
CITY OF CAMBRIDGE,
MASSACHUSETTS



COMPREHENSIVE ANNUAL
FINANCIAL REPORT
JULY 1, 2019 – JUNE 30, 2020

CITY OF CAMBRIDGE, MASSACHUSETTS

Comprehensive
Annual Financial Report

Fiscal Year
July 1, 2019 through June 30, 2020

Louis A. DePasquale
City Manager

Lisa C. Peterson
Deputy City Manager

David J. Kale
Assistant City Manager for Fiscal Affairs

Michele Kincaid
Assistant Finance Director

James Monagle
City Auditor

Prepared by:
Finance Department
City of Cambridge, Massachusetts

Cover Photo:

City Hall February, 2020 (Photo credit: Kyle Klein Photography)

CITY OF CAMBRIDGE, MASSACHUSETTS

Comprehensive
Annual Financial Report

June 30, 2020

Table of Contents

	Page(s)
Introductory Section (unaudited)	
Letter of Transmittal	i
Directory of Officials	viii
Organizational Chart	ix
Certificate of Achievement	x
Financial Section	
Independent Auditors' Report	1–3
Management's Discussion and Analysis – Required Supplementary Information (Unaudited)	4–16
Basic Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	22
Statement of Net Position – Proprietary Fund	23
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	24
Statement of Cash Flows – Proprietary Fund	25
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Discretely Presented Component Units Condensed Statements of Net Position	28

CITY OF CAMBRIDGE, MASSACHUSETTS

Comprehensive
Annual Financial Report
June 30, 2020

Table of Contents

	Page(s)
Discretely Presented Component Units Condensed Statement of Revenue, Expenses and Changes in Net Position	29
Notes to Basic Financial Statements	30–73
Required Supplementary Information (Unaudited):	
Schedule of Employer Contributions – OPEB	74
Schedule of Changes in the City’s Net OPEB Liability and Related Ratios	75–76
Schedule of Investment Returns – City of Cambridge OPEB Trust	77
Schedule of Pension Contributions – City of Cambridge	78
Schedule of City’s Proportionate Share of the Net Pension Liability	79
Schedule of Revenues and Expenditures – Budgetary Basis – General Fund – Budget and Actual	80
Notes to Required Supplementary Information – Schedule of Revenues and Expenditures	81
Supplemental Statements and Schedules:	
Schedule of Expenditures – Budgetary Basis – General Fund	83–88
Other Governmental Funds	89
Combining Financial Statements:	
Combining Balance Sheet – Other Governmental Funds	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds	91

CITY OF CAMBRIDGE, MASSACHUSETTS

Comprehensive
Annual Financial Report

June 30, 2020

Table of Contents

	Page(s)
Pension and OPEB Trust Funds	92
Combining Statement of Net Position	93
Combining Statement of Changes in Net Position	94
Agency Funds	95
Combining Statement of Changes in Assets and Liabilities – Agency Funds	96–97
Other Schedules	98
Schedule of Gross Real Estate, Personal Property, and Motor Vehicle Excise Taxes	99–101
Schedule of Bonds and Notes Payable	102–103
Statistical Section (unaudited)	
General Government Expenditures by Function – GAAP Basis	105
General Government Revenues by Source – GAAP Basis	106
Net Position by Component	107
Changes in Net Position by Component	108–109
Fund Balances, Governmental Funds	110
Changes in Fund Balances, Governmental Funds	111
Assessed Value and Actual Value of Taxable Property	112
Property and Motor Vehicle Tax Rates	113
Largest Principal Taxpayers	114
Property Tax Levies and Collections	115
Ratios of Outstanding Debt by Type	116
Ratios of General Bonded Debt Outstanding	117
Direct and Overlapping Governmental Activities Debt	118

CITY OF CAMBRIDGE, MASSACHUSETTS

Comprehensive
Annual Financial Report

June 30, 2020

Table of Contents

	Page(s)
Legal Debt Margin Information	119
Demographic and Economic Statistics	120
Principal Employers	121
Full-Time Equivalent Positions by Function/Program	122
Operating Indicators by Function/Program	123–124
Capital Asset Statistics by Function/Program	125
Comprehensive Annual Financial Report	126

INTRODUCTORY SECTION



City of Cambridge

FINANCE DEPARTMENT

795 Massachusetts Ave.
Cambridge, MA 02139
Tel: 617-349-4220
Fax: 617-349-4213
www.cambridgema.gov
January 20, 2021

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

Dear Mr. DePasquale:

The Comprehensive Annual Financial Report (CAFR) of the City of Cambridge, Massachusetts (the City), for the fiscal year ended June 30, 2020 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. Agency funds are custodial in nature and do not involve measurement of results of operations.

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, 2019 which is its fiscal period for reporting to the Public Employee Retirement Administration Commission of the Commonwealth of Massachusetts.

Acknowledgments

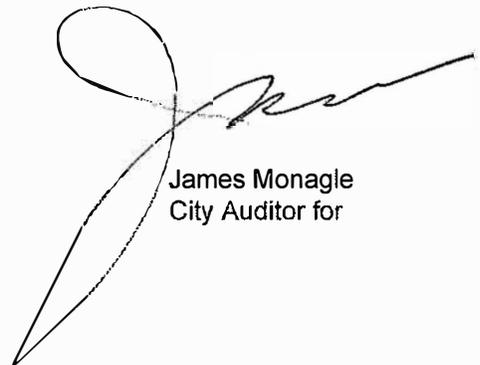
The City continues to show a strong financial position through responsible management of financial operations and through improved accounting and financial reporting practices. The sound financial decisions continued during the past fiscal year and will benefit the City in the years to come.

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.

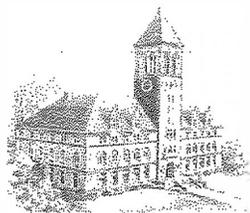
Respectfully submitted,



David J. Kale
Assistant City Manager
Fiscal Affairs



James Monagle
City Auditor for



City of Cambridge

Executive Department

LOUIS A. DePASQUALE
City Manager

LISA C. PETERSON
Deputy City Manager

January 20, 2021

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Cambridge (City) for the year ending June 30, 2020. 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, 2020. 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 2010 U.S. Census reported 105,162 residents in Cambridge. As of July 2018, the Census Bureau estimated that the city's population had increased to 118,977.

Cambridge, first settled in 1630 by a group from the Massachusetts Bay Company, was originally incorporated as a town in 1636 and 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 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. Agency funds are custodial in nature and do not involve measurement of results of operations.

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 FY20 was initiated in November 2018. 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 FY20 Budget to the City Council on April 22, 2019 and it was adopted on May 20, 2019. The Annual Budget for FY20 became effective July 1, 2019.

Demographic Summary

- Cambridge residents live closely together; only 10 U.S. cities with a population over 50,000 are denser. (Source: 2010 U.S. Census Bureau)
- Cambridge is a city of 13 neighborhoods, ranging in population from 832 (Cambridge Highlands) to 12,991 (Mid Cambridge). (Source: 2010 U.S. Census Bureau) Most neighborhoods have their own political and community organizations. Residents often participate vocally in City debates.
- Cambridge is ethnically diverse. 60.8% 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: 2014–2018 American Community Survey (ACS))
- 28.8% of residents are foreign born. Of those, over 41.2% were born in Asia and 23% were born in Europe. (Source: 2014-2018 ACS)
- 33.4% of residents speak a language other than English at home. Of these, 21.6% speak Spanish and 24.8% speak an Asian language, about half of whom speak Chinese. The remainder uses a wide variety of languages. (Source: 2014-2018 ACS)
- While the majority of new units are currently marketed as rentals, the 2014-2018 ACS found 35.8% of occupied housing units to be owner-occupied, and 64.2% to be renter-occupied.

- The Census recorded 46,184 households in 2018. Of these, 37% are single person households, one of the largest proportions in Massachusetts; 43% are family households; and 20% consist of roommates or unmarried partners. (Source: 2014-2018 ACS)
- 19,998 families reside in Cambridge; 8,262 are families with minor children. (Source: 2014-2018 ACS)
- 77% of residents have a four-year college degree and 49% also have a graduate degree. Only 4.9% of residents age 25 or older lack a high school diploma. (Source: 2014-2018 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 \$78,441 (Bureau of Economic Analysis, 2019) is higher than the Boston, Massachusetts, and U.S. averages.
- According to the Massachusetts Department of Labor, 2018 employment averaged 130,246 jobs, with private sector employment comprising 94.6% of total jobs.
- Cambridge's November 2019 unadjusted unemployment rate of 1.5% remains lower than the Boston primary metropolitan statistical area (PMSA), Massachusetts, and U.S. averages.
- Cambridge continues to maintain a high job to resident ratio, with 1.24 jobs for each resident.
- Professional and business services leads 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 25,700 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 top 25 employers in the high-tech sector include Akamai Technologies, Hubspot, Google, IBM Innovation center/Watson, Pegasystems and CarGurus. This sector increased by over 289 full-time equivalents (FTEs).
- 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 32 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 FY20, the City's free cash position decreased to \$209.9 million. This is a decrease of \$36.7 million from the previous year. Notable uses of Free Cash in FY20 included: Foundry redevelopment project; contribution to the Green Line Extension project; preserving affordability of Fresh Pond Apartments; Bicycle network and safety projects; major open space projects; and expanded tree planting.

The City ended FY20 with a total general fund balance of \$364.1 million, which represents 52.1% of general fund revenues, and is a 6.1% decrease over FY19. Each year, a portion of the fund balance is allocated to committed, assigned, nonspendable accounts. A total of \$138.4 million was held as committed, assigned or nonspendable in FY20, leaving an unassigned fund balance of \$225.7 million.

The property tax levy for FY20 increased by 6.9%. The ten-year average increase in the property tax levy is 5.0%. The FY20 Budget adopted by the City Council in May 2019 projected a property tax levy increase of \$35.7 million, or 8.7%, to \$445,467,720 in order to fund operating and capital expenditures. The FY20 adopted operating budget increased by 5.7% over the FY19 Adjusted Budget.

In FY20, real estate property assessed valuations totaled \$54.9 billion, a \$6.0 billion or 12.19% increase from FY19. 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, 61% 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 \$29.3 million to \$628.5 million. In addition, the excess tax levy capacity, which is the difference between the levy limit and the tax levy was \$190.4 million in FY20, an increase of \$1 million or 0.52% from FY19.

The local portion of Community Preservation Act (CPA) funds are raised through a 3% surcharge on taxes. The total amount appropriated in FY20 was \$13.2 million (\$9.9 million local, \$1.2 million State, and \$2.1 million fund balance & Reserves) and the City continued to allocate funds as follows: 80% to affordable housing, 10% to historic preservation, and 10% to open space. Through FY20, the City has appropriated \$206.3 million in CPA funds with approximately \$52.7 million in State matching funds.

In conjunction with the operating budget, the City annually prepares both a capital budget for the upcoming fiscal year and a five-year improvement plan that is used as a guide for capital expenditures in future years. The Capital Improvement Program (CIP) for the five-year period from FY20-FY24, which was adopted by the City Council in May 2019, has an estimated cost of \$572.3 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, 2020 totaled \$479.7 million.

Relevant Financial Policies

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

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

Awards and Acknowledgements

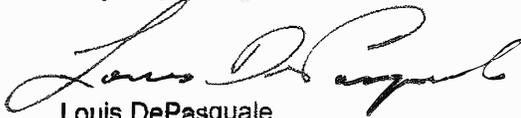
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2019. This was the 34th consecutive year that the City has achieved this prestigious award. In order to be awarded the Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable program requirements. A Certificate of Achievement is valid for a period of one year. We believe our current CAFR continues to meet the GFOA Certificate of Achievement program's requirements and we are submitting it to the GFOA for consideration for this year's award.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2019. The budget document was judged proficient as a policy document, financial plan, an operations guide, and a communications driver.

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

Additionally, we 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 2020
Directory of Officials
City Council
Sumbul Siddiqui, Mayor

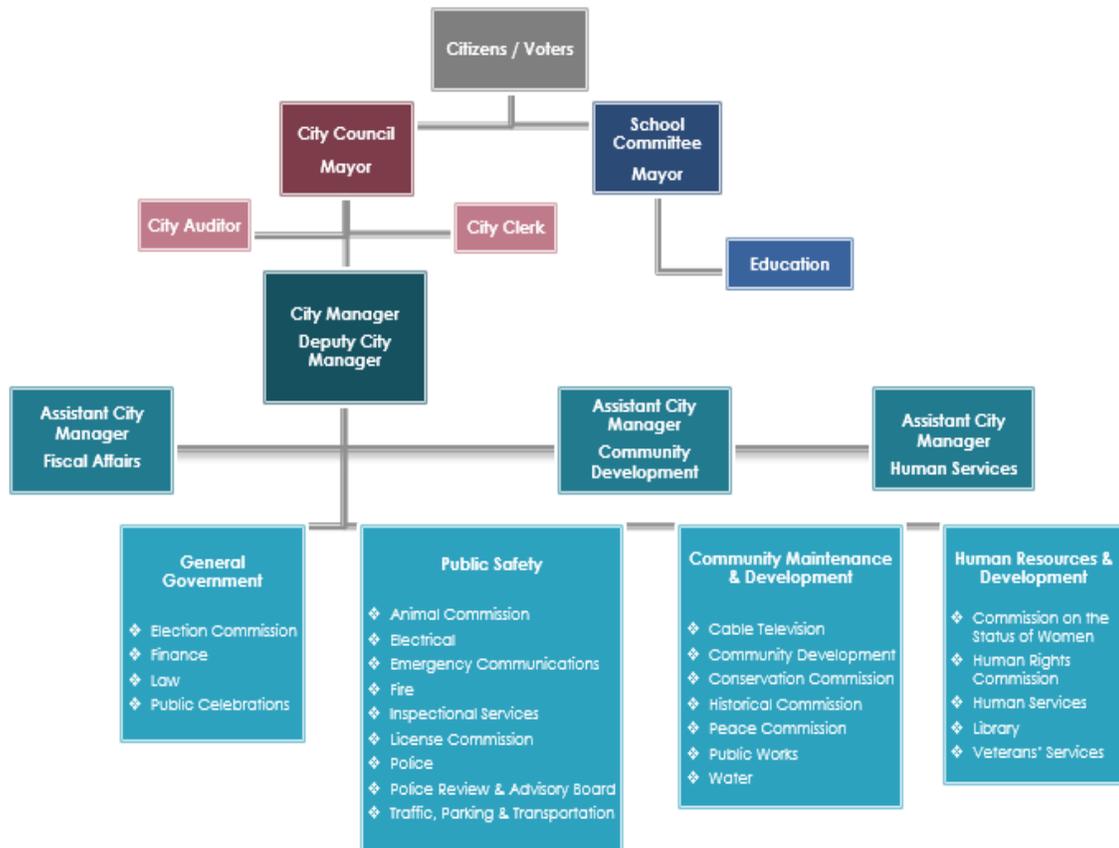
Alanna M. Mallon, Vice Mayor	E. Denise Simmons
Dennis J. Carlone	Jivan Sobrinho-Wheeler
Marc C. McGovern	Timothy J. Toomey, Jr.
Patricia M. Nolan	Quinton Y. Zondervan

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
Deputy City Manager	Lisa C. Peterson
Assistant City Manager for Fiscal Affairs	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
in Financial
Reporting

Presented to

**City of Cambridge
Massachusetts**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

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, 2020, 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, 2020, 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.

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 20, 2021 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 20, 2021

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information Management's Discussion and Analysis

June 30, 2020

(Unaudited)

Management of the City of Cambridge (the City) provides this Management's Discussion and Analysis as part of the City's Comprehensive Annual Financial Report (CAFR) to assist readers of the basic financial statements in understanding the financial activities of the City for the fiscal year ended June 30, 2020. 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, with the exception of fiduciary activities, 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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information Management's Discussion and Analysis

June 30, 2020

(Unaudited)

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, 2019 are available from its offices at 255 Main Street 8th 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,

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information Management's Discussion and Analysis

June 30, 2020

(Unaudited)

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 and the Agency funds, which are used to account for assets held in agency capacity.

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information
Management's Discussion and Analysis

June 30, 2020

(Unaudited)

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, 2020 by \$737.5 million (presented as net position). Of this amount, (\$420.1) million was reported as "unrestricted net position" and \$128.2 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 \$1,029.4 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 \$671.9 million, up 2.8% from prior year; net receivables of \$37.6 million up \$3.6 million from prior year.

Governmental activities total liabilities include \$507.3 million in general obligation bonds and notes payable; \$23.7 million in compensated absence liabilities for unused sick and vacation leave; and \$15.3 million in future year workers' compensation, health benefits and possible judgments. The major change in the liabilities are attributable to the other postemployment benefit obligation increase of \$94 million or 15.3% over FY19. A decrease in the discount rate from 3.93% to 3.67%, an increase in the inflation rate, and a change in the mortality table used in prior years actuarial contributed to the rise in the liability. The net pension obligation decreased by \$57 million from prior year off set the increase in other postemployment benefit obligation.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information
Management's Discussion and Analysis

June 30, 2020

(Unaudited)

Business-type activity total liabilities include \$866 thousand in compensated absences and \$959 thousand in future year workers' compensation and health benefits.

