,411,621	36,398,061	38,901,992	39,847,940	42,151,998	44,607,836	47,713,335	49,201,478	55,660,616	60,119,718
Total expenditures	<u>551,306,176</u>	<u>568,364,021</u>	<u>607,850,626</u>	<u>659,701,717</u>	<u>670,509,388</u>	<u>671,521,495</u>	<u>748,927,475</u>	<u>801,683,082</u>	<u>811,280,954</u>	<u>880,029,429</u>
Excess of revenues over (under) expenditures	<u>(34,469,671)</u>	<u>(17,618,381)</u>	<u>(4,049,336)</u>	<u>(53,082,288)</u>	<u>(34,627,942)</u>	<u>(4,147,421)</u>	<u>(22,369,218)</u>	<u>(46,942,767)</u>	<u>(28,983,591)</u>	<u>(54,525,597)</u>
Other financing sources (uses):										
Premium on bond issue	5,851,746	4,890,992	4,102,740	12,114,100	3,518,738	3,046,706	81,188	100,954	8,237,904	18,234,723
Bond proceeds	81,365,115	65,975,000	34,900,000	126,701,390	48,990,000	77,350,000	87,295,350	84,362,625	45,695,000	88,310,000
Transfer in	33,038,864	36,278,854	39,395,794	68,446,221	60,642,718	53,059,097	56,239,646	76,999,512	135,922,418	110,697,565
Transfer out	(32,344,909)	(35,573,279)	(38,690,219)	(67,736,366)	(59,928,633)	(52,341,292)	(55,520,521)	(76,279,037)	(135,200,553)	(109,974,280)
Payments to Fiscal Escrow Agent	(29,029,117)	—	—	(42,222,413)	—	(21,691,521)	—	—	—	(21,456,124)
Total other financing sources (uses)	<u>58,881,699</u>	<u>71,571,567</u>	<u>39,708,315</u>	<u>97,302,932</u>	<u>53,222,823</u>	<u>59,422,990</u>	<u>88,095,663</u>	<u>85,184,054</u>	<u>54,654,769</u>	<u>85,811,884</u>
Net change in fund balances	\$ <u>24,412,028</u>	<u>53,953,186</u>	<u>35,658,979</u>	<u>44,220,644</u>	<u>18,594,881</u>	<u>55,275,569</u>	<u>65,726,445</u>	<u>38,241,287</u>	<u>25,671,178</u>	<u>31,286,287</u>
Debt service as a percentage of noncapital expenditures	9.29 %	9.62 %	9.50 %	9.64 %	9.50 %	9.73 %	9.77 %	9.83 %	10.34 %	10.16 %

(1) 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)

Fiscal year ended June 30	Residential property	Commercial property	Industrial property	Personal property	Total taxable assessed value (1)	Residential rate	Personal, commercial and industrial rate	Weighted average direct rate
2012	\$ 15,018	5,492	2,986	951	24,447	8.48	20.76	13.22
2013	15,567	5,405	3,171	1,071	25,214	8.66	21.50	13.57
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

(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

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>
2012	\$ 8.48	20.76	20.76	25.00
2013	8.66	21.50	21.50	25.00
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