Condensed Schedule of Net Position
June 30, 2020 and 2019
(in millions)

	Governmental activities		Business type activities		Total primary government	
	June 30		June 30		June 30	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 716.7	693.7	17.6	15.2	734.3	708.9
Capital assets	1,336.6	1,285.2	132.4	134.2	1,469.0	1,419.4
Total assets	2,053.3	1,978.9	150.0	149.4	2,203.3	2,128.3
Deferred outflow s	148.1	121.2	—	—	148.1	121.2
Total assets and deferred outflow s	\$ 2,201.4	2,100.1	150.0	149.4	2,351.4	2,249.5
Long-term liabilities	\$ 1,366.2	1,337.4	1.3	1.8	1,367.5	1,339.2
Other liabilities	137.6	137.1	1.2	2.0	138.8	139.1
Total liabilities	1,503.8	1,474.5	2.5	3.8	1,506.3	1,478.3
Deferred inflow s	107.6	81.7	—	—	107.6	81.7
Total liabilities and deferred inflow s	\$ 1,611.4	1,556.2	2.5	3.8	1,613.9	1,560.0
Net position:						
Net investment in capital assets	\$ 897.0	835.5	132.4	133.7	1,029.4	969.2
Restricted	128.2	115.2	—	—	128.2	115.2
Unrestricted	(435.2)	(406.9)	15.1	11.9	(420.1)	(395.0)
Total net position	\$ 590.0	543.8	147.5	145.6	737.5	689.4

Statement of Changes in Net Position

The City's total net position increased by \$48.1 million in fiscal year 2020 of which the governmental activities net position increased \$46.2 million and the business-type activity increased \$1.9 million. The continued investment in the City's capital assets of \$49.6 million and increased cash reserves of \$20.8 million are contributors to governmental activities increase in assets. The increase in long-term liabilities of \$28.3 million is mainly due to the increase in bonded debt and other post-employment benefits obligation, offset by a decrease in the net pension liability.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information
 Management's Discussion and Analysis
 June 30, 2020
 (Unaudited)

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

Condensed Schedule of Changes in Net Position

June 30, 2020 and 2019

(In millions)

	<u>Governmental activities</u>		<u>Business-type activity</u>		<u>Total primary government</u>	
	<u>June 30</u>		<u>June 30</u>		<u>June 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Charges for services	\$ 125.8	137.0	17.1	19.3	142.9	156.3
Operating grants and contributions	30.9	26.3	—	—	30.9	26.3
Capital grants and contributions	3.1	15.8	—	—	3.1	15.8
General revenues:						
Taxes:						
Property taxes levied	441.9	412.5	—	—	441.9	412.5
Excises	27.4	29.6	—	—	27.4	29.6
Payment in lieu of taxes	8.0	7.8	—	—	8.0	7.8
Grants and contributions not restricted	83.0	70.9	—	—	83.0	70.9
Investment income	11.9	8.0	0.1	0.1	12.0	8.1
Miscellaneous	53.4	49.4	—	—	53.4	49.4
Total revenues	<u>785.4</u>	<u>757.3</u>	<u>17.2</u>	<u>19.4</u>	<u>802.6</u>	<u>776.7</u>
Expenses:						
General government	63.7	51.3	—	—	63.7	51.3
Public safety	171.7	165.3	—	—	171.7	165.3
Community maintenance and development	131.8	124.7	—	—	131.8	124.7
Human resource development	69.3	66.4	—	—	69.3	66.4
Education	287.6	263.7	—	—	287.6	263.7
Water department	—	—	14.6	15.7	14.6	15.7
Interest	15.8	15.6	—	—	15.8	15.6
Total expenses	<u>739.9</u>	<u>687.0</u>	<u>14.6</u>	<u>15.7</u>	<u>754.5</u>	<u>702.7</u>
Excess before transfers	45.5	70.3	2.6	3.7	48.1	74.0
Transfers	0.7	0.7	(0.7)	(0.7)	—	—
Change in net position	46.2	71.0	1.9	3.0	48.1	74.0
Net position – beginning	543.8	472.8	145.6	142.6	689.4	615.4
Net position – ending	<u>\$ 590.0</u>	<u>543.8</u>	<u>147.5</u>	<u>145.6</u>	<u>737.5</u>	<u>689.4</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

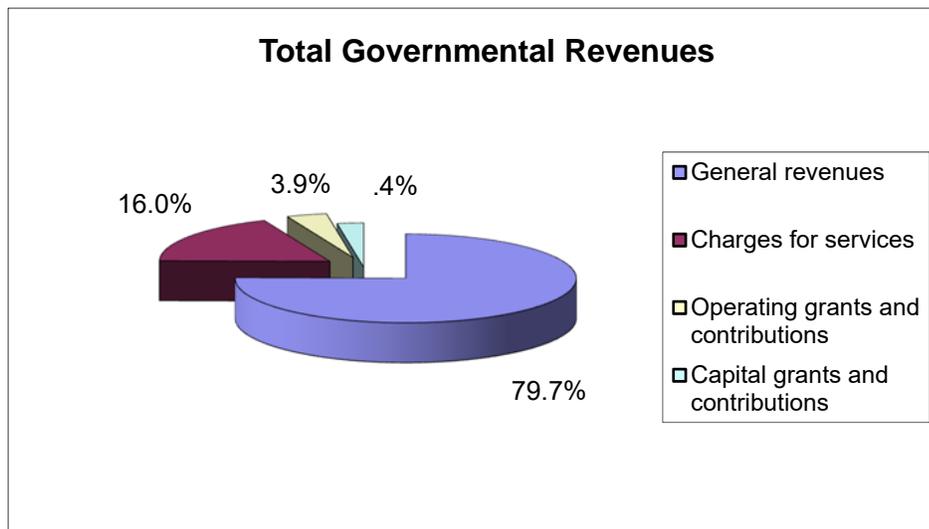
Required Supplementary Information
Management's Discussion and Analysis

June 30, 2020

(Unaudited)

Total Revenues

Total governmental activities revenues for the City are comprised of general revenues of \$625.6 million, charges for services \$125.8 million, operating grants and contributions \$30.9 million and capital grants and contributions of \$3.1 million.



General

Real estate tax revenues are the City's largest revenue source at \$441.9 million representing 70.6% of general revenues. The assessed tax valuation base is \$54.9 billion up from \$49.0 billion assessed in the prior year showing a 12.19% increase of which almost half was due to new construction growth.

Grants and contributions not restricted to specific programs is \$83.0 million representing 13.27% of general revenues and include state cherry sheet revenues, Massachusetts Teachers Retirement System (MTRS) contributions and other unrestricted contributions. There was a \$12.2 million increase over prior year of which approximately one third of the rise is attributed to State Cherry Sheet increases and federal Emergency Management grants received due to the COVID-19 pandemic. The remainder of the increase was MTRS revenues over FY19.

Program

Charges for services are \$125.8 million and represent a variety of department revenues. Charges for services decreased \$11.1 million from the prior year. The public safety portion of \$63.8 million decreased approximately \$7.3 million and includes several types of permit revenues, traffic and moving violation revenues, and City garage revenues. This year due to the COVID-19 pandemic, the City refrained from issuing parking fines between April and June and with a large portion of the commuter population working from home both meter and parking garage revenues were down approximately 19%. The community maintenance and development

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information Management's Discussion and Analysis

June 30, 2020

(Unaudited)

portion of \$56.0 million decreased by \$2.2 million over prior year and includes sewer service revenues, community cable revenues, as well as, other public works type fees. The decrease in community maintenance revenues is largely attributed to reduction in water/sewer usage due to the COVID-19 pandemic which forced the closing of the colleges, increased hotel vacancies, and left several office buildings close to empty as organizations required staff to work remotely to stop the spread.

Operating grants and contributions of \$30.9 million represents several federal and state grants restricted to specific grant conditions. This amount accounts for approximately 3.9% of the total City revenues. Capital grants and contributions of \$3.1 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, 2020, expenses for government activities totaled \$739.9 million, which cover a range of services including but not limited to public safety, education, and community maintenance. The City's expenses increased by \$52.9 million or 7.7% 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.

The employee related costs increased approximately \$3.0 million in Public Safety and Public Works overtime pertaining to the COVID-19 pandemic. Also, the War Memorial Gym Facility was converted into an Emergency Homeless Shelter contributed an additional \$1.8 million in costs to clean, manage, and feed the most vulnerable community members. Finally, the additional costs to educate the City's children remotely including costs of issuing computers, hot spots, and school supplies to educators and students contributed to the \$24 million increase in Education.

As stated above, the City's affordable housing initiative and the preservation of open space are very important. This is the eighteenth 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 2020, the City spent \$15.9 million from the Affordable Housing Trust to subsidize housing projects.

Business-Type Activity

Business-type activity slightly increased net position by \$1.9 million. There was a \$2.2 million decrease in water charges in FY20 due to a drop in consumption. However, the drop in debt service expenditures along with managed expenditure controls are main contributors to influx in net position.

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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information Management's Discussion and Analysis

June 30, 2020

(Unaudited)

Governmental Funds

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$634.1 million. Of this amount, \$9.5 million has been categorized as nonspendable which includes permanent funds and healthcare deposits. Another \$196.0 million was restricted because the funds include grants or bonded projects that are controlled by external sources. Also, \$178.4 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, \$24.5 million has been assigned for encumbrance balances. The remainder of the Fund balance of \$225.7 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 \$225.7 million, while the total fund balance was \$364.1 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 34.2% of total General Fund expenditures, while the total balance represents 55.2% of that same amount.

The capital fund captures all the capital projects expenditures for the City. At the end of fiscal year 2020, the total fund balance was \$163.5 million. This reflects an increase over the prior fiscal year of \$26.2 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 2020, the total fund balance was \$65.2 million which is an increase of 69.3% 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.

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 \$15.1 million and a net investment in capital assets of \$132.4 million.

General Fund Budgetary Highlights

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

1. Cherry sheet revenues and expenditures are estimated in the original budget based upon previous year's cherry sheet revenues and adjusted, if needed, for the final budget.
2. Certain other revenues were adjusted based upon the previous year's actual and slightly increased estimates this year.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information
Management's Discussion and Analysis

June 30, 2020

(Unaudited)

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 2020 actual revenues on a budgetary basis totaled \$641.5 million. This represents an increase of \$33.9 million or 5.6% from fiscal year 2019. Property taxes are the single largest revenue source, representing approximately 67.8% of general fund revenues, net of abatements. Sewer use receipts comprise the City's next largest revenue source, representing 8.7%. Other Income was significantly higher than budget because of building permits (\$14.0 million), mitigation receipts (\$8.8 million), and other permits (\$1.0 million) received through the general fund.

Expenditures

During fiscal year 2020, total expenditures increased by \$27.6 million or 4.3% on a budgetary basis mainly due to 2.5% cost of living increase and 5.8% increase related to pensions.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the City's capital assets of its governmental activities and business-type activity amounted to \$1.47 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.

Debt

At year-end, the City had \$507.3 million in outstanding bonds and notes compared to \$513.3 million last year. Table below in millions.

	<u>Governmental activities</u>		<u>Business-type activity</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General obligation bonds and notes payable	\$ 507.3	512.8	—	0.5	507.3	513.3

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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information Management's Discussion and Analysis

June 30, 2020

(Unaudited)

Economic Factors and Next Year's Budgets and Rates

The City's tax levy increased \$34.4 million, or 7.9%, to \$472.5 million in fiscal year 2021. The City's excess tax capacity, an extremely important indication of the City's financial health remained strong. The excess tax levy capacity decreased slightly from \$190.3 million in FY20 to \$187.2 million in FY21, a 1.7% decrease.

The FY 21 operating budget increased by 5.1% over the FY 20 adjusted budget. The FY21 Adopted Capital budget totaled \$312.3 million. The largest component of the FY21 Capital budget was the appropriation and loan authorization of \$237 million for the Tobin Montessori and Vassal Lane Upper School projects. The development of the FY21 budget recognized the impact of the COVID-19 pandemic. Revenue and expenditure adjustments were made to the Adopted FY21 Operating budget when the property tax rate was set in the fall of 2020 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, 2020, the City adopted the following new accounting standard issued by the GASB:

GASB No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*". This addresses the temporary relief to governments and other stakeholders in the light of the COVID-19 pandemic by postponing the effects 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. As a result, the implementation of GASB No. 84 "*Fiduciary Activities*," and GASB No. 90 "*Majority Equity Interest – an amendment of GASB Statement No. 14, and No. 61*," will be implemented during fiscal year 2021.

Future Pronouncements

The GASB has issued 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. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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 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

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information
Management's Discussion and Analysis

June 30, 2020

(Unaudited)

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. 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 establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

The GASB has issued 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. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information Management's Discussion and Analysis

June 30, 2020

(Unaudited)

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.

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, 2020

Assets and Deferred Outflows of Resources	Primary government			Discretely presented component units
	Governmental activities	Business-type activity	Total	
Cash and investments	\$ 671,273,209	13,298,282	684,571,491	457,550,799
Cash and investments held by trustees	600,000	—	600,000	6,891,883
Receivables, net:				
Property taxes	8,717,786	—	8,717,786	—
Motor vehicle excise	1,662,964	—	1,662,964	—
Tax title and possessions	3,048,763	—	3,048,763	—
Intergovernmental	6,953,488	—	6,953,488	—
Other	17,216,407	4,252,741	21,469,148	45,201,916
Other assets	7,213,833	—	7,213,833	26,441,149
Internal balances	(32,723)	32,723	—	—
Noncurrent accounts receivable	—	—	—	3,022,727
Notes receivable	—	—	—	81,716
Development projects held for sale	—	—	—	65,785
Capital assets:				
Nondepreciable	492,609,249	49,961,841	542,571,090	22,666,606
Depreciable, net	844,012,156	82,472,796	926,484,952	155,829,913
Total assets	2,053,275,132	150,018,383	2,203,293,515	717,752,494
Deferred outflows of resources:				
Related to debt refundings	5,186,185	—	5,186,185	—
Related to pensions	62,936,344	—	62,936,344	14,134,282
Related to other post employment benefits	80,000,414	—	80,000,414	24,737,928
Total assets and deferred outflows of resources	\$ 2,201,398,075	150,018,383	2,351,416,458	756,624,704
Liabilities and Deferred Inflows of Resources				
Warrants and accounts payable	\$ 22,485,596	515,477	23,001,073	39,043,888
Accrued liabilities:				
Tax abatements	5,319,800	—	5,319,800	—
Accrued payroll	21,226,317	154,769	21,381,086	13,583,157
Accrued interest	7,225,779	—	7,225,779	—
Other	2,658,942	—	2,658,942	16,760,213
Unearned revenue	—	—	—	48,745,738
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	60,556,635	—	60,556,635	220,408
Due to third parties	—	—	—	47,384,267
Compensated absences	10,185,000	307,000	10,492,000	23,536,872
Landfill	25,000	—	25,000	—
Judgments and claims	7,353,600	220,500	7,574,100	—
Pollution remediation	533,690	—	533,690	—
Due in more than one year:				
Bonds and notes payable	446,705,036	—	446,705,036	6,905,102
Due to third parties	—	—	—	23,028,930
Compensated absences	13,471,000	559,000	14,030,000	38,890
Payroll tax deferral	—	—	—	3,864,180
Judgments and claims	7,961,800	738,200	8,700,000	—
Net OPEB liability	713,172,408	—	713,172,408	167,221,970
Pollution remediation	1,355,428	—	1,355,428	—
Net pension liability	183,560,092	—	183,560,092	42,937,292
Total liabilities	1,503,796,123	2,494,946	1,506,291,069	433,270,907
Deferred inflows of resources:				
Related to pensions	56,557,522	—	56,557,522	13,475,485
Related to other post employment benefits	51,035,205	—	51,035,205	5,450,284
Total liabilities and deferred inflows of resources	\$ 1,611,388,850	2,494,946	1,613,883,796	452,196,676
Net Position				
Net investment in capital assets	\$ 897,045,989	132,390,620	1,029,436,609	171,371,009
Restricted for:				
Capital projects	93,082,384	—	93,082,384	—
Community preservation	18,239,319	—	18,239,319	—
Expendable permanent funds	3,499,053	—	3,499,053	—
Nonexpendable permanent funds	2,368,203	—	2,368,203	—
Specific purposes	10,401,056	—	10,401,056	13,000,000
Other purposes	600,000	—	600,000	4,943,692
Unrestricted	(435,226,779)	15,132,817	(420,093,962)	115,113,327
Total net position	\$ 590,009,225	147,523,437	737,532,662	304,428,028

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Activities

Year ended June 30, 2020

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	\$ 63,737,058	433,275	—	—	(63,303,783)	—	(63,303,783)	
Public safety	171,741,473	63,768,630	787,924	231,319	(106,953,600)	—	(106,953,600)	
Community maintenance and development	131,786,256	55,956,156	3,676,523	2,892,902	(69,260,675)	—	(69,260,675)	
Human resource development	69,285,452	4,513,183	12,323,481	—	(52,448,788)	—	(52,448,788)	
Education	287,638,382	1,168,454	14,115,552	—	(272,354,376)	—	(272,354,376)	
Interest on long-term debt	15,769,932	—	—	—	(15,769,932)	—	(15,769,932)	
Total governmental activities	<u>739,958,553</u>	<u>125,839,698</u>	<u>30,903,480</u>	<u>3,124,221</u>	<u>(580,091,154)</u>	<u>—</u>	<u>(580,091,154)</u>	
Business-type activity:								
Water	14,627,842	17,164,177	—	—	—	2,536,335	2,536,335	
Total business-type activity	<u>14,627,842</u>	<u>17,164,177</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,536,335</u>	<u>2,536,335</u>	
Total primary government	<u>\$ 754,586,395</u>	<u>143,003,875</u>	<u>30,903,480</u>	<u>3,124,221</u>	<u>(580,091,154)</u>	<u>2,536,335</u>	<u>(577,554,819)</u>	
Component units:								
Cambridge Health Alliance	\$ 745,360,954	315,524,661	422,384,616	—				(7,451,677)
Cambridge Redevelopment Authority	4,214,447	20,630,710	2,500	—				16,418,763
Total component units	<u>\$ 749,575,401</u>	<u>336,155,371</u>	<u>422,387,116</u>	<u>—</u>				<u>8,967,086</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					\$ 441,912,832	—	441,912,832	—
Excises					27,336,175	—	27,336,175	—
Payments in lieu of taxes					8,028,511	—	8,028,511	—
Grants and contributions not restricted					82,996,910	—	82,996,910	—
Investment income					11,892,353	89,635	11,981,988	8,106,171
Miscellaneous					53,420,907	—	53,420,907	229,233
Transfers					721,865	(721,865)	—	—
Total general revenues and transfers					<u>626,309,553</u>	<u>(632,230)</u>	<u>625,677,323</u>	<u>8,335,404</u>
Change in net position					46,218,399	1,904,105	48,122,504	17,302,490
Net position – beginning					<u>543,790,826</u>	<u>145,619,332</u>	<u>689,410,158</u>	<u>287,125,538</u>
Net position – ending					<u>\$ 590,009,225</u>	<u>147,523,437</u>	<u>737,532,662</u>	<u>304,428,028</u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Balance Sheet – Governmental Funds

June 30, 2020

Assets	General	Capital fund	Affordable housing trust fund	Other governmental funds	Total governmental funds
Cash and investments	\$ 394,925,224	169,331,202	62,641,958	44,374,825	671,273,209
Cash and investments held by trustees	—	—	600,000	—	600,000
Receivables, net:					
Property taxes	8,717,786	—	—	—	8,717,786
Motor vehicle excise	1,662,964	—	—	—	1,662,964
Tax title and possessions	3,048,763	—	—	—	3,048,763
Intergovernmental	—	5,713,744	—	1,239,744	6,953,488
Departmental and other	14,650,906	—	2,281,928	283,573	17,216,407
Total receivables	28,080,419	5,713,744	2,281,928	1,523,317	37,599,408
Other assets	7,213,833	—	—	—	7,213,833
Due from other funds	—	569,969	—	—	569,969
Total assets	<u>\$ 430,219,476</u>	<u>175,614,915</u>	<u>65,523,886</u>	<u>45,898,142</u>	<u>717,256,419</u>
	Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:					
Warrants and accounts payable	\$ 7,059,431	12,129,155	369,939	2,927,071	22,485,596
Accrued liabilities:					
Tax abatements	2,659,900	—	—	—	2,659,900
Judgments and claims	7,353,600	—	—	—	7,353,600
Accrued payroll	21,045,506	34,021	—	146,790	21,226,317
Other	2,006,118	—	—	652,824	2,658,942
Due to other funds	32,723	—	—	569,969	602,692
Total liabilities	<u>40,157,278</u>	<u>12,163,176</u>	<u>369,939</u>	<u>4,296,654</u>	<u>56,987,047</u>
Deferred inflows of resources:					
Unavailable revenue	25,997,442	—	—	186,546	26,183,988
Fund balances:					
Nonspendable	7,133,833	—	—	2,368,203	9,502,036
Restricted	—	163,451,739	600,000	31,952,882	196,004,621
Committed	106,771,288	—	64,553,947	7,093,857	178,419,092
Assigned	24,500,000	—	—	—	24,500,000
Unassigned	225,659,635	—	—	—	225,659,635
Total fund balances	<u>364,064,756</u>	<u>163,451,739</u>	<u>65,153,947</u>	<u>41,414,942</u>	<u>634,085,384</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 430,219,476</u>	<u>175,614,915</u>	<u>65,523,886</u>	<u>45,898,142</u>	<u>717,256,419</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, 2020

Total fund balance – governmental funds	\$ 634,085,384
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	1,336,621,405
Adjust deferred inflows of resources to record revenues on an accrual basis	26,183,988
Capitalized loss on debt refunding in the government-wide statements that is not capitalized in the governmental funds	5,186,185
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	507,261,671
Accrued interest on bonds	7,225,779
Compensated absences	23,656,000
Landfill	25,000
Judgments and claims	7,961,800
Tax abatements	2,659,900
Pollution remediation	1,889,118
Net pension liability, net of deferred amounts	177,181,270
Net OPEB liability, net of deferred amounts	684,207,199
	<u>1,412,067,737</u>
Net position of governmental activities	\$ <u><u>590,009,225</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, 2020

	General	Capital fund	Affordable housing trust fund	Other governmental funds	Total governmental funds
Revenues:					
Real and personal property taxes	\$ 439,072,292	—	—	—	439,072,292
Excises:					
Hotel/motel/meals	19,717,395	—	—	—	19,717,395
Motor vehicles	6,995,547	—	—	—	6,995,547
Payments in lieu of taxes	8,028,511	—	—	—	8,028,511
Intergovernmental	82,996,910	3,124,221	—	30,903,480	117,024,611
Investment income	9,403,629	523,601	537,234	1,427,889	11,892,353
Sewer use charges	55,905,811	—	—	—	55,905,811
Departmental and other	76,038,038	3,242,367	6,786,682	37,593,756	123,660,843
Total revenues	698,158,133	6,890,189	7,323,916	69,925,125	782,297,363
Expenditures:					
Current:					
General government	41,728,776	—	—	8,450,927	50,179,703
Public safety	143,441,580	—	—	2,072,914	145,514,494
Community maintenance and development	56,419,511	—	15,936,500	2,967,705	75,323,716
Human resource development	48,359,208	—	—	8,805,540	57,164,748
Education	234,864,326	—	—	14,599,758	249,464,084
Judgments and claims	201,386	—	—	—	201,386
State and district assessments	60,242,559	—	—	—	60,242,559
Capital outlays	—	98,914,551	—	—	98,914,551
Debt service	74,275,713	—	—	—	74,275,713
Total expenditures	659,533,059	98,914,551	15,936,500	36,896,844	811,280,954
Excess (deficiency) of revenues over expenditures	38,625,074	(92,024,362)	(8,612,584)	33,028,281	(28,983,591)
Other financing sources (uses):					
Premium on debt issuance	267,404	7,970,500	—	—	8,237,904
Issuance of debt	—	45,695,000	—	—	45,695,000
Transfers in	25,381,760	74,239,658	35,301,000	1,000,000	135,922,418
Transfers out	(87,940,638)	(9,725,000)	—	(37,534,915)	(135,200,553)
Total other financing (uses) sources	(62,291,474)	118,180,158	35,301,000	(36,534,915)	54,654,769
Net change in fund balances	(23,666,400)	26,155,796	26,688,416	(3,506,634)	25,671,178
Fund balance – beginning	387,731,156	137,295,943	38,465,531	44,921,576	608,414,206
Fund balance – ending	\$ 364,064,756	163,451,739	65,153,947	41,414,942	634,085,384

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, 2020

Net change in fund balances – total governmental funds	\$	25,671,178
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, (\$93,610,507) exceeded depreciation expense (\$42,200,425)		51,410,082
Revenues are recorded on an accrual basis		3,157,724
Proceeds of long-term debt (\$45,695,000) 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, (\$55,660,616) is an expenditure the governmental funds, but reduces long-term liabilities in the statement of net position. This is the amount by which payments exceed proceeds.		9,965,616
Premiums received are revenues in the governmental funds, but are increases to long-term liabilities, net of amortization, in the statement of net position		(4,468,216)
Deferred loss on refunding is amortized in the statement of activities and is not reported in the governmental funds		(905,527)
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		(35,797,762)
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) and non current claims (\$449,700) offset by the increase in pollution remediation (\$312,400), accrued interest (\$18,996) and compensated absences (\$2,958,000)		(2,814,696)
Change in net position of governmental activities	\$	<u><u>46,218,399</u></u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Net Position – Proprietary Fund

June 30, 2020

	Enterprise fund
	<u>Water fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 13,298,282
Receivables, net	4,252,741
Due from other funds	<u>32,723</u>
Total current assets	<u>17,583,746</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	49,961,841
Depreciable, net	<u>82,472,796</u>
Total noncurrent assets	<u>132,434,637</u>
Total assets	\$ <u>150,018,383</u>
Liabilities:	
Current liabilities:	
Warrants and accounts payable	\$ 515,477
Accrued liabilities:	
Claims	220,500
Compensated absences	307,000
Accrued payroll	<u>154,769</u>
Total current liabilities	<u>1,197,746</u>
Noncurrent liabilities:	
Accrued liabilities:	
Claims	738,200
Compensated absences	<u>559,000</u>
Total noncurrent liabilities	<u>1,297,200</u>
Total liabilities	\$ <u>2,494,946</u>
Net position:	
Net investment in capital assets	\$ 132,390,620
Unrestricted	<u>15,132,817</u>
Total net position	\$ <u><u>147,523,437</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, 2020

	Enterprise fund
	<u>Water fund</u>
Operating revenues:	
Charges for services	\$ 17,164,177
Total operating revenues	<u>17,164,177</u>
Administration	3,605,517
Service and support programs	6,858,891
Depreciation	4,156,726
Total operating expenses	<u>14,621,134</u>
Operating income	<u>2,543,043</u>
Nonoperating revenue (expense):	
Investment earnings – other	89,635
Interest expense	<u>(6,708)</u>
Nonoperating revenue (expense)	<u>82,927</u>
Income before transfers	2,625,970
Transfers to other funds	<u>(721,865)</u>
Change in net position	1,904,105
Total net position – beginning	<u>145,619,332</u>
Total net position – ending	\$ <u><u>147,523,437</u></u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Cash Flows – Proprietary Fund

Year ended June 30, 2020

	Enterprise fund
	<u>Water fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 17,489,777
Cash paid to vendors	(7,101,609)
Cash paid to employees	<u>(4,213,412)</u>
Net cash provided by operating activities	<u>6,174,756</u>
Cash flows from noncapital financing activities:	
Transfers	<u>(721,865)</u>
Net cash used in noncapital financing activities	<u>(721,865)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(2,405,224)
Interest paid on debt	(11,500)
Repayment of long-term debt	<u>(460,000)</u>
Net cash used in capital and related financing activities	<u>(2,876,724)</u>
Cash flows from investing activities:	
Investment income	<u>89,635</u>
Net cash provided by investing activities	<u>89,635</u>
Increase in cash and cash equivalents	2,665,802
Cash and cash equivalents, beginning of year	<u>10,632,480</u>
Cash and cash equivalents, end of year	\$ <u><u>13,298,282</u></u>
Reconciliation of operating income to cash provided by operating activities:	
Operating income	\$ 2,543,043
Depreciation	4,156,726
Changes in operating assets and liabilities:	
Accounts receivable	325,600
Other liabilities	<u>(850,613)</u>
Net cash provided by operating activities	\$ <u><u>6,174,756</u></u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Fiduciary Net Position

June 30, 2020

Assets	Pension and OPEB Trust Funds	Agency Funds
Cash and cash equivalents	\$ 9,346,369	7,982,142
Dividend and interest receivable	458,315	—
Other assets	456,603	—
Investments, at fair value:		
Fixed income securities	69,546,565	—
Equities	30,399,841	—
Pooled investments:		
Fixed income	127,463,138	—
Real estate	212,645,918	—
Domestic equities	550,472,826	—
International equities	203,466,808	—
International fixed income	66,119,549	—
Alternative	201,910,365	—
Total investments	1,462,025,010	—
Cash collateral on security lending	10,226,733	—
Total assets	<u>1,482,513,030</u>	<u>7,982,142</u>
Liabilities		
Accrued liabilities	848,016	—
Guarantee deposits	—	7,982,142
Cash collateral on security lending	10,226,733	—
Total liabilities	<u>11,074,749</u>	<u>7,982,142</u>
Net position restricted for pension and other employment benefits	<u>\$ 1,471,438,281</u>	<u>—</u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS
Statement of Changes in Fiduciary Net Position
Year ended June 30, 2020

	<u>Pension and OPEB Trust Funds</u>
Additions:	
Contributions:	
Employers	\$ 67,828,166
Nonemployer – City	2,972,795
Plan members	23,809,697
Other systems	3,355,649
Commonwealth of Massachusetts	441,041
	<u>98,407,348</u>
Total contributions	
Investment earnings:	
Interest and dividends	28,203,654
Securities lending income	881,685
Net appreciation (depreciation) in the fair value of investments	182,769,922
Less:	
Management fees	(9,663,001)
Borrower rebates and fees under securities lending program	(806,106)
	<u>201,386,154</u>
Net investment earnings	
Total additions	<u>299,793,502</u>
Deductions:	
Benefits	108,675,080
Refunds of contributions	1,934,722
Other systems	3,642,559
Administrative expenses	1,244,460
	<u>115,496,821</u>
Total deductions	
Change in net position	184,296,681
Net position, beginning of year	<u>1,287,141,600</u>
Net position, end of year	<u><u>\$ 1,471,438,281</u></u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS
Discretely Presented Component Units

Statements of Net Position

June 30, 2020

	Component Units		
	CHA June 30, 2020	CRA December 31, 2019	Total
Assets and Deferred Outflows of Resources			
Current assets:			
Cash and investments	\$ 424,687,908	32,862,891	457,550,799
Cash and investments held by trustees	6,891,883	—	6,891,883
Receivables, net:			
Other	23,699,769	21,502,147	45,201,916
Other assets	26,413,145	28,004	26,441,149
Total current assets	<u>481,692,705</u>	<u>54,393,042</u>	<u>536,085,747</u>
Noncurrent assets:			
Accounts receivable	—	3,022,727	3,022,727
Notes receivable	—	81,716	81,716
Development projects held for sale	—	65,785	65,785
Capital assets:			
Nondepreciable	21,100,853	1,565,753	22,666,606
Depreciable, net	147,523,643	8,306,270	155,829,913
Total noncurrent assets	<u>168,624,496</u>	<u>13,042,251</u>	<u>181,666,747</u>
Total assets	<u>650,317,201</u>	<u>67,435,293</u>	<u>717,752,494</u>
Deferred outflows of resources:			
Related to pensions	13,901,001	233,281	14,134,282
Related to other post employment benefits	24,732,549	5,379	24,737,928
Total assets and deferred outflows of resources	<u>\$ 688,950,751</u>	<u>67,673,953</u>	<u>756,624,704</u>
Liabilities and Deferred Inflows of Resources			
Current liabilities:			
Warrants and accounts payable	\$ 37,018,631	2,025,257	39,043,888
Accrued liabilities:			
Accrued payroll	13,583,157	—	13,583,157
Accrued interest	—	—	—
Other	16,683,276	76,937	16,760,213
Unearned revenue	48,745,738	—	48,745,738
Total current liabilities	<u>116,030,802</u>	<u>2,102,194</u>	<u>118,132,996</u>
Long-term liabilities:			
Due within one year:			
Bonds and notes payable	79,511	140,897	220,408
Capital leases	—	—	—
Due to third parties	47,384,267	—	47,384,267
Compensated absences	23,523,908	12,964	23,536,872
Due in more than one year:			
Bonds and notes payable	69,042	6,836,060	6,905,102
Capital leases	—	—	—
Due to third parties	23,028,930	—	23,028,930
Compensated absences	—	38,890	38,890
Payroll Tax Deferral	3,864,180	—	3,864,180
Net OPEB liability	166,577,111	644,859	167,221,970
Net pension liability	42,481,516	455,776	42,937,292
Total noncurrent liabilities	<u>307,008,465</u>	<u>8,129,446</u>	<u>315,137,911</u>
Total liabilities	<u>423,039,267</u>	<u>10,231,640</u>	<u>433,270,907</u>
Deferred inflows of resources:			
Related to pensions	13,349,438	126,047	13,475,485
Related to other post employment benefits	5,249,818	200,466	5,450,284
Total liabilities and deferred inflows of resources	<u>\$ 441,638,523</u>	<u>10,558,153</u>	<u>452,196,676</u>
Net Position			
Net investment in capital assets	\$ 168,475,943	2,895,066	171,371,009
Restricted for specific purposes	—	13,000,000	13,000,000
Restricted for other purposes	4,943,692	—	4,943,692
Unrestricted	73,892,593	41,220,734	115,113,327
Total net position	<u>\$ 247,312,228</u>	<u>57,115,800</u>	<u>304,428,028</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, 2020

Functions/programs	Component Units		
	CHA June 30, 2020	CRA December 31, 2019	Total
Expenses	\$ 745,360,954	4,214,447	749,575,401
Program revenues:			
Charges for services	315,524,661	20,630,710	336,155,371
Operating grants and contributions	422,384,616	2,500	422,387,116
Total program revenues	737,909,277	20,633,210	758,542,487
Net program revenues (expenses)	(7,451,677)	16,418,763	8,967,086
General revenues:			
Investment income	5,135,387	2,970,784	8,106,171
Miscellaneous	—	229,233	229,233
Total general revenues	5,135,387	3,200,017	8,335,404
Change in net position	(2,316,290)	19,618,780	17,302,490
Net position – beginning	249,628,518	37,497,020	287,125,538
Net position – ending	\$ 247,312,228	57,115,800	304,428,028

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(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, 2019. The System is included in the City's fiduciary fund financial statements. Complete financial statements for the System for its year ended December 31, 2019 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 financially accountable for, is able to impose its will on the organization, and is responsible for the appointment of the hospital's board of trustees. 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 appointed by the City Manager. CHA is responsible for the implementation of public health programs in the City.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

Complete financial statements for the CRA for its fiscal year ended June 30, 2020 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, 2019 are available from its offices at 255 Main Street 8th 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 of 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 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*.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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 Nonagency fiduciary fund financial statements. The agency fund has no basis of accounting and only reports assets and liabilities. 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, 2020

(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.

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:

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.

The *agency fund* is used to account for assets received and distributed by the City acting in a trustee capacity *or* as an agent for individuals, private organizations, other governmental units, and for other funds.

(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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(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 2020, 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.

(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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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.

(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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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 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.

(I) 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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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 will continue through 2021. At June 30, 2020, 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.

The liability for postclosure care is estimated based on current costs to perform certain maintenance and monitoring over the next year. This estimate is subject to change due to inflation, deflation, technology or applicable laws, and regulations. The total liability is reported in the statement of net position.

(n) 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.

(o) Adoption of New Accounting Pronouncements

During the fiscal year ended June 30, 2020, the City adopted the following new accounting standard issued by the GASB:

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. As a result, the implementation of GASB No. 84 *Fiduciary Activities*, GASB No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and GASB No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14, and No. 61*, will be implemented in fiscal year 2021.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(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, 2020, the bank balances of uninsured and uncollateralized deposits are as follows:

Primary government	\$	12,694,748
Discretely presented component units:		
CHA		21,834,274
CRA (as of December 31, 2019)		179,054
	\$	<u>34,708,076</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 permanent trust funds is designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the City's liquidity requirements. The portfolio is managed with the objective of exceeding the average of three-month U.S. Treasury Bill rates for the equivalent period. The investments for trust funds include collateralized certificate of deposits, U.S. Government Agencies, and units in the MMDT for durations between 12-48 months.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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

(i) *System Investment Policy*

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

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

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

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

(ii) *OPEB Investment Policy*

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(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, 2020:

<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	\$ 358,495,955	358,495,955	—	—	—
Certificates of deposit	75,483,322	75,483,322	—	—	—
Commingled fixed income	4,813,526	4,813,526	—	—	—
U.S. agencies	82,577,005	40,507,839	42,069,166	—	—
Subtotal city	<u>521,369,808</u>	<u>479,300,642</u>	<u>42,069,166</u>	<u>—</u>	<u>—</u>
System (as of December 31, 2019):					
U.S. treasury notes, bonds and municipal securities	21,095,624	301,393	8,636,832	1,302,363	10,855,036
U.S. agencies	1,872,330	—	84,729	250,881	1,536,720
Domestic corporate	25,413,248	277,443	11,050,731	6,124,094	7,960,980
Asset-backed:					
CMOs	5,208,336	—	—	—	5,208,336
Other	5,234,626	—	4,737,583	497,043	—
Pooled fixed-income investments	193,582,687	—	—	193,582,687	—
Subtotal system	<u>252,406,851</u>	<u>578,836</u>	<u>24,509,875</u>	<u>201,757,068</u>	<u>25,561,072</u>
OPEB Trust:					
Money market	111,370	111,370	—	—	—
Commingled fixed income	649,575	649,575	—	—	—
U.S. agencies	10,072,826	3,499,836	6,572,990	—	—
Subtotal OPEB Trust	<u>10,833,771</u>	<u>4,260,781</u>	<u>6,572,990</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 784,610,430</u>	<u>484,140,259</u>	<u>73,152,031</u>	<u>201,757,068</u>	<u>25,561,072</u>
Discretely presented component units					
CHA:					
Money market	\$ 37,925,731	37,925,731	—	—	—
MMDT	274,441,000	274,441,000	—	—	—
Corporate fixed income	50,279,265	50,279,265	—	—	—
Municipal Bonds	7,738,173	467,392	5,925,363	1,345,418	—
U.S. agencies	26,706,699	—	19,662,149	7,044,550	—
U.S. treasury notes	14,014,955	11,009,195	3,005,760	—	—
Subtotal CHA	<u>411,105,823</u>	<u>374,122,583</u>	<u>28,593,272</u>	<u>8,389,968</u>	<u>—</u>
CRA (as of December 31, 2019):					
Certificates of deposit	502,348	—	502,348	—	—
Corporate fixed income	3,165,595	892,424	2,009,168	264,003	—
Foreign Issuance	1,007,160	—	1,007,160	—	—
U.S. agencies	14,825,163	6,085,103	8,740,060	—	—
Subtotal CRA	<u>19,500,266</u>	<u>6,977,527</u>	<u>12,258,736</u>	<u>264,003</u>	<u>—</u>
Total discretely presented component units	<u>\$ 430,606,089</u>	<u>381,100,110</u>	<u>40,852,008</u>	<u>8,653,971</u>	<u>—</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

The primary government's fixed income investments as of June 30, 2020 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:

Investment type	Carrying value	AAA	AA	A	BBB	BB	Not rated
City:							
Money market/MMDT	\$ 358,495,955	—	—	—	—	—	358,495,955
Certificates of deposit	75,483,322	—	—	—	—	—	75,483,322
Commingled fixed income	4,813,526	—	—	—	—	—	4,813,526
U.S. agencies	82,577,005	82,577,005	—	—	—	—	—
Subtotal city	<u>521,369,808</u>	<u>82,577,005</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>438,792,803</u>
System (as of December 31, 2019):							
U.S. Treasury notes, bonds and municipal securities	21,095,624	14,076,078	4,361,395	308,930	—	—	2,349,221
U.S. agencies	1,872,330	15,909	—	—	—	—	1,856,421
Domestic corporate	25,413,248	732,622	573,628	5,534,691	17,176,332	106,946	1,289,029
Asset-backed:							
CMOs	5,208,336	3,665,984	—	259,442	—	—	1,282,910
Other	5,234,626	3,885,527	—	1,349,099	—	—	—
Pooled fixed-income investments	193,582,687	—	—	—	—	—	193,582,687
Subtotal system	<u>252,406,851</u>	<u>22,376,120</u>	<u>4,935,023</u>	<u>7,452,162</u>	<u>17,176,332</u>	<u>106,946</u>	<u>200,360,268</u>
OPEB Trust:							
Money market	111,370	—	—	—	—	—	111,370
Commingled fixed income	649,575	—	—	—	—	—	649,575
U.S. agencies	10,072,826	10,072,826	—	—	—	—	—
Subtotal OPEB Trust	<u>10,833,771</u>	<u>10,072,826</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>760,945</u>
Total	<u>\$ 784,610,430</u>	<u>115,025,951</u>	<u>4,935,023</u>	<u>7,452,162</u>	<u>17,176,332</u>	<u>106,946</u>	<u>639,914,016</u>
Discretely presented component units							
CHA:							
Money market	\$ 37,925,731	—	—	—	—	—	37,925,731
MMDT	274,441,000	—	—	—	—	—	274,441,000
Corporate fixed income	50,279,265	—	50,279,265	—	—	—	—
Municipal Bonds	7,738,173	7,738,173	—	—	—	—	—
U.S. agencies	26,706,699	26,706,699	—	—	—	—	—
U.S. treasury notes	14,014,955	14,014,955	—	—	—	—	—
Subtotal CHA	<u>411,105,823</u>	<u>48,459,827</u>	<u>50,279,265</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>312,366,731</u>
CRA (as of December 31, 2019):							
Certificates of deposit	502,348	—	—	—	—	—	502,348
Corporate fixed income	3,165,595	—	1,827,463	1,338,132	—	—	—
Foreign Issuance	1,007,160	1,007,160	—	—	—	—	—
U.S. agencies	14,825,163	14,825,163	—	—	—	—	—
Subtotal CRA	<u>19,500,266</u>	<u>15,832,323</u>	<u>1,827,463</u>	<u>1,338,132</u>	<u>—</u>	<u>—</u>	<u>502,348</u>
Total discretely presented component units	<u>\$ 430,606,089</u>	<u>64,292,150</u>	<u>52,106,728</u>	<u>1,338,132</u>	<u>—</u>	<u>—</u>	<u>312,869,079</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(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, 2020.