(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	2021			Taxpayer	2011		
	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)	\$ 5,773,385,200	66,016,055	13.97 %	Massachusetts Institute of Technology (1)	\$ 1,780,800,100	33,929,810	11.95 %
Alexandria Real Estate	2,410,418,700	28,547,310	6.04	BioMed Realty Trust	806,074,400	15,867,559	5.59
BioMed Realty Trust	1,800,243,800	21,267,856	4.50	Boston Properties	568,494,000	11,313,031	3.98
Boston Properties	1,470,892,800	16,626,361	3.52	Equity Partners	284,062,200	5,021,479	1.77
MBA-Rogers Street, LLC	632,111,000	7,412,768	1.57	Presidents and Fellows of Harvard College (1)	362,094,900	4,894,440	1.72
Presidents & Fellows of Harvard College (1)	789,822,300	6,603,887	1.40	New England Development	214,500,000	4,268,550	1.50
PREEF American Reit II Corp.	490,612,000	5,813,752	1.23	Novartis Pharmaceuticals	195,624,900	3,892,936	1.37
DivcoWest	535,199,100	5,021,859	1.06	PREEF American Reit II Corp.	188,138,600	3,743,958	1.32
Novartis Pharmaceuticals	405,871,400	4,809,576	1.02	RB Kendall Fee LLC	191,032,300	3,789,490	1.33
New England Development	295,762,700	3,504,788	0.74	Alexandria Real Estate	156,467,400	3,109,721	1.10
<b>Total</b>	<b>\$ 14,604,319,000</b>	<b>165,624,212</b>	<b>35.05 %</b>		<b>\$ 4,747,288,800</b>	<b>89,830,974</b>	<b>31.63 %</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
2012	\$ 299.30	294.60	98.43 %	1.70	296.30	99.00 %
2013	317.70	313.60	98.71	1.50	315.10	99.18
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	3.64	353.84	99.45
2017	375.30	368.40	98.16	2.87	371.27	98.93
2018	392.70	387.58	98.70	2.52	390.10	99.34
2019	413.60	408.50	98.77	2.65	411.15	99.41
2020	442.30	434.90	98.33	5.80	440.70	99.64
2021	476.70	469.60	98.51	N/A	469.60	98.51

(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	General obligation bonds				
2012	\$ 321,753,511	235,000	5,265,622	18,360,000	345,614,133	7.22	3,286	1.41
2013	351,360,450	205,000	4,703,302	15,520,000	371,788,752	7.77	3,535	1.48
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

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

- a. See page 117 for per capita income and population data. These ratios are calculated using per capita income and population from prior calendar year.
- b. See page 109 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>
2012	\$ 340,113,511	24,447,000,000	3,234	1.39
2013	366,880,450	25,214,000,000	3,489	1.46
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

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

- a. See page 117 for median family income and population data. These ratios are calculated using median family income and population from prior calendar year.
- b. See page 109 for the taxable assessed valuation figures.

See accompanying independent auditors' report.

**CITY OF CAMBRIDGE, MASSACHUSETTS**

Direct and Overlapping Governmental Activities Debt

June 30, 2021

<u>Name of unit</u>	<u>Direct debt (1)</u>	<u>Outstanding overlapping debt (2)</u>	<u>Percentage applicable to City of Cambridge</u>	<u>Total City of Cambridge direct and overlapping debt</u>
City of Cambridge	\$ 526,962,074	—	100.00 %	526,962,074
Massachusetts Water Resources Authority	—	3,153,683,000	5.14	162,224,723
Total direct and overlapping debt	<u>\$ 526,962,074</u>	<u>3,153,683,000</u>		<u>689,186,797</u>

(1) Excludes general obligation bonds that are reported as debt of the Enterprise Fund. Includes unamortized bond premium.

(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 2020:

Fiscal year 2021 equalized valuation (1)	\$ 63,505,735,500
Debt limit (5% of assessed value) (2)	<u>3,175,286,775</u>
Debt applicable to limit:	
General obligation bonds	486,589,902
Total authorized/unissued	<u>354,774,500</u>
Total debt outstanding plus authorized/unissued	841,364,402
Less general obligation bonds exempted by authority of the State legislature	<u>—</u>
Amount within debt limit	<u>841,364,402</u>
Legal debt margin	\$ <u><u>2,333,922,373</u></u>

	<b>Fiscal year (dollars in thousands)</b>									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 1,408,101	1,332,006	1,332,006	1,486,690	1,486,690	1,978,541	1,978,541	2,472,468	2,472,468	3,175,287
Total net debt applicable to limit	<u>373,969</u>	<u>478,154</u>	<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>
Legal debt margin	\$ <u><u>1,034,132</u></u>	<u><u>853,852</u></u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	26.56 %	35.90 %	34.83 %	31.91 %	42.67 %	31.16 %	32.61 %	26.79 %	35.35 %	26.50 %

(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, 2020.