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, 2019 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 19% 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 effected through the use of forward currency contracts. At December 31, 2019, 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)	\$ 203,466,808
International fixed income pooled funds (various currencies)	<u>66,119,549</u>
	<u>\$ 269,586,357</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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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, 2020.

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, 2020:

<u>Investments</u>	<u>Fair value</u>	<u>Level 1 inputs</u>	<u>Level 2 inputs</u>
Equity securities	\$ 9,865,050	9,865,050	—
US agency securities	92,649,831	92,649,831	—
	102,514,881	102,514,881	—
Investments measured at NAV:			
Commingled fixed income	5,463,101	—	—
Total investments	\$ 107,977,982	102,514,881	—

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, 2020:

<u>Investments</u>	<u>Fair value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>
U.S. agencies	\$ 26,706,699	26,706,699	—
U.S. treasury notes	14,014,955	14,014,955	—
Municiple Bonds	7,738,173	7,738,173	—
Corporate fixed income	50,279,265	50,279,265	—
Total investments	\$ 98,739,092	98,739,092	—

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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, 2019:

Investments	Fair value	Level 1 inputs	Level 2 inputs
Equity securities	\$ 5,369,104	5,369,104	—
US agency securities	14,825,163	8,322,916	6,502,247
Foreign issuance	1,007,160	—	1,007,160
Corporate fixed income	3,165,595	3,165,595	—
Total investments	\$ 24,367,022	16,857,615	7,509,407

The System has the following fair value measurements as of December 31, 2019:

	Fair value	Level 1	Level 2
Investments by fair value level:			
Fixed income	\$ 58,824,164	19,391,695	39,432,469
Equities	20,534,791	20,534,791	—
	79,358,955	39,926,486	39,432,469
Investments measured at NAV:			
Commingled equity funds:			
International	203,466,808	—	—
Domestic	550,472,826	—	—
Commingled fixed income funds:			
International	66,119,549	—	—
Domestic	127,463,138	—	—
Real estate	212,645,918	—	—
Alternative:			
PRIT hedge fund	90,191,864	—	—
PRIT private equity	74,825,002	—	—
Other Alternative	36,893,499	—	—
	1,362,078,604	—	—
Total investments	\$ 1,441,437,559	39,926,486	39,432,469

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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:

	Investments measured at NAV		
	2019	Redemption frequency	Redemption notice period
Commingled equity funds	\$ 753,939,634	Daily	1–30 days
Commingled fixed income funds	193,582,687	Daily	1–30 days
Real estate	212,645,918	Quarterly	1–30 days
Alternative	201,910,365	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 16 funds that invest primarily in private equity and venture capital funds. The System is required to provide 24 hour redemption notice for the PRIT hedge fund. The PRIT private equity fund is not redeemable until notified by the PRIM Board.

(4) Property Taxes

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

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

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

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(5) Capital Assets

Capital asset activity for the year ended June 30, 2020 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	—	—	166,310,430
Construction in progress	<u>461,325,350</u>	<u>92,535,759</u>	<u>(227,562,290)</u>	<u>326,298,819</u>
Total capital assets not being depreciated	<u>627,635,780</u>	<u>92,535,759</u>	<u>(227,562,290)</u>	<u>492,609,249</u>
Capital assets being depreciated:				
Buildings and improvements	556,614,268	54,131,796	—	610,746,064
Improvements – nonbuilding	108,982,231	12,437,506	—	121,419,737
Furniture and equipment	109,103,147	7,320,821	—	116,423,968
Infrastructure	<u>446,488,228</u>	<u>154,746,915</u>	<u>—</u>	<u>601,235,143</u>
Total capital assets being depreciated	<u>1,221,187,874</u>	<u>228,637,038</u>	<u>—</u>	<u>1,449,824,912</u>
Less accumulated depreciation for:				
Buildings and improvements	(200,477,338)	(15,251,985)	—	(215,729,323)
Improvements – nonbuilding	(52,481,287)	(4,137,431)	—	(56,618,718)
Furniture and equipment	(76,504,365)	(6,737,504)	—	(83,241,869)
Infrastructure	<u>(234,149,341)</u>	<u>(16,073,505)</u>	<u>—</u>	<u>(250,222,846)</u>
Total accumulated depreciation	<u>(563,612,331)</u>	<u>(42,200,425)</u>	<u>—</u>	<u>(605,812,756)</u>
Total capital assets being depreciated, net	<u>657,575,543</u>	<u>186,436,613</u>	<u>—</u>	<u>844,012,156</u>
Governmental activities capital assets, net	<u>\$ 1,285,211,323</u>	<u>278,972,372</u>	<u>(227,562,290)</u>	<u>1,336,621,405</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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

Governmental activities:

General government	\$ 4,565,587
Public safety	4,635,009
Human resource development	2,649,823
Education	5,447,470
Community maintenance and development	<u>24,902,536</u>
Total depreciation expense – governmental activities	\$ <u><u>42,200,425</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	17,328,731	2,267,725	(9,474,378)	<u>10,122,078</u>
Total capital assets not being depreciated	<u>57,168,494</u>	<u>2,267,725</u>	<u>(9,474,378)</u>	<u>49,961,841</u>
Capital assets being depreciated:				
Buildings and improvements	84,867,101	3,218,331	—	88,085,432
Furniture and equipment	9,868,565	3,778,426	—	13,646,991
Infrastructure	45,024,503	2,615,120	—	<u>47,639,623</u>
Total capital assets being depreciated	<u>139,760,169</u>	<u>9,611,877</u>	<u>—</u>	<u>149,372,046</u>
Less accumulated depreciation for:				
Buildings and improvements	(37,211,848)	(2,471,783)	—	(39,683,631)
Furniture and equipment	(5,434,756)	(821,460)	—	(6,256,216)
Infrastructure	(20,095,920)	(863,483)	—	<u>(20,959,403)</u>
Total accumulated depreciation	<u>(62,742,524)</u>	<u>(4,156,726)</u>	<u>—</u>	<u>(66,899,250)</u>
Total capital assets being depreciated, net	<u>77,017,645</u>	<u>5,455,151</u>	<u>—</u>	<u>82,472,796</u>
Business-type activity capital assets, net	\$ <u><u>134,186,139</u></u>	<u><u>7,722,876</u></u>	<u><u>(9,474,378)</u></u>	<u><u>132,434,637</u></u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(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	Other governmental funds		Water fund
Receivables:						
Property taxes	\$ 9,271,321	—	—	—	9,271,321	—
Motor vehicle taxes	4,840,687	—	—	—	4,840,687	—
Other taxes	3,387,515	—	—	—	3,387,515	—
Intergovernmental	—	8,296,650	—	1,239,744	9,536,394	—
Other	14,907,852	—	5,663,984	283,573	20,855,409	4,295,698
Gross receivables	32,407,375	8,296,650	5,663,984	1,523,317	47,891,326	4,295,698
Less allowance for uncollectibles	4,326,956	2,582,906	3,382,056	—	10,291,918	42,957
Net total receivables	\$ 28,080,419	5,713,744	2,281,928	1,523,317	37,599,408	4,252,741

(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 (General Fund)	\$ 11,346,536
Other	14,837,452
Total unavailable for governmental funds	\$ 26,183,988

(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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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 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, 2020.

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

Individual fund receivable and payable balances at June 30, 2020, are as follows:

<u>Interfund balances</u>	<u>Receivable</u>	<u>Payable</u>
General fund – payable to water fund – for bond premium transfer	\$ —	32,723
Capital fund – receivable from other governmental funds – for capital items	569,969	—
Enterprise fund – receivable from general fund for bond premium	32,723	—
Other governmental funds – community development block grant payable to capital fund – for capital items	—	569,969
Balance at June 30, 2020	<u>\$ 602,692</u>	<u>602,692</u>

As of June 30, 2020, there are no receivable and payable balances between the primary government and the discretely presented component units.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(8) Long-Term Obligations

Following is a summary of the governmental activities long-term obligations of the City as of June 30, 2020:

	<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	2/1/08 to 3/5/20	1.0%-5.0%	\$ 340,334,962	21,950,000	29,789,654	332,495,308	32,519,654
Urban redevelopment, serial maturities through February 15, 2030	2/15/10 to 3/5/20	2.0%-5.0%	29,740,000	6,580,000	4,945,000	31,375,000	5,570,000
Sewer, serial maturities through February 15, 2030	2/15/10 to 3/5/20	0.0%-5.0%	119,590,274	17,165,000	20,925,962	115,829,312	22,030,064
Sub-total general obligation bonds			<u>489,665,236</u>	<u>45,695,000</u>	<u>55,660,616</u>	<u>479,699,620</u>	<u>60,119,718</u>
Notes payable:							
Note payable serial maturities through July 1, 2021	4/20/00 to 7/16/01	2.00%	2,842,916	—	—	2,842,916	436,917
Sub-total notes payable			<u>2,842,916</u>	<u>—</u>	<u>—</u>	<u>2,842,916</u>	<u>436,917</u>
Total governmental obligation bonds and notes payable			<u>\$ 492,508,152</u>	<u>45,695,000</u>	<u>55,660,616</u>	<u>482,542,536</u>	<u>60,556,635</u>
Add (deduct):							
Unamortized bond premium						24,719,135	
Current portion of long-term debt						(60,556,635)	
						<u>446,705,036</u>	
Other long-term obligations:							
Judgments and claims			\$ 14,699,900	49,260,512	48,645,012	15,315,400	7,353,600
Compensated absences			20,698,000	25,763,300	22,805,300	23,656,000	10,185,000
Landfill postclosure care costs			50,000	—	25,000	25,000	25,000
Net OPEB liability			618,679,923	120,319,480	25,826,995	713,172,408	—
Net pension liability			240,258,089	45,940,197	102,638,194	183,560,092	—
Pollution remediation			1,576,718	1,259,891	947,491	1,889,118	533,690
Total other governmental long-term obligations			<u>\$ 895,962,630</u>	<u>242,543,380</u>	<u>200,887,992</u>	<u>937,618,018</u>	<u>18,097,290</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

Following is a summary of the business-type activity long-term obligations of the City as of June 30, 2020:

	<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 August 1, 2019	3/15/07	4.0%-5.0%	\$ 460,000	—	460,000	—	—
Total business-type bonds payable			<u>\$ 460,000</u>	<u>—</u>	<u>460,000</u>	<u>—</u>	<u>—</u>
Other long-term obligations:							
Judgments and claims			\$ 1,764,100	3,412,088	4,217,488	958,700	220,500
Compensated absences			728,000	508,200	370,200	866,000	307,000
Total other long-term obligations			<u>\$ 2,492,100</u>	<u>3,920,288</u>	<u>4,587,688</u>	<u>1,824,700</u>	<u>527,500</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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, 2020, are as follows:

	Principal		Interest		Total	
	G/O bonds	Notes	G/O bonds	Notes	G/O bonds	Notes
Year ending June 30:						
2021	\$ 60,119,718	436,917	18,681,894	4,748	78,801,612	441,665
2022	57,265,077	556,020	16,396,584	56,010	73,661,661	612,030
2023	53,895,059	622,446	14,367,015	40,053	68,262,074	662,499
2024	49,128,835	635,008	12,227,187	27,489	61,356,022	662,497
2025	45,091,593	592,525	10,052,335	14,765	55,143,928	607,290
2026–2030	133,754,338	—	27,199,094	—	160,953,432	—
2031–2035	57,690,000	—	8,501,950	—	66,191,950	—
2036–2040	22,755,000	—	1,543,588	—	24,298,588	—
	<u>\$ 479,699,620</u>	<u>2,842,916</u>	<u>108,969,647</u>	<u>143,065</u>	<u>588,669,267</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 indefinitely as the City re-negotiates the loan. At June 30, 2020, the principal and interest amount outstanding remained at \$2,842,916 and \$143,065 respectively as no payments were made in 2020 and the City is still re-negotiating the loan.

In March 2020, the City issued \$45,695,000 in general obligation bonds to fund various capital purchases and improvements throughout the City. Interest on the general obligation bonds is due semiannually on each February 15 and August 15, with principal payments due each February 15 until maturity in fiscal 2040.

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 \$44,440 in subsidies during 2020 and expects to receive subsidies totaling \$133,721 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 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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

As of June 30, 2020, the City may issue approximately \$1.6 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 annual debt service requirements of the City's water enterprise fund as of June 30, 2020 is zero dollars. 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, 2019, 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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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, 2020 were \$34,725,997 and \$8,036,676, 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, 2020, the City reported a liability of \$183.6 million for its proportionate share of the System’s net pension liability measured as of December 31, 2019. 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, 2020 was as follows:

City’s proportionate share of net pension liability	\$	167,846,028
City’s proportionate share of net pension liability associated with Cambridge Health Alliance		<u>15,714,064</u>
	\$	<u>183,560,092</u>

To determine employers’ proportionate share of the net pension liability, allocations of net pension liability were performed. At December 31, 2019, the City was allocated 69.97% (68.57% in the prior year) of the net pension liability related to the City and 6.55% (6.65% in the prior year) related to

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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, 2020, the City recognized pension expense of \$45.9 million. At June 30, 2020, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
	<u> </u>	<u> </u>
Net differences between projected and actual investment earnings on pension plan investments	\$ —	29,307,991
Net differences between expected and actual experience	2,801,926	20,966,710
Changes in employer proportion	7,385,929	6,282,821
Changes in assumptions	52,748,489	—
	<u>\$ 62,936,344</u>	<u>56,557,522</u>

Amounts reported as deferred outflows of resources at June 30, 2020 related to pensions will be recognized in pension expense as follows:

2021	\$ (2,963,952)
2022	(1,932,126)
2023	17,095,745
2024	(10,821,535)
2025	5,000,690
	<u> </u>
Total	\$ <u>6,378,822</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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(iii) *Actuarial Assumptions*

The total pension liability at December 31, 2019 was determined by an actuarial valuation as of January 1, 2020. The following actuarial assumptions were applied to the measurement of the total pension liability at December 31, 2019:

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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2019 is summarized below:

Asset class	Target asset allocation	Long-term expected real rate of return
Cash	— %	0.63 %
Domestic equity	28.00	6.15
International developed markets equity	10.00	6.78
International emerging markets equity	10.00	8.65
Core fixed income	10.00	1.11
High yield fixed income	10.00	3.51
Real estate	11.00	4.33
Commodities	3.00	4.13
Hedge fund, GTAA, Risk parity	5.00	3.19
Private equity	13.00	9.99
	<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):

	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
June 30, 2020	\$ 334,652	183,560	56,804

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(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, 2019 measurement date is \$314.9 million based on an employer allocation percentage of 1.249%. The Commonwealth contributed \$38.2 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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

creditable service. The surviving spouse is eligible to receive pre and postretirement death benefits, as well as medical and prescription drug coverage.

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

(i) Employees Covered by the Benefit Terms

As of June 30, 2019, the following employees meet the eligibility requirements as put forth in Chapter 32B of M.G.L.:

	City
Active Plan members	3,100
Inactive members receiving benefits	2,711
Inactive members entitled to but not yet receiving benefits	—
Total membership	5,811
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 2020. 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 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. 3.0%

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%.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

Discount Rate. The discount rate used to measure the total OPEB liability for the City is 2.34% per annum. The rate is 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 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, 2020 and the actuarial valuation assumptions as outlined above.

	<u>The plan</u>
Total OPEB Liability	\$ 950,818,820
Fiduciary net position	<u>(20,698,821)</u>
City's net OPEB liability	<u>\$ 930,119,999</u>
Fiduciary net position as a percentage of the total OPEB liability	2.18 %

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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

	Increase (decrease)		
	Total OPEB liability	Plan fiduciary net position	Net OPEB liability
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>

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):

	Current rate	1% Decrease of current rate	Current discount rate	1% Increase of current rate
Net OPEB liability	2.34 % \$	1,127,210	930,120	817,635

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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

(vi) *Annual Money Weighted Return*

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense was 1.5%. 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	\$ 111,370
Investments, at fair value:	
Fixed income securities	10,722,401
Equities	<u>9,865,050</u>
Total investments	<u>20,587,451</u>
Held in trust for OPEB benefits	\$ <u><u>20,698,821</u></u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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

Additions:

Contributions:

Employers	\$ <u>25,119,795</u>
-----------	----------------------

Total contributions	<u>25,119,795</u>
---------------------	-------------------

Investment earnings:

Interest and dividends	70,062
------------------------	--------

Net appreciation (depreciation) in the fair value of investments	<u>229,482</u>
--	----------------

Net investment earnings	<u>299,544</u>
-------------------------	----------------

Total additions	<u>25,419,339</u>
-----------------	-------------------

Deductions:

Benefits	23,119,795
----------	------------

Administrative expenses	<u>23,173</u>
-------------------------	---------------

Total deductions	<u>23,142,968</u>
------------------	-------------------

Change in net position	2,276,371
------------------------	-----------

Net position, beginning of year	<u>18,422,450</u>
---------------------------------	-------------------

Net position, end of year	\$ <u><u>20,698,821</u></u>
---------------------------	-----------------------------

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

The City's net OPEB liability was measured at June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

(i) *Employees Covered by the Benefit Terms*

As of the June 30, 2019 actuarial valuation date, the following employees meet the eligibility requirements as put forth in Chapter 32B of M.G.L.:

	City
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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(ii) *Actuarial Methods and Assumptions*

The total actuarial OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise noted:

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 6.0% (non-Medicare) and 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 3.67% per annum. The discount rates are based on a blend of the 20 year Bond Buyer GO index at June 30, 2019 of 3.58% 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, 2018 was assumed to be 3.93% and is also based on a blend of the 20 year Bond Buyer GO index and the City's expected investment rate of return on assets.

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

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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

	Increase (decrease)		
	Total OPEB liability	Plan fiduciary net position	Net OPEB liability
Balances at July 1, 2018	\$ 633,526,101	14,846,178	618,679,923
Changes for the year:			
Service cost	21,565,086	—	21,565,086
Interest	25,308,994	—	25,308,994
Difference between expected and actual experience	8,829,767	—	8,829,767
Changes in assumptions	64,557,764	—	64,557,764
Contribution – employer	—	24,192,854	(24,192,854)
Net investment income	—	1,634,141	(1,634,141)
Benefit payments	(22,192,854)	(22,192,854)	—
Administrative expenses	—	(57,869)	57,869
Net changes	<u>98,068,757</u>	<u>3,576,272</u>	<u>94,492,485</u>
Balances at June 30, 2019	<u>\$ 731,594,858</u>	<u>18,422,450</u>	<u>713,172,408</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, 2019 (in thousands):

	Current rate	1% Decrease of current rate	Current discount rate	1% Increase of current rate
Net OPEB liability	3.67 % \$	864,291	713,172	626,924

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):

	1% Decrease of current rate	Current discount rate	1% Increase of current rate
Net OPEB liability	\$ 610,547	713,172	888,740

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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

For the year ended June 30, 2020 the City recognized OPEB expense of \$50.6 million.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pension amounts from the following sources (in thousands):

	<u>Deferred outflows</u>	<u>Deferred inflows</u>
Difference between expected and actual experience	\$ 6,955	—
Changes in assumptions	50,852	(50,734)
Net difference between projected and actual earnings on OPEB plan investments	—	(301)
Contributions subsequent to the measurement date	<u>22,193</u>	<u>—</u>
	<u>\$ 80,000</u>	<u>(51,035)</u>

Contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2021. 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>
2020	\$ 4,352
2021	4,351
2022	4,361
2023	(294)
2024	(5,246)
Thereafter	<u>(752)</u>
Total	<u>\$ 6,772</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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

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, 2019, the fair value of securities on loan was \$10.5 million. The associated collateral was \$10.7 million, of which \$10.2 million was cash collateral and \$.5 million was non-cash. The cash collateral has been reinvested in repurchase agreements (\$.2 million), floating rate notes (\$9.6 million), commercial paper (\$.2 million) and certificate of deposit (\$.2 million) with a collective fair value of approximately \$10.2 million. The repurchase agreements and time deposits are valued at amortized cost which approximates fair value. The floating rate notes are valued at fair value and are considered level 2 securities in the fair value hierarchy.

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

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

As of December 31, 2019, 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, 2019.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(12) Transfers

Transfers and their purposes during the year ended June 30, 2020 were as follows:

	Governmental funds				Proprietary fund
	General	Capital	Affordable Housing Trust fund	Other	Enterprise fund water
Capital – to fund capital expenditures	\$ (69,892,577)	69,892,577	—	—	—
General – mitigation revenues to fund eligible capital expenditures	(2,048,061)	2,048,061	—	—	—
General – mitigation revenues to fund Human Services grants	(1,000,000)	—	—	1,000,000	—
Parking – to fund administrative costs and other eligible City expenditures	24,619,895	2,233,000	—	(26,852,895)	—
General – cemetery-reimbursements of operational cost to fund renovations and administration	40,000	—	—	(40,000)	—
Capital – to fund eligible CDBG program costs	—	66,020	—	(66,020)	—
Water – to fund administrative costs	721,865	—	—	—	(721,865)
Capital fund to/from Affordable housing Fund	—	(9,725,000)	9,725,000	—	—
Affordable housing fund to/from General Fund	(15,000,000)	—	15,000,000	—	—
Affordable housing fund to/from CPA Fund	—	—	10,576,000	(10,576,000)	—
Total	\$ (62,558,878)	64,514,658	35,301,000	(36,534,915)	(721,865)

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(13) Fund Balance Classification Details

The components of fund balance for the City's governmental funds as of June 30, 2020 are as follows.

	<u>General</u>	<u>Capital fund</u>	<u>Affordable Housing Trust fund</u>	<u>Other governmental funds</u>
Fund balances:				
Nonspendable:				
Deposits	\$ 7,133,833	—	—	—
Nonexpendable permanent funds	—	—	—	2,368,203
Restricted:				
Property and development	—	51,211,953	—	11,734,302
Streets and sidewalks	—	27,746,230	—	—
Parks and recreation	—	20,152,085	—	6,318,471
Sewer projects	—	37,584,652	—	—
Library	—	919,659	—	—
Schools	—	21,870,507	—	—
General government	—	3,755,618	—	—
Affordable housing	—	—	600,000	—
Other City Grants Fund:				
General Government	—	—	—	—
Human Services	—	211,035	—	5,000,736
School Grants Fund Federal/State	—	—	—	5,400,320
Expendable permanent funds	—	—	—	3,499,053
Committed:				
Parking fund	—	—	—	7,093,857
Health claims	35,270,078	—	—	—
Budget stabilization	71,501,210	—	—	—
Affordable housing	—	—	64,553,947	—
Assigned:				
Subsequent year's expenditures	24,500,000	—	—	—
Unassigned	225,659,635	—	—	—
Total fund balances	\$ <u>364,064,756</u>	<u>163,451,739</u>	<u>65,153,947</u>	<u>41,414,942</u>

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, 2020

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, 2020 are as follows:

City Stabilization fund	\$	59,118,418
Mitigation Stabilization fund		10,925,792
Community Benefits Stabilization fund		<u>1,457,000</u>
Total Stabilization funds	\$	<u><u>71,501,210</u></u>

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

Commitments and Contingencies

The City has \$10.2 million in encumbrances for purchase orders and contracts in the General Fund, \$49.6 million in the Capital Fund, and \$6.1 million in the Other Governmental Funds.

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 MRL 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, 2020.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2020

(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, 2020, 2019, and 2018.

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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Judgments and accrued claims, beginning of year	\$ 16,464,000	16,501,000
Incurred claims	52,672,600	56,123,370
Less payments of claims attributable to events of both current and prior fiscal years	<u>(52,862,500)</u>	<u>(56,160,370)</u>
Judgments and accrued claims, end of year	<u>\$ 16,274,100</u>	<u>16,464,000</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, 2020

(15) Subsequent Events

In March 2020, the World Health Organization declared a pandemic as a result of the novel coronavirus (COVID-19). As of June 30, 2020, the City was awarded approximately \$10.5 million of funding under Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") to address the crisis created by the COVID-19 pandemic.

While it is not possible to determine the pandemic's ultimate length or severity, the City will continue to monitor the impact of COVID-19 on its operations.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

June 30, 2020

(Unaudited)

Schedule of Employer Contributions

(Dollars in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution (ADC)	\$ 49,857	45,818	36,817	36,817
Contribution in relation to the actuarially determined contribution	<u>25,120</u>	<u>24,193</u>	<u>22,732</u>	<u>22,271</u>
Contribution deficiency (excess)	<u>\$ 24,737</u>	<u>21,625</u>	<u>14,085</u>	<u>14,546</u>
Covered payroll	\$ 245,281	236,987	238,710	196,095
Contributions as a percent of covered payroll	10.2 %	10.2 %	9.5 %	11.4 %

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, 2020

(Unaudited)

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 24,667,627	21,565,086	20,749,626
Interest cost	27,330,585	25,308,994	25,372,266
Differences between expected and actual experience	—	8,829,767	—
Changes in assumptions or other inputs	190,345,545	64,557,764	(27,084,632)
Benefit payments	<u>(23,119,795)</u>	<u>(22,192,854)</u>	<u>(20,732,507)</u>
Net change in OPEB liability	219,223,962	98,068,757	(1,695,247)
Total OPEB liability – beginning	<u>731,594,858</u>	<u>633,526,101</u>	<u>635,221,348</u>
Total OPEB liability – ending	<u>950,818,820</u>	<u>731,594,858</u>	<u>633,526,101</u>
Plan fiduciary net position:			
Contributions – employer	25,119,795	24,192,854	22,732,507
Net investment income	299,544	1,634,141	(3,643)
Benefit payments	<u>(23,119,795)</u>	<u>(22,192,854)</u>	<u>(20,732,507)</u>
Admin. expense	<u>(23,173)</u>	<u>(57,869)</u>	<u>(63,412)</u>
Net change in plan fiduciary net position	2,276,371	3,576,272	1,932,945
Plan fiduciary net position – beginning	<u>18,422,450</u>	<u>14,846,178</u>	<u>12,913,233</u>
Plan fiduciary net position – ending	<u>20,698,821</u>	<u>18,422,450</u>	<u>14,846,178</u>
City's net OPEB liability – ending	<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	2.18 %	2.52 %	2.34 %
Covered payroll	\$ 245,281,000	236,986,885	238,709,766
City's net OPEB liability as a percentage of covered payroll	379.2 %	300.9 %	259.2 %

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

June 30, 2020

(Unaudited)

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

<u>Changes of assumptions</u>	<u>Amount of change TPL</u>	<u>Description</u>
2020:	\$ 190,345,545	Discount rate decreased from 3.67% to 2.34% The Healthcare cost trend assumption for non-Medicare was reduced from beginning with 6.0% to begin with 5.5% and the Medicare healthcare cost trend was reduced from beginning with 5.0% to begin with 4.5%.
2019:	\$ 64,557,764	Discount rate decreased from 3.93% to 3.67% The mortality assumption was updated from RP-2014 generational table using Scale MP-2017, applied on a gender-specific basis to PUB-2010 table scaled using Scale MP-2018, applied on a gender-specific basis. The inflation assumption was increased from 2.5% to 3.0% The Healthcare cost trend assumption for non-Medicare was reduced from beginning with 6.5% to begin with 6.0% and the Medicare healthcare cost trend was reduced from beginning with 5.5% to begin with 5.0%. The investment target allocation for Equity was reduced from 55% to 50%, the investment target allocation for Fixed Income was increased from 40% to 50%, and the investment target allocation for Cash was reduced from 5% to zero.
2018:	\$ (27,084,632)	Discount rate increased from 3.65% to 3.93% The Healthcare cost trend assumption for non-Medicare was reduced from beginning with 7.0% to begin with 6.5% and the Medicare healthcare cost trend was reduced from beginning with 6.0% to begin with 5.5%.

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

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

Schedule of Investment Returns – Cambridge OPEB Trust Fund

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 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	<u>35,025,997</u>	<u>32,547,663</u>	<u>31,072,819</u>	<u>30,823,432</u>	<u>28,965,468</u>	<u>27,805,315</u>
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>
Covered payroll	\$ 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	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>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	76.520724 %	75.216558 %	75.922581 %	76.792582 %	76.337126 %	77.532583 %
City's proportionate share of the net pension liability	\$ 183,560,092	240,258,089	137,962,572	181,785,216	212,198,096	121,984,750
City's covered payroll	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	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	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, 2020

(Unaudited)

(with comparative actual amounts for 2019)

	2020 Original budget	2020 Final budget	2020 Actual	Variance favorable (unfavorable)	2019 Actual
Revenues:					
Property taxes	\$ 438,128,694	438,128,694	438,128,694	—	409,809,861
Provisions for tax abatements and adj.	(4,329,196)	(4,329,196)	(4,329,196)	—	(4,565,850)
Payments in lieu of tax receipts	7,100,000	7,100,000	8,028,511	928,511	7,793,155
Hotel/motel/meals excise tax	20,750,000	20,750,000	19,717,395	(1,032,605)	21,510,878
Intergovernmental	43,492,261	43,492,261	44,806,210	1,313,949	41,280,051
Sewer use	57,611,120	57,611,120	55,905,811	(1,705,309)	54,874,965
Motor vehicle excise	7,713,830	7,713,830	6,995,547	(718,283)	8,350,538
Investment income	4,900,000	4,900,000	8,752,728	3,852,728	6,134,018
Other	33,974,998	33,974,998	63,448,539	29,473,541	62,361,789
Total revenues	609,341,707	609,341,707	641,454,239	32,112,532	607,549,405
Expenditures:					
Current:					
General government	62,126,119	60,260,759	45,003,048	15,257,711	43,876,720
Public safety	146,335,400	149,627,175	146,175,354	3,451,821	140,253,043
Community maintenance and development	59,841,955	61,739,195	60,245,113	1,494,082	56,258,931
Human resource development	50,951,896	53,130,647	50,432,259	2,698,388	46,422,849
Education	201,770,255	201,770,255	199,301,694	2,468,561	190,639,819
Judgments and claims	200,000	400,000	201,386	198,614	2,311,069
State and district assessments	61,844,787	61,844,787	60,242,559	1,602,228	57,931,297
Debt service:					
Principal	56,160,620	55,660,620	55,660,616	4	49,201,478
Interest	18,514,250	19,014,250	18,609,339	404,911	16,824,330
Total expenditures	657,745,282	663,447,688	635,871,368	27,576,320	603,719,536
Excess (deficiency) of revenues over expenditures	(48,403,575)	(54,105,981)	5,582,871	59,688,852	3,829,869
Other financing sources (uses):					
Operating transfers in (out):					
Special revenue funds	23,844,710	23,844,710	24,619,895	775,185	22,508,565
Capital projects funds	(10,203,000)	(10,203,000)	(69,892,577)	(59,689,577)	(29,141,068)
Affordable housing funds	—	—	(15,000,000)	(15,000,000)	—
Trust funds	17,540,000	17,540,000	7,064,156	(10,475,844)	3,571,245
Enterprise fund	721,865	721,865	721,865	—	720,475
Total other financing sources (uses)	31,903,575	31,903,575	(52,486,661)	(84,390,236)	(2,340,783)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(16,500,000)	(22,202,406)	\$ (46,903,790)	(24,701,384)	1,489,086
Other budget items:					
Free cash appropriations	14,000,000	19,702,406			
Overlay surplus	2,500,000	2,500,000			
Total other budget items	16,500,000	22,202,406			
Net budget and actual	\$ —	—			

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, 2020

(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, 2020:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses), net</u>
As reported on a budgetary basis	\$ 641,454,239	635,871,368	(52,486,661)
Adjustments:			
Revenues to modified accrual basis	18,513,194	—	—
Expenditures, encumbrances and accruals, net	—	(14,529,009)	—
On-behalf contribution for teachers pension	38,190,700	38,190,700	—
Reclassification:			
Premium on debt issuance	—	—	267,404
Transfers not reported on a Budgetary/GAAP basis	—	—	(10,072,217)
As reported on a GAAP basis	\$ <u>698,158,133</u>	<u>659,533,059</u>	<u>(62,291,474)</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2020