(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>
2012	105,162	\$ 88,574	45,521	30.2	6,224	4.50
2013	105,162	88,574	45,521	30.2	6,393	5.30
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

(1) Source 2012–2021: U.S. Department of Commerce, Bureau of Census, Decennial Census, 2010

(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

2021				2011			
Employer	Employees	Rank	Percentage of total city employment	Employer	Employees	Rank	Percentage of total city employment
Harvard University	12,858	1	9.38 %	Harvard University	10,718	1	10.07 %
MIT	9,322	2	6.80	MIT	7,604	2	7.15
Takeda Pharmaceutical	3,484	3	2.54	City of Cambridge (2)	2,922	3	2.75
City of Cambridge (2)	3,472	4	2.53	Novartis Institute	2,095	4	1.97
Novartis Institute	2,330	5	1.70	Mt. Auburn Hospital	1,665	5	1.56
Biogen Idec	2,318	6	1.69	Vertex Pharmaceuticals	1,600	6	1.50
Hubspot	1,950	7	1.42	Genzyme Corporation	1,504	7	1.41
Broad Institute	1,880	8	1.37	Biogen Idec	1,350	8	1.27
Cambridge Health Alliance	1,809	9	1.32	Federal Government	1,316	9	1.24
Google	1,800	10	1.31	Pfizer(Wyeth)	1,300	10	1.22
	<u>41,223</u>		<u>30.06 %</u>		<u>32,074</u>		<u>30.14 %</u>
Total average employed	137,043				106,405		

(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	Full-time equivalent positions as of June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
Executive management	16	16	18	18	19	18	22	22	22	30
Clerk	10	10	11	10	10	10	9	10	10	10
Law	11	11	11	11	11	13	13	13	13	15
Finance	81	83	85	87	91	97	97	100	100	102
Other	15	14	14	14	15	16	16	14	14	15
Subtotal	133	134	139	140	146	154	157	159	159	172
Public safety:										
Fire	285	285	285	285	285	283	283	285	285	285
Police	311	311	317	318	319	316	322	327	329	329
Traffic	81	81	81	82	82	83	85	85	85	87
Inspectional	27	27	27	27	28	28	28	29	29	29
Emergency communication	38	38	38	41	42	50	51	53	53	55
Other	27	27	26	26	28	29	29	30	30	30
Subtotal	769	769	774	779	784	789	798	809	811	815
Community maintenance:										
Public works	213	213	213	215	222	228	232	239	242	247
Community development	44	43	43	45	49	54	57	61	61	66
Other	12	12	12	12	11	11	12	12	11	11
Subtotal	269	268	268	272	282	293	301	312	314	324
Human resource development:										
Library	65	66	68	68	68	69	70	72	75	82
Human services	136	139	141	143	144	160	163	172	173	177
Other	7	6	6	6	6	6	6	6	6	6
Subtotal	208	211	215	217	218	235	239	250	254	265
Education	1,257	1,334	1,438	1,470	1,504	1,548	1,586	1,653	1,716	1,749
Water	55	55	55	55	55	55	55	57	58	59
Grand total	2,691	2,771	2,889	2,933	2,989	3,074	3,136	3,240	3,312	3,384

Source: FTE Report, Budget Department

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Operating Indicators by Function/Program