The following section provides detailed information on the general fund, other governmental funds, pension and OPEB trust funds and agency 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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
General government:			
Mayor:			
Salaries and wages	\$ 545,185	454,737	90,448
Other ordinary maintenance	147,130	48,264	98,866
Travel and training	29,500	2,526	26,974
Total Mayor	<u>721,815</u>	<u>505,527</u>	<u>216,288</u>
City Manager:			
Salaries and wages	2,637,905	2,489,610	148,295
Other ordinary maintenance	1,504,800	1,404,197	100,603
Travel and training	51,550	44,107	7,443
Total City Manager	<u>4,194,255</u>	<u>3,937,914</u>	<u>256,341</u>
City Council:			
Salaries and wages	1,867,255	1,836,275	30,980
Other ordinary maintenance	89,400	48,789	40,611
Travel and training	72,700	28,714	43,986
Total City Council	<u>2,029,355</u>	<u>1,913,778</u>	<u>115,577</u>
City Clerk:			
Salaries and wages	1,296,565	1,296,560	5
Other ordinary maintenance	141,110	133,518	7,592
Travel and training	4,420	2,006	2,414
Total City Clerk	<u>1,442,095</u>	<u>1,432,084</u>	<u>10,011</u>
Law:			
Salaries and wages	1,917,300	1,917,297	3
Other ordinary maintenance	547,200	530,562	16,638
Travel and training	14,245	9,569	4,676
Total law	<u>2,478,745</u>	<u>2,457,428</u>	<u>21,317</u>
Finance:			
Salaries and wages	14,271,815	13,663,620	608,195
Other ordinary maintenance	7,471,810	6,680,758	791,052
Travel and training	374,775	274,975	99,800
Extraordinary expenditures	62,800	58,390	4,410
Total finance	<u>22,181,200</u>	<u>20,677,743</u>	<u>1,503,457</u>
Employment benefits:			
Salaries and wages	22,906,584	10,478,700	12,427,884
Other ordinary maintenance	911,650	405,870	505,780
Travel and training	30,000	66	29,934
Total employment benefits	<u>23,848,234</u>	<u>10,884,636</u>	<u>12,963,598</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Election commission:			
Salaries and wages	\$ 1,196,245	1,196,242	3
Other ordinary maintenance	400,320	363,844	36,476
Travel and training	2,270		2,270
Total election commission	<u>1,598,835</u>	<u>1,560,086</u>	<u>38,749</u>
Public celebrations:			
Salaries and wages	707,250	707,137	113
Other ordinary maintenance	472,150	406,730	65,420
Travel and training	1,325	550	775
Total public celebrations	<u>1,180,725</u>	<u>1,114,417</u>	<u>66,308</u>
Reserve:			
Other ordinary maintenance	20,000	—	20,000
Total reserve	<u>20,000</u>	<u>—</u>	<u>20,000</u>
Animal commission:			
Salaries and wages	546,545	506,585	39,960
Other ordinary maintenance	18,805	12,770	6,035
Travel and training	150	80	70
Total animal commission	<u>565,500</u>	<u>519,435</u>	<u>46,065</u>
Total general government	<u>60,260,759</u>	<u>45,003,048</u>	<u>15,257,711</u>
Public safety:			
Fire:			
Salaries and wages	52,290,675	52,253,150	37,525
Other ordinary maintenance	1,668,260	1,510,901	157,359
Travel and training	609,500	606,578	2,922
Extraordinary expenditures	278,000	202,672	75,328
Total fire	<u>54,846,435</u>	<u>54,573,301</u>	<u>273,134</u>
Police:			
Salaries and wages	60,091,345	60,091,344	1
Other ordinary maintenance	2,956,710	2,869,942	86,768
Travel and training	467,500	318,254	149,246
Extraordinary expenditures	635,500	395,383	240,117
Total police	<u>64,151,055</u>	<u>63,674,923</u>	<u>476,132</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Traffic and parking:			
Salaries and wages	\$ 9,424,345	8,979,612	444,733
Other ordinary maintenance	4,417,040	3,431,371	985,669
Travel and training	258,500	192,052	66,448
Extraordinary expenditures	90,000	—	90,000
Total traffic and parking	<u>14,189,885</u>	<u>12,603,035</u>	<u>1,586,850</u>
Police review and advisory board:			
Other ordinary maintenance	1,900	949	951
Travel and training	4,400	3,897	503
Total police review and advisory board	<u>6,300</u>	<u>4,846</u>	<u>1,454</u>
Inspectional services:			
Salaries and wages	3,807,615	3,651,638	155,977
Other ordinary maintenance	170,960	105,347	65,613
Travel and training	38,170	26,392	11,778
Extraordinary expenditures	10,000	—	10,000
Total inspectional services	<u>4,026,745</u>	<u>3,783,377</u>	<u>243,368</u>
License:			
Salaries and wages	1,384,520	1,363,900	20,620
Other ordinary maintenance	34,520	13,792	20,728
Travel and training	7,520	1,696	5,824
Total license	<u>1,426,560</u>	<u>1,379,388</u>	<u>47,172</u>
Electrical:			
Salaries and wages	1,997,450	1,877,090	120,360
Other ordinary maintenance	911,460	546,529	364,931
Travel and training	60,170	52,953	7,217
Extraordinary expenditures	50,000	33,893	16,107
Total electrical	<u>3,019,080</u>	<u>2,510,465</u>	<u>508,615</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Emergency communications:			
Salaries and wages	\$ 7,319,055	7,119,950	199,105
Other ordinary maintenance	560,610	484,793	75,817
Travel and training	55,850	30,488	25,362
Extraordinary expenditures	<u>25,600</u>	<u>10,788</u>	<u>14,812</u>
Total emergency communications	<u>7,961,115</u>	<u>7,646,019</u>	<u>315,096</u>
Total public safety	<u>149,627,175</u>	<u>146,175,354</u>	<u>3,451,821</u>
Community maintenance and development:			
Public works:			
Salaries and wages	28,407,190	28,339,480	67,710
Other ordinary maintenance	18,364,140	17,915,393	448,747
Travel and training	<u>1,510,930</u>	<u>1,425,597</u>	<u>85,333</u>
Total public works	<u>48,282,260</u>	<u>47,680,470</u>	<u>601,790</u>
Community development:			
Salaries and wages	8,668,863	8,118,061	550,802
Other ordinary maintenance	2,071,144	1,981,014	90,130
Travel and training	<u>43,783</u>	<u>31,635</u>	<u>12,148</u>
Total community development	<u>10,783,790</u>	<u>10,130,710</u>	<u>653,080</u>
Historical commission:			
Salaries and wages	726,550	724,746	1,804
Other ordinary maintenance	36,750	33,806	2,944
Travel and training	<u>1,200</u>	<u>1,200</u>	<u>—</u>
Total historical commission	<u>764,500</u>	<u>759,752</u>	<u>4,748</u>
Peace commission:			
Salaries and wages	164,195	164,190	5
Other ordinary maintenance	9,125	2,530	6,595
Travel and training	<u>3,050</u>	<u>2,123</u>	<u>927</u>
Total peace commission	<u>176,370</u>	<u>168,843</u>	<u>7,527</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Cable television:			
Salaries and wages	\$ 632,855	517,340	115,515
Other ordinary maintenance	1,095,970	985,453	110,517
Travel and training	3,450	2,545	905
Total cable television	<u>1,732,275</u>	<u>1,505,338</u>	<u>226,937</u>
Total community maintenance and development	<u>61,739,195</u>	<u>60,245,113</u>	<u>1,494,082</u>
Human resource development:			
Library:	9,237,795	9,185,167	52,628
Salaries and wages	3,381,415	2,979,180	402,235
Other ordinary maintenance	190,150	92,154	97,996
Total library	<u>12,809,360</u>	<u>12,256,501</u>	<u>552,859</u>
Human services:			
Salaries and wages	28,982,270	28,228,127	754,143
Other ordinary maintenance	9,130,572	7,971,640	1,158,932
Travel and training	93,490	84,467	9,023
Extraordinary expenditures	40,000	28,324	11,676
Total human services	<u>38,246,332</u>	<u>36,312,558</u>	<u>1,933,774</u>
Women's commission:			
Salaries and wages	285,535	285,532	3
Other ordinary maintenance	10,035	9,729	306
Travel and training	525	407	118
Total women's commission	<u>296,095</u>	<u>295,668</u>	<u>427</u>
Human rights commission:			
Salaries and wages	476,460	449,089	27,371
Other ordinary maintenance	48,100	41,229	6,871
Travel and training	2,800	2,051	749
Total human rights commission	<u>527,360</u>	<u>492,369</u>	<u>34,991</u>
Veterans benefits:			
Salaries and wages	397,400	397,398	2
Other ordinary maintenance	64,800	34,097	30,703
Travel and training	789,300	643,668	145,632
Total veterans benefits	<u>1,251,500</u>	<u>1,075,163</u>	<u>176,337</u>
Total human resource development	<u>53,130,647</u>	<u>50,432,259</u>	<u>2,698,388</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Education:			
Salaries and wages	\$ 165,605,768	165,051,301	554,467
Other ordinary maintenance	34,345,015	32,548,632	1,796,383
Travel and training	1,404,172	1,301,754	102,418
Extraordinary expenditures	<u>415,300</u>	<u>400,007</u>	<u>15,293</u>
Total education	<u>201,770,255</u>	<u>199,301,694</u>	<u>2,468,561</u>
Judgments and claims	400,000	201,386	198,614
Debt retirement:			
Principal payments	55,660,620	55,660,616	4
Interest payments	<u>19,014,250</u>	<u>18,609,339</u>	<u>404,911</u>
Total debt retirement	<u>74,674,870</u>	<u>74,269,955</u>	<u>404,915</u>
State and district assessments:			
MBTA assessment	10,005,964	10,005,964	—
MWRA assessment	26,636,150	26,400,678	235,472
Other State assessments	17,852,673	16,485,917	1,366,756
Cambridge Health Alliance	<u>7,350,000</u>	<u>7,350,000</u>	<u>—</u>
Total state and district assessments	<u>61,844,787</u>	<u>60,242,559</u>	<u>1,602,228</u>
Total general fund expenditures	<u>\$ 663,447,688</u>	<u>635,871,368</u>	<u>27,576,320</u>

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Other Governmental Funds

June 30, 2020

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.

Other Grants

Funds from a wide range of federal and state grants provide additional support to several City programs, including the Arts Council, Historical Commission, and Library. Both the receipt and expenditure of these funds are accounted for in this fund.

Permanent Funds

This fund accumulates all the City's trust funds that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting governments programs.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Balance Sheet

Other Governmental Funds

June 30, 2020

Assets	Special revenue						Total
	Community development block grant	School grants	Parking fund	Community preservation act	Other grants	Permanent funds	
Cash and short-term investments	\$ 187,223	5,673,949	6,997,845	18,787,567	6,860,985	5,867,256	44,374,825
Accounts receivable	—	—	97,027	186,546	—	—	283,573
Due from other governments	414,071	216,251	—	—	609,422	—	1,239,744
Total assets	\$ 601,294	5,890,200	7,094,872	18,974,113	7,470,407	5,867,256	45,898,142
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Warrants payable	\$ 18,036	423,768	—	81,140	2,404,127	—	2,927,071
Accrued liabilities	13,289	66,112	1,015	653,654	65,544	—	799,614
Due to other funds	569,969	—	—	—	—	—	569,969
Total liabilities	601,294	489,880	1,015	734,794	2,469,671	—	4,296,654
Deferred inflows of resources:							
Unavailable revenue	—	—	—	186,546	—	—	186,546
Fund balances:							
Nonspendable	—	—	—	—	—	2,368,203	2,368,203
Restricted	—	5,400,320	—	18,052,773	5,000,736	3,499,053	31,952,882
Committed	—	—	7,093,857	—	—	—	7,093,857
Total fund balances	—	5,400,320	7,093,857	18,052,773	5,000,736	5,867,256	41,414,942
Total liabilities, deferred inflows of resources, and fund balances	\$ 601,294	5,890,200	7,094,872	18,974,113	7,470,407	5,867,256	45,898,142

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, 2020

	Special Revenue						Total
	Community development block grant	School grants	Parking fund	Community preservation act	Other grants	Permanent funds	
Revenues:							
Intergovernmental	\$ 923,754	14,115,552	787,924	2,752,769	12,323,481	—	30,903,480
Investment income	—	—	1,098,674	188,540	8,884	131,791	1,427,889
Other:							
Permits	—	—	875,531	—	—	—	875,531
Fines	—	—	7,522,786	—	—	—	7,522,786
Charges for services	—	—	9,928,041	—	—	—	9,928,041
Miscellaneous	—	1,759,249	122,885	12,075,618	365,058	4,944,588	19,267,398
Total revenues	923,754	15,874,801	20,335,841	15,016,927	12,697,423	5,076,379	69,925,125
Expenditures:							
General government	—	—	—	10,000	4,952,849	3,488,078	8,450,927
Public safety	—	—	—	—	2,072,914	—	2,072,914
Community maintenance and development	624,129	—	—	476,836	1,866,740	—	2,967,705
Human services	233,605	—	—	514,627	8,057,308	—	8,805,540
Education	—	14,599,758	—	—	—	—	14,599,758
Total expenditures	857,734	14,599,758	—	1,001,463	16,949,811	3,488,078	36,896,844
Excess (deficiency) of revenues over expenditures	66,020	1,275,043	20,335,841	14,015,464	(4,252,388)	1,588,301	33,028,281
Other financing sources (uses):							
Transfers from other funds	—	—	—	—	1,000,000	—	1,000,000
Transfers to other funds	(66,020)	—	(26,852,895)	(10,576,000)	—	(40,000)	(37,534,915)
Excess (deficiency) of revenues over expenditures and transfers	—	1,275,043	(6,517,054)	3,439,464	(3,252,388)	1,548,301	(3,506,634)
Fund balances at beginning of year	—	4,125,277	13,610,911	14,613,309	8,253,124	4,318,955	44,921,576
Fund balances at end of year	\$ —	5,400,320	7,093,857	18,052,773	5,000,736	5,867,256	41,414,942

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2020

Pension and OPEB Trust Funds

The 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.

The 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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Net Position

June 30, 2020

Assets	Fiduciary Units		Total
	Employee retirement plan 12/31/2019	OPEB Trust fund 6/30/2020	
Cash and cash equivalents	\$ 9,234,999	111,370	9,346,369
Dividend and interest receivable	458,315	—	458,315
Other assets	456,603	—	456,603
Investments, at fair value:			
Fixed income securities	58,824,164	10,722,401	69,546,565
Equities	20,534,791	9,865,050	30,399,841
Pooled investments:			
Fixed income	127,463,138	—	127,463,138
Real estate	212,645,918	—	212,645,918
Domestic equities	550,472,826	—	550,472,826
International equities	203,466,808	—	203,466,808
International fixed income	66,119,549	—	66,119,549
Alternative	201,910,365	—	201,910,365
Total investments	1,441,437,559	20,587,451	1,462,025,010
Cash collateral on security lending	10,226,733	—	10,226,733
Total assets	1,461,814,209	20,698,821	1,482,513,030
Liabilities			
Accrued liabilities	848,016	—	848,016
Cash collateral on security lending	10,226,733	—	10,226,733
Total liabilities	11,074,749	—	11,074,749
Held in trust for pension benefits and other purposes	\$ 1,450,739,460	20,698,821	1,471,438,281

See independent auditors' report

CITY OF CAMBRIDGE, MASSACHUSETTS
Combining Statement of Changes in Net Position
Year ended June 30, 2020

	Fiduciary units		
	Employee retirement plan 12/31/2019	OPEB Trust fund 6/30/2020	Total
Additions:			
Contributions:			
Employers	\$ 42,708,371	25,119,795	67,828,166
Nonemployer – City	2,972,795	—	2,972,795
Plan members	23,809,697	—	23,809,697
Other systems	3,355,649	—	3,355,649
Commonwealth of Massachusetts	441,041	—	441,041
Total contributions	<u>73,287,553</u>	<u>25,119,795</u>	<u>98,407,348</u>
Investment earnings:			
Interest and dividends	28,133,592	70,062	28,203,654
Securities lending income	881,685	—	881,685
Net appreciation (depreciation) in the fair value of investments	182,540,440	229,482	182,769,922
Less:			
Management fees	(9,663,001)	—	(9,663,001)
Borrower rebates and fees under securities lending program	(806,106)	—	(806,106)
Net investment earnings	<u>201,086,610</u>	<u>299,544</u>	<u>201,386,154</u>
Total additions	<u>274,374,163</u>	<u>25,419,339</u>	<u>299,793,502</u>
Deductions:			
Benefits	85,555,285	23,119,795	108,675,080
Refunds of contributions	1,934,722	—	1,934,722
Other systems	3,642,559	—	3,642,559
Administrative expenses	1,221,287	23,173	1,244,460
Total deductions	<u>92,353,853</u>	<u>23,142,968</u>	<u>115,496,821</u>
Change in net position	182,020,310	2,276,371	184,296,681
Net position, beginning of year	<u>1,268,719,150</u>	<u>18,422,450</u>	<u>1,287,141,600</u>
Net position, end of year	<u>\$ 1,450,739,460</u>	<u>20,698,821</u>	<u>1,471,438,281</u>

See independent auditors' report

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2020

Agency Funds

The City's Agency Funds are used to account for assets received and disbursed by the City acting in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS
 Combining Statement of Changes in Assets and Liabilities – Agency Funds
 Year ended June 30, 2020

Assets	Balance at June 30, 2019	Additions	Deductions	Balance at June 30, 2020
Cash and Cash Equivalents:				
Contract Bids	\$ 113,214	—	—	113,214
Plans	2,065	—	—	2,065
Tree Removals	485	—	—	485
Driveways	658,553	219,505	509,925	368,133
Sidewalk Openings	150	—	—	150
In Lieu of Bond	70,945	—	—	70,945
License Commission	10,149	—	—	10,149
Cambridge Police Detail	152,982	5,200,249	5,164,560	188,671
Cambridge Fire Detail	78,970	2,324,707	2,307,697	95,980
Dog Licenses	10,657	—	—	10,657
Sporting Licenses	2,390	—	—	2,390
Constable Fees	251,288	48,016	47,945	251,359
Meal Tax Agency	36,619	—	—	36,619
Senior Cab	4,279	—	—	4,279
Water Service Renewal	17,422	—	—	17,422
Undistributed Interest	16	—	—	16
Purchase of Trees	859,245	24,832	374,170	509,907
Accident and life Insurance	971,118	301,333	688,969	583,482
Medicare	2,804	—	—	2,804
Car Seat Program	1,539	—	—	1,539
Deferred Compensation	1,410	—	—	1,410
Legal Fees	23,528	—	—	23,528
Retirement Office Payroll	915,183	267,459	614,887	567,755
Continental Casualty	12,407	—	—	12,407
Teacher Insurance Reimbursement	4,940	—	—	4,940
Teachers Retirement	1,884,217	702,339	600,000	1,986,556
Excise Registry Fees	13,857	—	—	13,857
3 Bigelow Contingency Fund	58,947	2,067	—	61,014
Retroactive Wages	6	—	—	6
Land Court Fees	55,608	—	—	55,608
Choke Program	1,182	—	—	1,182
Payroll Checks	64,992	—	—	64,992
Retirement Checks	14,693	—	—	14,693
Unclaimed Checks	265,324	—	—	265,324
Stop Payments	22,667	—	—	22,667
Sewer Abatement Appraisal Fee	10,495	—	—	10,495
Water Department Deposits	964,310	159,500	46,000	1,077,810
Salem State Reading Spec. Prog	501	—	—	501
Citizens Bank Cks June 2012	728,557	—	—	728,557
Parking Garage Deposits	245,218	72,780	27,775	290,223
MASCO/Shuttle Program	1,597	1,440	1,600	1,437
Twelve Mt. Auburn	7,684	—	—	7,684
Blue Cross	6,112	—	—	6,112
Hackney Applications	5,386	—	—	5,386
Purchase of Bike Racks	5,138	—	—	5,138
Recycling Bins	228	—	—	228
Levangie/J.P. Construction Co.	1,681	—	—	1,681
Forty-Three Mt. Auburn Rents	2,028	—	—	2,028
Police – Found Cash	17,496	1,377	—	18,873
Firearms Recordkeeping Fund	12,502	8,950	10,375	11,077
Cambport Roadways Plan Fund	38	—	—	38
Tenant – 199 Prospect St.	25,901	—	—	25,901
Estate of George W. Boyce	54,591	—	—	54,591
Kendall Sq. Fire Station	150,000	—	—	150,000
Computers for Kids	1,000	—	—	1,000
Payroll Payable	(65,418)	—	269	(65,687)
Robert Chambers Settlement	7,799	—	—	7,799
Peabody School Fund	2,778	2,831	3,497	2,112
Fletcher/Maynard School Fund	317	11,387	14,760	(3,056)
Cambridgeport School Fund	1,493	20,809	7,826	14,476
Kennedy Longfellow School Fund	594	788	1,102	280
Graham & Parks School Fund	4,550	2,993	7,075	468
Putnam Ave Upper School Fund	5,433	4,842	6,845	3,430
Rindge Ave Upper School Fund	4,620	7,082	7,993	3,709
Baldwin School Fund	177	256	—	433
Amigos School Fund	316	2,017	1,061	1,272
Haggerty School Fund	(661)	5,189	4,500	28
King School Fund	2,998	4,840	7,360	478
King Open School Fund	—	251	—	251
Morse School Fund	331	5	—	336
Tobin School Fund	555	10	—	565
Vassal Lane Upper School Fund	9,129	99	5,626	3,602
CRLS Activities Fund	27,490	78,911	580	105,821
CRLS Scholarships Fund	67,300	51,854	68,453	50,701
Fletcher Maynard AP Fund	91	692	760	23
School Admin Agency Fund	6	—	—	6
CRLS Clubs Fund	—	84,923	—	84,923
CRLS Classes Fund	—	5,207	—	5,207
Total	\$ 8,894,212	9,619,540	10,531,610	7,982,142

CITY OF CAMBRIDGE, MASSACHUSETTS
 Combining Statement of Changes in Assets and Liabilities – Agency Funds
 Year ended June 30, 2020

Liabilities	Balance at June 30, 2019	Additions	Deductions	Balance at June 30, 2020
Guarantee deposits and amounts due other:				
Contract Bids	\$ 113,214	—	—	113,214
Plans	2,065	—	—	2,065
Tree Removals	485	—	—	485
Driveways	658,553	219,505	509,925	368,133
Sidewalk Openings	150	—	—	150
In Lieu of Bond	70,945	—	—	70,945
License Commission	10,149	—	—	10,149
Cambridge Police Detail	152,982	5,200,249	5,164,560	188,671
Cambridge Fire Detail	78,970	2,324,707	2,307,697	95,980
Dog Licenses	10,657	—	—	10,657
Sporting Licenses	2,390	—	—	2,390
Constable Fees	251,288	48,016	47,945	251,359
Meal Tax Agency	36,619	—	—	36,619
Senior Cab	4,279	—	—	4,279
Water Service Renewal	17,422	—	—	17,422
Undistributed Interest	16	—	—	16
Purchase of Trees	859,245	24,832	374,170	509,907
Accident and life Insurance	971,118	301,333	688,969	583,482
Medicare	2,804	—	—	2,804
Car Seat Program	1,539	—	—	1,539
Deferred Compensation	1,410	—	—	1,410
Legal Fees	23,528	—	—	23,528
Retirement Office Payroll	915,183	267,459	614,887	567,755
Continental Casualty	12,407	—	—	12,407
Teacher Insurance Reimbursement	4,940	—	—	4,940
Teachers Retirement	1,884,217	702,339	600,000	1,986,556
Excise Registry Fees	13,857	—	—	13,857
3 Bigelow Contingency Fund	58,947	2,067	—	61,014
Retroactive Wages	6	—	—	6
Land Court Fees	55,608	—	—	55,608
Choke Program	1,182	—	—	1,182
Payroll Checks	64,992	—	—	64,992
Retirement Checks	14,693	—	—	14,693
Unclaimed Checks	265,324	—	—	265,324
Stop Payments	22,667	—	—	22,667
Sewer Abatement Appraisal Fee	10,495	—	—	10,495
Water Department Deposits	964,310	159,500	46,000	1,077,810
Salem State Reading Spec. Prog	501	—	—	501
Citizens Bank Cks June 2012	728,557	—	—	728,557
Parking Garage Deposits	245,218	72,780	27,775	290,223
MASCO/Shuttle Program	1,597	1,440	1,600	1,437
Twelve Mt. Auburn	7,684	—	—	7,684
Blue Cross	6,112	—	—	6,112
Hackney Applications	5,386	—	—	5,386
Purchase of Bike Racks	5,138	—	—	5,138
Recycling Bins	228	—	—	228
Levangie/J.P. Construction Co.	1,681	—	—	1,681
Forty-three Mt. Auburn Rents	2,028	—	—	2,028
Police – Found Cash	17,496	1,377	—	18,873
Firearms Recordkeeping Cash	12,502	8,950	10,375	11,077
Cambport Roadways Plan Fund	38	—	—	38
Tenant – 199 Prospect St.	25,901	—	—	25,901
Estate of George W. Boyce	54,591	—	—	54,591
Kendall Sq. Fire Station	150,000	—	—	150,000
Computers for Kids	1,000	—	—	1,000
Payroll Payable	(65,418)	—	269	(65,687)
Robert Chambers Settlement	7,799	—	—	7,799
Peabody School Fund	2,778	2,831	3,497	2,112
Fletcher/Maynard School Fund	317	11,387	14,760	(3,056)
Cambridgeport School Fund	1,493	20,809	7,826	14,476
Kennedy Longfellow School Fund	594	788	1,102	280
Graham & Parks School Fund	4,550	2,993	7,075	468
Putnam Ave Upper School Fund	5,433	4,842	6,845	3,430
Rindge Ave Upper School Fund	4,620	7,082	7,993	3,709
Baldwin School Fund	177	256	—	433
Amigos School Fund	316	2,017	1,061	1,272
Haggerty School Fund	(661)	5,189	4,500	28
King School Fund	2,998	4,840	7,360	478
King Open School Fund	—	251	—	251
Morse School Fund	331	5	—	336
Tobin School Fund	555	10	—	565
Vassal Lane Upper School Fund	9,129	99	5,626	3,602
CRLS Activities Fund	27,490	78,911	580	105,821
CRLS Scholarships Fund	67,300	51,854	68,453	50,701
Fletcher Maynard AP Fund	91	692	760	23
School Admin Agency Fund	6	—	—	6
CRLS Clubs Fund	—	84,923	—	84,923
CRLS Classes Fund	—	5,207	—	5,207
Total	\$ 8,894,212	9,619,540	10,531,610	7,982,142

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2020

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, 2020.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

June 30, 2020

	Uncollected June 30, 2019	Commitments	Abatements	Transfers to tax title	Refunds	Collections	Adjustments increase (decrease)	Uncollected June 30, 2020
Real estate taxes:								
2009	\$ 1,352	—	—	—	—	(1,352)	—	—
2015	—	—	(42,181)	—	42,181	—	—	—
2016	—	—	(42,431)	—	49,487	(7,056)	—	—
2017	15,222	—	(103,318)	1,842	105,153	(6,164)	—	12,735
2018	1,494	—	(116,453)	6,653	125,915	(16,115)	—	1,494
2019	3,450,092	—	(152,270)	(455,727)	283,847	(2,831,868)	(164)	293,910
2020	—	421,035,421	(1,130,348)	—	122,225	(413,958,620)	146,864	6,215,542
Total real estate	\$ 3,468,160	421,035,421	(1,587,001)	(447,232)	728,808	(416,821,175)	146,700	6,523,681

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, 2020

	Uncollected June 30, 2019	Commitments	Abatements	Transfers to tax title	Refunds	Collections	Adjustments increase (decrease)	Uncollected June 30, 2020
Personal property taxes:								
2003	\$ 4,879	—	—	—	—	—	(1,932)	2,947
2004	4,801	—	—	—	—	—	(1,317)	3,484
2005	10,503	—	—	—	—	—	(3,923)	6,580
2006	5,401	—	—	—	—	(29)	(119)	5,253
2007	8,730	—	—	—	—	—	(859)	7,871
2008	9,197	—	—	—	—	—	(1,353)	7,844
2009	14,424	—	—	—	—	(1,082)	(1,604)	11,738
2010	21,077	—	—	—	—	(1,661)	(7,030)	12,386
2011	28,632	—	—	—	—	(1,687)	(9,492)	17,453
2012	45,421	—	—	—	—	(2,348)	(13,537)	29,536
2013	62,538	—	—	—	—	(2,082)	(25,255)	35,201
2014	54,735	—	(23,997)	—	23,997	(1,071)	(26,903)	26,761
2015	62,037	—	(23,940)	—	23,940	(3,040)	(24,639)	34,358
2016	192,226	—	(21,580)	—	21,580	(1,957)	(32,440)	157,829
2017	446,734	—	—	—	—	(23,729)	(146,064)	276,941
2018	474,738	—	(31,375)	—	31,375	(7,837)	(87,901)	379,000
2019	508,735	—	—	—	226,813	(322,130)	(218)	413,200
2020	—	21,289,331	(12,342)	—	2,004	(21,063,347)	842,562	1,058,208
Total personal property	1,954,808	21,289,331	(113,234)	—	329,709	(21,432,000)	457,976	2,486,590
Other	245,526	—	—	—	—	—	15,524	261,050
Property taxes	\$ <u>5,668,494</u>	<u>442,324,752</u>	<u>(1,700,235)</u>	<u>(447,232)</u>	<u>1,058,517</u>	<u>(438,253,175)</u>	<u>620,200</u>	<u>9,271,321</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, 2020

	Uncollected June 30, 2019	Commitments	Abatements	Transfers to tax title	Refunds	Collections	Adjustments increase (decrease)	Uncollected June 30, 2020
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	67,719	—	—	—	—	(94)	—	67,625
1991	50,944	—	—	—	—	—	—	50,944
1992	51,363	—	—	—	—	—	—	51,363
1993	48,542	—	—	—	—	—	—	48,542
1994	51,390	—	—	—	—	—	—	51,390
1995	55,723	—	—	—	—	—	—	55,723
1996	55,140	—	—	—	—	(35)	—	55,105
1997	46,847	—	—	—	—	(35)	—	46,812
1998	61,402	—	—	—	—	—	—	61,402
1999	107,941	—	—	—	—	(19)	—	107,922
2000	168,194	—	—	—	—	(85)	—	168,109
2001	210,204	—	—	—	—	(92)	—	210,112
2002	190,392	—	—	—	—	—	—	190,392
2003	169,271	—	—	—	—	—	—	169,271
2004	140,382	—	—	—	—	(27)	—	140,355
2005	113,325	—	—	—	—	(211)	—	113,114
2006	101,397	—	—	—	—	(548)	—	100,849
2007	134,250	—	—	—	—	(318)	—	133,932
2008	115,057	—	—	—	—	(29)	—	115,028
2009	95,624	—	—	—	—	(224)	—	95,400
2010	109,548	—	—	—	—	(408)	—	109,140
2011	112,165	—	—	—	—	(574)	—	111,591
2012	102,214	—	—	—	—	(282)	—	101,932
2013	97,454	—	(37)	—	—	(822)	—	96,595
2014	106,146	—	(95)	—	—	(2,112)	—	103,939
2015	114,954	—	(367)	—	313	(6,704)	5	108,201
2016	132,708	—	(699)	—	341	(11,150)	—	121,200
2017	155,577	—	(36,585)	—	36,592	(25,359)	—	130,225
2018	236,635	—	(15,824)	—	14,291	(62,289)	21	172,834
2019	630,337	889,174	(107,628)	—	93,725	(1,106,594)	(23)	398,991
2020	—	7,197,545	(268,994)	—	15,015	(5,797,613)	(265)	1,145,688
Total motor vehicle	\$ 4,039,806	8,086,719	(430,229)	—	160,277	(7,015,624)	(262)	4,840,687

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, 2020

	Interest rates	Issue dates	Final maturity date	Balance June 30, 2019	Additions	Retired	Balance June 30, 2020
Inside debt limit:							
War Memorial Renovations (MSBA)	2.00%	6/25/2009	11/1/2019	210,000	—	210,000	—
CRLS Renovations	2.00%–3.75%	2/15/2010	2/15/2030	13,750,000	—	1,250,000	12,500,000
Sewer Reconstruction	2.00%–3.00%	2/15/2010	2/15/2020	690,000	—	690,000	—
Yerxa Road Underpass Construction	2.00%–3.00%	2/15/2010	2/15/2020	30,000	—	30,000	—
War Memorial Renovations	2.00%–4.00%	2/15/2011	2/15/2021	30,000	—	15,000	15,000
Building Renovations	2.00%–4.00%	2/15/2011	2/15/2021	300,000	—	150,000	150,000
Replacement of Radio System	2.00%–4.00%	2/15/2011	2/15/2021	1,240,000	—	620,000	620,000
Old Police Station Renovations	2.00%–4.50%	2/15/2011	2/15/2031	2,400,000	—	200,000	2,200,000
CRLS Renovations	2.00%–4.50%	2/15/2011	2/15/2031	9,665,000	—	810,000	8,855,000
Harvard Square Enhancements	2.00%–4.00%	2/15/2011	2/15/2021	500,000	—	250,000	250,000
Danehy Park Improvements	2.00%–4.00%	2/15/2011	2/15/2021	140,000	—	70,000	70,000
Sewer Reconstruction	2.00%–4.00%	2/15/2011	2/15/2021	3,000,000	—	1,500,000	1,500,000
CRLS Renovations (MSBA)	2.00%	7/12/2011	11/1/2021	1,783,962	—	594,654	1,189,308
Building Renovations	2.00%	2/15/2012	2/15/2022	600,000	—	200,000	400,000
Old Police Station Renovations	2.00%–3.00%	2/15/2012	2/15/2032	6,825,000	—	525,000	6,300,000
Refunding Bonds (2004, 2005, 2006)	1.00%–5.00%	3/22/2012	1/1/2024	15,320,000	—	3,555,000	11,765,000
Street/Sidewalk Reconstruction	2.00%	2/15/2012	2/15/2022	300,000	—	100,000	200,000
Open Space Improvements	2.00%	2/15/2012	2/15/2022	390,000	—	130,000	260,000
Kendall Square Improvements	2.00%	2/15/2012	2/15/2022	90,000	—	30,000	60,000
Harvard Square Tunnel Improvements	2.00%	2/15/2012	2/15/2022	600,000	—	200,000	400,000
Sewer Reconstruction	2.00%	2/15/2012	2/15/2022	6,105,000	—	2,035,000	4,070,000
MCWT Loan (Gross Payment) (CW-10-04)	—%	6/13/2012	7/15/2022	4,051,588	—	1,010,619	3,040,969
King School Renovations	2.00%–3.00%	2/19/2013	2/15/2033	23,100,000	—	1,650,000	21,450,000
Old Police Station Renovations	2.00%–3.00%	2/19/2013	2/15/2033	2,840,000	—	205,000	2,635,000
Acquisitions of Fire Vehicles	2.00%–3.00%	2/19/2013	2/15/2023	495,000	—	125,000	370,000
City Hall Roof Replacement	2.00%–3.00%	2/19/2013	2/15/2023	400,000	—	100,000	300,000
Street/Sidewalk Reconstruction	2.00%–3.00%	2/19/2013	2/15/2023	400,000	—	100,000	300,000
Harvard Square Tunnel Improvements	2.00%–3.00%	2/19/2013	2/15/2023	600,000	—	150,000	450,000
Danehy Park Improvements	2.00%–3.00%	2/19/2013	2/15/2023	610,000	—	155,000	455,000
Kendall Square Improvements	2.00%–3.00%	2/19/2013	2/15/2023	200,000	—	50,000	150,000
Sewer Reconstruction	2.00%–3.00%	2/19/2013	2/15/2023	8,560,000	—	2,140,000	6,420,000
King School Renovations	3.00%–5.00%	2/18/2014	2/15/2034	13,875,000	—	925,000	12,950,000
Kendall Square Improvements	5.00%	2/18/2014	2/15/2024	500,000	—	100,000	400,000
Street/Sidewalk Reconstruction	5.00%	2/18/2014	2/15/2024	500,000	—	100,000	400,000
Harvard Square Tunnel Improvements	5.00%	2/18/2014	2/15/2024	500,000	—	100,000	400,000
Cambridge Common Improvements	5.00%	2/18/2014	2/15/2024	250,000	—	50,000	200,000
Sewer Reconstruction	5.00%	2/18/2014	2/15/2024	6,450,000	—	1,290,000	5,160,000
MCWT Loan (CWP-13-03)	2.00%	1/7/2015	1/15/2025	8,214,899	—	1,296,624	6,918,275
King School Renovations	2.00%–5.00%	3/3/2015	2/15/2035	32,800,000	—	2,050,000	30,750,000
344 Broadway Building Renovations (Comprehensive)	2.00%–5.00%	3/3/2015	2/15/2025	900,000	—	150,000	750,000
School Building Renovations	2.00%–5.00%	3/3/2015	2/15/2025	450,000	—	75,000	375,000
Police Station Elevator Repairs	2.00%–5.00%	3/3/2015	2/15/2020	30,000	—	30,000	—
City Hall Women's Restroom	2.00%–5.00%	3/3/2015	2/15/2020	20,000	—	20,000	—
Old Police Station Renovations	2.00%–5.00%	3/3/2015	2/15/2020	20,000	—	20,000	—
Kendall Square Surface Improvements	2.00%–5.00%	3/3/2015	2/15/2025	2,400,000	—	400,000	2,000,000
Cambridge Common Improvements	2.00%–5.00%	3/3/2015	2/15/2025	700,000	—	120,000	580,000
Danehy Park Improvements	2.00%–5.00%	3/3/2015	2/15/2025	690,000	—	115,000	575,000
Street/Sidewalk Reconstruction	2.00%–5.00%	3/3/2015	2/15/2025	600,000	—	100,000	500,000

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds and Notes Payable

Year ended June 30, 2020

	Interest rates	Issue dates	Final maturity date	Balance June 30, 2019	Additions	Retired	Balance June 30, 2020
Golf Course Improvements	2.00%–5.00%	3/3/2015	2/15/2025	\$ 330,000	—	55,000	275,000
Sewer Reconstruction	2.00%–5.00%	3/3/2015	2/15/2025	14,185,000	—	2,450,000	11,735,000
Refunding Bonds (2005, 2006, 2007 and 2008)	2.00%–4.00%	3/4/2015	1/1/2028	32,090,000	—	2,815,000	29,275,000
School Building Renovations (Kennedy Longfellow Roof)	2.00%–4.00%	3/1/2016	2/15/2026	1,750,000	—	250,000	1,500,000
Police Station Elevator Repairs	2.00%–4.00%	3/1/2016	2/15/2021	60,000	—	30,000	30,000
Harvard Square Kiosk Design	2.00%–4.00%	3/1/2016	2/15/2021	240,000	—	120,000	120,000
King Open and Cambridge St. Upper School and Community Complex	2.00%–4.00%	3/1/2016	2/15/2036	9,350,000	—	550,000	8,800,000
Building Renovations (344 Broadway and Comprehensive)	2.00%–4.00%	3/1/2016	2/15/2026	2,450,000	—	350,000	2,100,000
Street/Sidewalk Reconstruction	2.00%–4.00%	3/1/2016	2/15/2026	2,800,000	—	400,000	2,400,000
Harvard Square Reconstruction	2.00%–4.00%	3/1/2016	2/15/2026	350,000	—	50,000	300,000
Sewer Reconstruction	2.00%–4.00%	3/1/2016	2/15/2026	8,915,000	—	1,275,000	7,640,000
MCWT Loan (CWP-13-03-A)	2.00 %	2/1/2016	1/15/2026	10,111,282	—	1,352,987	8,758,295
Building Renovation/Energy Improvements	3.00%–5.00%	3/1/2017	2/15/2027	1,870,000	—	235,000	1,635,000
Kennedy School Roof Replacement	3.00%–5.00%	3/1/2017	2/15/2027	1,640,000	—	205,000	1,435,000
Police Station Elevator Repairs	3.00%–5.00%	3/1/2017	2/15/2022	90,000	—	30,000	60,000
King Open and Cambridge St. Upper School and Community Complex	3.00%–5.00%	3/1/2017	2/15/2037	17,885,000	—	995,000	16,890,000
School Building Roof Repairs	3.00%–5.00%	3/1/2017	2/15/2027	1,865,000	—	235,000	1,630,000
School Boiler Maintenance	3.00%–5.00%	3/1/2017	2/15/2027	370,000	—	50,000	320,000
Comprehensive Facilities Improvements Plan	3.00%–5.00%	3/1/2017	2/15/2027	3,730,000	—	470,000	3,260,000
Cambridge Common Improvements	3.00%–5.00%	3/1/2017	2/15/2027	370,000	—	50,000	320,000
Harvard Square Surface Reconstruction	3.00%–5.00%	3/1/2017	2/15/2027	2,610,000	—	330,000	2,280,000
Street/Sidewalk Reconstruction	3.00%–5.00%	3/1/2017	2/15/2027	1,490,000	—	190,000	1,300,000
Sewer Reconstruction	3.00%–5.00%	3/1/2017	2/15/2027	16,815,000	—	2,110,000	14,705,000
Library Construction (Refunding)	4.00 %	6/12/2017	2/15/2029	4,865,000	—	495,000	4,370,000
CRLS Renovations (Refunding)	4.00 %	6/12/2017	2/15/2029	13,830,000	—	1,405,000	12,425,000
MWRA bond	— %	11/27/2017	11/15/2022	2,377,880	—	594,470	1,783,410
King Open and Cambridge St Upper School and Community Complex	3.0%–5.0%	3/1/2018	2/15/2038	56,146,000	—	2,955,000	53,191,000
Municipal Facilities Improvement Plan	4.3%–5.0%	3/1/2018	2/15/2028	3,960,000	—	440,000	3,520,000
Fletcher Maynard Academy Roof	4.3%–5.0%	3/1/2018	2/15/2028	1,190,000	—	135,000	1,055,000
School Boiler Maintenance	4.3%–5.0%	3/1/2018	2/15/2028	395,000	—	45,000	350,000
East Grand Junction design	4.6%–5.0%	3/1/2018	2/15/2023	740,000	—	185,000	555,000
Street / Sidewalk Reconstruction	4.3%–5.0%	3/1/2018	2/15/2023	3,165,000	—	355,000	2,810,000
Sewer Reconstruction	4.3%–5.0%	3/1/2018	2/15/2028	13,142,000	—	1,470,000	11,672,000
City Hall Improvements (Design)	5.0 %	3/6/2019	2/15/2024	1,830,000	—	370,000	1,460,000
831 Massachusetts Avenue/3 Bigelow St (MP/Feasibility)	5.0 %	3/6/2019	2/15/2024	920,000	—	185,000	735,000
Fire Headquarters (Design)	5.0 %	3/6/2019	2/15/2024	2,745,000	—	550,000	2,195,000
Tobin School (Design)	5.0 %	3/6/2019	2/15/2024	2,745,000	—	550,000	2,195,000
King Open and Cambridge St Upper School and Community Complex	3.00%–5.00%	3/6/2019	2/15/2039	45,855,000	—	2,295,000	43,560,000
Municipal Facilities Improvement Plan	5.0 %	3/6/2019	2/15/2029	4,325,000	—	435,000	3,890,000
School Boiler Maintenance	5.0 %	3/6/2019	2/15/2029	565,000	—	60,000	505,000
School Boiler Maintenance	5.0 %	3/6/2019	2/15/2029	520,000	—	55,000	465,000
East Grand Junction design	5.0 %	3/6/2019	2/15/2024	1,830,000	—	370,000	1,460,000
Harvard Square Kiosk	5.0 %	3/6/2019	2/15/2029	865,000	—	90,000	775,000
Street/Sidewalk Reconstruction	5.0 %	3/6/2019	2/15/2029	2,595,000	—	260,000	2,335,000
Riverside Reconstruction	5.0 %	3/6/2019	2/15/2029	2,595,000	—	260,000	2,335,000
Sewer Reconstruction	5.0 %	3/6/2019	2/15/2029	14,160,000	—	1,430,000	12,730,000
MWRA Bond	— %	3/7/2019	2/15/2029	2,812,625	—	281,262	2,531,363
King Open and Cambridge St. Upper School and Community Complex	2.00%–5.00%	3/5/2020	2/15/2040	—	8,810,000	—	8,810,000
City Hall Improvements (Construction)	5.0 %	3/5/2020	2/15/2030	—	820,000	—	820,000
Tobin School (Design)	5.0 %	3/5/2020	2/15/2025	—	8,925,000	—	8,925,000
School Building Upgrades	5.0 %	3/5/2020	2/15/2025	—	715,000	—	715,000
Municipal Facilities Improvement Plan	5.0 %	3/5/2020	2/15/2025	—	2,680,000	—	2,680,000
Harvard Square Kiosk	5.0 %	3/5/2020	2/15/2030	—	1,645,000	—	1,645,000
Street/Sidewalk Reconstruction	5.0 %	3/5/2020	2/15/2030	—	3,290,000	—	3,290,000
Riverside Reconstruction	5.0 %	3/5/2020	2/15/2030	—	1,645,000	—	1,645,000
Sewer Reconstruction	5.0 %	3/5/2020	2/15/2030	—	17,165,000	—	17,165,000
Total inside debt limit				489,665,236	45,695,000	55,660,616	479,699,620
Outside debt limit:							
Water:							
Water Series C 2007 Bonds	4.00%–5.00%	3/15/2007	8/1/2019	460,000	—	460,000	—
Total water				460,000	—	460,000	—
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				3,302,916	—	460,000	2,842,916
Total debt outstanding				\$ 492,968,152	45,695,000	56,120,616	482,542,536

See accompanying independent auditors' report.