Last Eight Fiscal Years

Function/program	2014	2015	2016	2017	2018	2019	2020	2021
<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
911 call pickups (cell phones)	16,171	17,203	17,434	14,700	18,358	19,860	30,252	27,685
Percent of 911 calls answered within 20 seconds	99 %	99 %	99 %	99 %	99 %	99 %	99 %	99 %
Percent of dispatchers and supervisors fully cross-certified	27 %	30 %	33 %	35 %	45 %	36 %	40 %	43 %
<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
First response to fire emergency within 4-8 minutes	95 %	95 %	95 %	93 %	93 %	90 %	90 %	90 %
Respond to EMS requests within 4-6 minutes, 90% of the time	95 %	95 %	95 %	93 %	93 %	90 %	90 %	90 %
<b>Inspectional:</b>								
Number of BZA applications	136	167	141	173	158	130	135	154
Number of compliance inspections (buildings)	4,852	4,641	6,383	6,316	6,433	5,872	4,371	6,290
Number of compliance inspections and re-inspections	2,351	1,999	1,999	2,712	2,640	2,409	1,949	3,238
Number of inspections (housing complaints)	4,743	4,076	4,087	4,610	3,191	4,085	3,498	5,272
Number of licensed dumpster inspections completed	914	635	633	1,097	1,108	1,007	937	906
<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
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
Number of accidents citywide	n/a	1,733	1,560	1,589	1,444	1,473	2,331	961
Number of bicycle accidents citywide	145	169	168	174	139	155	116	60
<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
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 %
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 %
<b>Community Development:</b>								
Number of projects undergoing urban design review	46	25	41	43	38	38	30	41
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
Transportation demand management programs that encourage walking, bicycling, and public transit (a)	10	10	10	12	10	16	20	19
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
New rental units under development and existing units preserved as affordable housing with City financing	94	124	104	125	140	—	338	—
New affordable homeownership units under development with City financing and older homes rehabilitated for new buyers	15	11	11	14	11	11	12	18
New affordable inclusionary housing units approved	29	57	98	56	127	44	134	206
New households purchasing affordable homes through CDD	22	16	10	12	18	20	16	8
<b>Public Works:</b>								
Number of CPS buildings with food scrap collection for composting	8	10	13	14	18	18	18	14
Complete planting requests within 1 year (percent of requests)	97 %	90 %	80 %	70 %	68 %	69 %	90 %	100 %
<b>Water:</b>								
Meters replaced	392	314	327	427	438	304	222	375
Number of fire hydrants replaced	57	101	66	15	15	85	56	66

Source: Budget Department

CITY OF CAMBRIDGE, MASSACHUSETTS

Operating Indicators by Function/Program

Last Eight Fiscal Years

Function/program	2014	2015	2016	2017	2018	2019	2020	2021
Human Services:								
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
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
Number of clients served through domestic violence and abuse prevention programs	74	70	68	70	68	55	64	52
Number of clients served through homelessness prevention/service programs	4,805	4,700	3,597	3,500	3,500	3,750	3,900	3,025
Number of students served at Community Learning Center	978	881	890	900	840	840	830	776
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
Number of families placed in housing Multi-Service Center	24	25	35	37	25	26	20	60
Number of residents served through the Cambridge Employment Program (CEP)	278	257	240	250	245	275	240	163
Number of youth recreation and swimming classes/participants (b)	118	121	141	136	1,145	1,180	850	—
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
Number of parents participating in Baby University and Alumni Association activities (d)	88	141	161	159	130	135	130	n/a
Number of families participating in Center for Families programming	726	864	715	725	750	725	700	518
Number of children served in summer camps	762	949	1,050	1,070	1,153	1,083	1,052	700
Number of teens enrolled in school year programming	532	397	500	500	500	500	400	200
Number of teens involved in summer programming (c)	399	369	378	375	1,475	1,475	1,500	700
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
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
Number of items in collection	401,469	401,469	374,290	391,263	330,863	416,458	449,097	502,181
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
Number of visitors to the branches	n/a	377,542	368,046	348,002	340,668	418,716	308,324	8,555
Education:								
Total enrollment	6,518	6,539	6,607	6,794	7,072	7,052	7,091	6,678

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 FY 21 these indicators were calculated differently and would not be an accurate benchmark in relation to prior years, therefore were not included in this chart.

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire:										
Fire stations	8	8	8	8	8	8	8	8	8	8
Emergency vehicles	28	29	30	32	31	31	33	33	32	30
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	79	77	83	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	15	15	19	19	19
Streets (miles)	125	125	125	125	125	125	125	125	125	125
Electric:										
Streetlights	7,667	7,371	7,374	7,110	7,279	7,257	7,268	7,268	7,300	7,306
Traffic signals	185	185	184	185	188	180	181	187	191	192
Sewer:										
Sanitary sewers (miles)	149	150	151	151	148	148	149	148	148	148
Storm sewers (miles)	96	96	95	95	97	97	97	97	97	98
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	497	497
Playgrounds	59	59	59	59	59	59	59	59	59	61
Baseball/softball diamonds	23	23	23	23	23	23	23	23	23	21
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	185	185	195	195	195	195	195
Fire hydrants	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
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, 2021

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