STATISTICAL SECTION

CITY OF CAMBRIDGE, MASSACHUSETTS

June 30, 2020

Statistical Section

This part of the City of Cambridge's comprehensive annual 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.

Contents	Page
Financial trends: <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (See accompanying Management's Discussion and Analysis, Statement of Net Position and Statement of Activities):</i> General Government Expenditures by Function (GAAP Basis) – Last Ten Fiscal Years General Government Revenues by Source (GAAP Basis) – Last Ten Fiscal Years Net Position by Component – Last Ten Fiscal Years Changes in Net Position by Component – Last Ten Fiscal Years Fund Balances of Governmental Funds – Last Ten Fiscal Years Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	105
Revenue capacity: <i>These schedules contain information to help the reader assess the City's most significant revenue source, the property tax:</i> Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years Property and Motor Vehicle Tax Rates – Last Ten Fiscal Years Largest Principal Taxpayers – Current Year and Ten Years Ago Property Tax Levies and Collections – Last Ten Fiscal Years	112
Debt capacity: <i>These schedules contain information to assist the reader in assessing the City's current debt outstanding and their ability to issue additional debt in the future: (See accompanying note 8 of the basic financial statements):</i> Ratios of Outstanding Debt by Type – Last Ten Fiscal Years Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years Direct and Overlapping Governmental Activities Debt Legal Debt Margin Information – Last Ten Fiscal Years	116
Demographic and economic information: <i>These schedules contain information to help the reader understand the economic environment with which the City's financial activities take place and assist with comparisons over time and among other City's:</i> Demographic and Economic Statistics – Last Ten Calendar Years Principal Employers – Current Year and Ten Years Ago	120
Operating information: <i>These schedules contain information to provide contextual information about the City's operations and resources to help readers gain an understanding of the City's economic condition:</i> Full-Time Position Employees by Function/Program – Last Ten Fiscal Years Operating Indicators by Function/Program – Last Ten Fiscal Years Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	122
<i>Sources: Unless otherwise noted, the information contained in these schedules is derived from the comprehensive annual 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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government	\$ 41,729	41,039	43,290	38,852	38,656	33,317	33,235	34,894	35,852	35,892
Percentage of total	6.3 %	6.6 %	7.3 %	6.9 %	7.3 %	6.6 %	6.7 %	7.8 %	8.1 %	8.2 %
Percentage change	1.7	(5.2)	11.4	0.5	16.0	0.2	(4.8)	(2.7)	(0.1)	(10.5)
Public safety	143,442	139,422	132,296	128,759	116,756	117,991	112,496	106,985	103,389	100,414
Percentage of total	21.7 %	22.3 %	22.2 %	22.9 %	22.0 %	23.5 %	22.8 %	23.8 %	23.4 %	23.1 %
Percentage change	2.9	5.4	2.7	10.3	(1.0)	4.9	5.2	3.5	3.0	4.9
Community maintenance and development	56,419	54,666	51,393	48,449	46,667	46,004	40,570	39,175	36,683	36,459
Percentage of total	8.6 %	8.7 %	8.6 %	8.6 %	8.8 %	9.2 %	8.2 %	8.7 %	8.3 %	8.4 %
Percentage change	3.2	6.4	6.1	3.8	1.4	13.4	3.6	6.8	0.6	6.8
Human resource	48,359	45,380	41,678	38,125	36,155	34,302	32,861	32,143	30,919	29,586
Percentage of total	7.3 %	7.3 %	7.0 %	6.8 %	6.8 %	6.8 %	6.7 %	7.1 %	7.0 %	6.8 %
Percentage change	6.6	8.9	9.3	5.4	5.4	4.4	2.2	4.0	4.5	5.2
Education	234,864	218,767	209,886	197,087	183,324	168,367	176,930	143,788	139,276	134,078
Percentage of total	35.6 %	35.0 %	35.2 %	35.0 %	34.5 %	33.6 %	35.9 %	32.0 %	31.6 %	30.8 %
Percentage change	7.4	4.2	6.5	7.5	8.9	(4.8)	23.0	3.2	3.9	1.1
Judgments and claims	201	2,311	197	371	2,715	122	52	76	4,113	9,029
Percentage of total	— %	0.4 %	— %	0.1 %	0.5 %	— %	— %	— %	0.9 %	2.1 %
Percentage change	(91.3)	1,073.1	(46.9)	(86.3)	2,125.4	134.6	(31.6)	(98.2)	(54.4)	—
State assessments	60,243	57,931	56,316	53,427	52,024	50,184	47,683	46,660	46,147	44,892
Percentage of total	9.1 %	9.3 %	9.4 %	9.5 %	9.8 %	10.0 %	9.7 %	10.4 %	10.5 %	10.3 %
Percentage change	4.0	2.9	5.4	2.7	3.7	5.2	2.2	1.1	2.8	5.8
Debt service	74,276	66,014	61,826	57,823	54,814	51,359	49,669	46,305	44,562	45,248
Percentage of total	11.3 %	10.6 %	10.4 %	10.3 %	10.3 %	10.2 %	10.1 %	10.3 %	10.1 %	10.3 %
Percentage change	12.5	6.8	6.9	5.5	6.7	3.4	7.3	3.9	(1.5)	4.7
Total expenditures	\$ 659,533	625,530	596,882	562,893	531,111	501,646	493,496	450,026	440,941	435,598
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	5.4	4.8	6.0	6.0	5.9	1.7	9.7	2.1	1.2	4.4

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

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Property taxes	\$ 439,072	412,522	391,038	375,682	356,247	342,853	327,999	315,777	297,724	281,812
Percentage of total	62.9 %	62.7 %	61.8 %	63.4 %	63.5 %	65.4 %	64.4 %	68.0 %	67.1 %	67.6 %
Percentage change	6.4	5.5	4.1	5.5	3.9	4.5	3.9	6.1	5.6	5.6
Motor vehicle excises	6,996	8,351	7,727	8,035	7,452	7,200	7,230	6,833	6,239	6,453
Percentage of total	1.0 %	1.3 %	1.2 %	1.4 %	1.3 %	1.4 %	1.4 %	1.5 %	1.4 %	1.5 %
Percentage change	(16.2)	8.1	(3.8)	7.8	3.5	(0.4)	5.8	9.5	(3.3)	4.4
Hotel/motel/meals	19,717	21,511	20,938	19,959	19,213	17,861	16,525	15,910	14,954	13,573
Percentage of total	2.8 %	3.3 %	3.3 %	3.4 %	3.4 %	3.4 %	3.2 %	3.4 %	3.4 %	3.3 %
Percentage change	(8.3)	2.7	4.9	3.9	7.6	8.1	3.9	6.4	10.2	45.0
Fines	374	282	304	342	364	488	500	608	599	637
Percentage of total	0.1 %	— %	— %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %
Percentage change	32.6	(7.2)	(11.1)	(6.0)	(25.4)	(2.4)	(17.8)	1.5	(6.0)	0.6
Intergovernmental	82,997	70,843	67,599	65,150	52,554	45,503	58,572	31,036	31,954	31,796
Percentage of total	11.9 %	10.8 %	10.7 %	11.0 %	9.4 %	8.7 %	11.5 %	6.7 %	7.2 %	7.6 %
Percentage change	17.2	4.8	3.8	24.0	15.5	(22.3)	88.7	(2.9)	0.5	(1.1)
Licenses and permits	40,396	41,272	40,662	29,051	32,181	27,561	23,329	25,213	20,832	14,273
Percentage of total	5.8 %	6.3 %	6.4 %	4.9 %	5.7 %	5.3 %	4.6 %	5.4 %	4.7 %	3.4 %
Percentage change	(2.1)	1.5	40.0	(9.7)	16.8	18.1	(7.5)	21.0	46.0	38.5
Payment in lieu of taxes	8,028	7,793	7,389	8,101	9,191	8,082	7,759	7,554	7,586	7,345
Percentage of total	1.1 %	1.2 %	1.2 %	1.4 %	1.6 %	1.5 %	1.5 %	1.6 %	1.7 %	1.8 %
Percentage change	3.0	5.5	(8.8)	(11.9)	13.7	4.2	2.7	(0.4)	3.3	3.4
Investment income	9,404	7,925	6,025	4,877	3,274	1,523	1,622	616	864	1,064
Percentage of total	1.3 %	1.2 %	1.0 %	0.8 %	0.6 %	0.3 %	0.3 %	0.1 %	0.2 %	0.3 %
Percentage change	18.7	31.5	23.5	49.0	115.0	(6.1)	163.3	(28.7)	(18.8)	(16.5)
Charges for services	55,906	54,875	51,427	48,334	48,819	47,921	41,690	40,020	40,579	40,347
Percentage of total	8.0 %	8.3 %	8.1 %	8.2 %	8.7 %	9.1 %	8.2 %	8.6 %	9.2 %	9.7 %
Percentage change	1.9	6.7	6.4	(1.0)	1.9	14.9	4.2	(1.4)	0.6	9.6
Departmental/other	35,268	32,973	39,531	33,067	31,403	25,363	24,064	20,654	22,126	19,652
Percentage of total	5.1 %	5.0 %	6.2 %	5.6 %	5.7 %	4.9 %	4.8 %	4.5 %	5.1 %	4.8 %
Percentage change	7.0	(16.6)	19.5	5.3	23.8	5.4	16.5	(6.7)	12.6	2.7
Total revenues	\$ 698,158	658,347	632,640	592,598	560,698	524,355	509,290	464,221	443,457	416,952
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	6.0	4.1	6.8	5.7	6.9	3.0	9.7	4.7	6.4	7.0

(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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 497,650,641	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
Restricted	13,631,945	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
Unrestricted	115,221,403	100,571,712	121,839,635	131,964,205	15,974,060	1,931,327	(14,425,882)	(391,023,437)	(406,887,103)	(435,226,779)
Total governmental activities net position	\$ <u>626,503,989</u>	<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>
Business-type activities:										
Net investment in capital assets	\$ 109,176,777	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
Unrestricted	6,276,508	7,765,682	8,594,828	10,231,969	13,379,993	17,982,299	13,682,522	10,988,999	11,893,193	15,132,817
Total business-type activities net position	\$ <u>115,453,285</u>	<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>
Primary government:										
Net investment in capital assets	\$ 606,827,418	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
Restricted	13,631,945	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
Unrestricted	121,497,911	108,337,394	130,434,463	142,196,174	29,354,053	19,913,626	(743,360)	(380,034,438)	(394,993,910)	(420,093,962)
Total primary government net position	\$ <u>741,957,274</u>	<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>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
General government	\$ 46,676,807	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
Public safety	122,033,751	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
Community maintenance and development	90,907,773	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
Human resource development	45,752,191	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
Education	171,283,824	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
Interest on long-term debt	9,756,666	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
Total governmental activities	<u>486,411,012</u>	<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>
Business-type activities:										
Water	13,544,425	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
Total business-type activities expenses	<u>13,544,425</u>	<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>
Total primary government expenses	<u>\$ 499,955,437</u>	<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>
Program revenues:										
Governmental activities:										
Charges for services:										
Public safety	\$ 37,946,079	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
Community maintenance and development	42,168,021	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
Human resource and development	3,606,526	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
Other activities	1,978,164	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
Operating grants and contributions	25,562,766	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
Capital grants and contributions	9,091,275	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
Total governmental activities program revenues	<u>120,352,831</u>	<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>
Business-type activities:										
Charges for services:										
Water	19,130,204	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
Total business-type program revenues	<u>19,130,204</u>	<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>
Total primary government program revenues	<u>\$ 139,483,035</u>	<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>
Net (expense) revenue:										
Governmental activities	\$ (366,058,181)	(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)
Business-type activities	5,585,779	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
Total primary government net expense	<u>\$ (360,472,402)</u>	<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>

CITY OF CAMBRIDGE, MASSACHUSETTS

Changes in Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 282,244,351	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
Excise taxes	19,977,226	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
Unrestricted grants and contributions	31,795,812	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
Payments in lieu of taxes	7,344,911	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
Investment income	1,255,842	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
Miscellaneous	18,978,421	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
Transfers	687,510	693,955	705,575	705,575	709,855	714,085	717,805	719,125	720,475	721,865
Total governmental activities	<u>362,284,073</u>	<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>
Business-type activities:										
Investment income	131,185	113,475	100,337	111,084	192,482	256,700	183,888	107,473	139,248	89,635
Transfers	(687,510)	(693,955)	(705,575)	(705,575)	(709,855)	(714,085)	(717,805)	(719,125)	(720,475)	(721,865)
Total business-type activities	<u>(556,325)</u>	<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>
Total primary government	<u>\$ 361,727,748</u>	<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>
Change in net position:										
Governmental activities	\$ (3,774,108)	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
Business-type activities	5,029,454	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
Total primary government	<u>\$ 1,255,346</u>	<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>

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal years									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund:										
Nonspendable	\$ 1,668,986	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
Assigned	—	—	—	—	—	12,180,000	14,200,000	11,000,000	16,500,000	24,500,000
Committed	42,061,955	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
Unassigned	99,698,895	126,726,779	149,940,041	166,222,585	202,673,242	215,772,588	229,632,250	255,838,733	265,107,570	225,659,635
Total general fund	<u>\$ 143,429,836</u>	<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>
All other governmental funds:										
Nonspendable	\$ 2,075,173	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
Restricted	70,523,371	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
Committed	56,302,807	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
Total all other governmental funds	<u>\$ 128,901,351</u>	<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>

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal years									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Real and personal property taxes	\$ 281,812,153	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
Excises:										
Hotel/motel/meals (1)	13,573,132	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
Motor vehicles	6,452,602	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
Payments in lieu of taxes	7,344,911	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
Intergovernmental	66,449,853	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
Investment income	1,255,842	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
Sewer use charges	40,346,895	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
Departmental and other	65,720,424	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
Total revenues	482,955,812	516,836,505	550,745,640	603,801,290	606,619,429	635,881,446	667,374,074	726,558,257	754,740,315	782,297,363
Expenditures:										
General government	36,409,755	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
Public safety	101,853,345	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
Community maintenance and development	51,507,080	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
Human resource development	38,368,426	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
Education (2)	146,220,378	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
Judgments and claims	9,029,151	4,112,551	75,633	52,394	121,540	2,714,745	371,023	196,843	2,311,069	201,386
State and district assessments	44,892,107	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
Capital outlays (3)	73,656,249	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
Debt service:										
Interest (2)	10,418,972	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
Principal (2)	35,868,095	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
Total expenditures	548,223,558	551,306,176	568,364,021	607,850,626	659,701,717	670,509,388	671,521,495	748,927,475	801,683,082	811,280,954
Excess of revenues over (under) expenditures	(65,267,746)	(34,469,671)	(17,618,381)	(4,049,336)	(53,082,288)	(34,627,942)	(4,147,421)	(22,369,218)	(46,942,767)	(28,983,591)
Other financing sources (uses):										
Premium on bond issue	1,030,857	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
Bond proceeds	46,220,000	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
Transfer in	31,693,559	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
Transfer out	(31,006,049)	(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)
Transfer (out) to Fiscal Escrow Agent	—	(29,029,117)	—	—	(42,222,413)	—	(21,691,521)	—	—	—
Total other financing sources (uses)	47,938,367	58,881,699	71,571,567	39,708,315	97,302,932	53,222,823	59,422,990	88,095,663	85,184,054	54,654,769
Net change in fund balances	\$ (17,329,379)	24,412,028	53,953,186	35,658,979	44,220,644	18,594,881	55,275,569	65,726,445	38,241,287	25,671,178
Debt service as a percentage of noncapital expenditures	9.75 %	9.29 %	9.62 %	9.50 %	9.64 %	9.50 %	9.73 %	9.77 %	9.83 %	10.34 %

- (1) The City started charging Meals Tax in 2010 and has added it to the Hotel/Motel/Meals category since then.
- (2) Adjusted to reflect reclassification of debt service payments that are included in education expense in basic financial statements.
- (3) 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
2011	\$ 14,824	5,528	2,850	960	24,162	8.16	19.90	12.70
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

(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

Fiscal year		Residential real property	Commercial and industrial real property	Personal property	Motor vehicle
2011	\$	8.16	19.90	19.90	25.00
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

(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	2020			Taxpayer	2010		
	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)	\$ 5,019,163,400	61,171,974	13.96 %	Massachusetts Institute of Technology (1)	\$ 1,653,078,400	32,394,696	12.06 %
Alexandria Real Estate	2,085,375,800	26,442,565	6.04	BioMed Realty Trust	743,567,500	14,263,043	5.31
BioMed Realty Trust	1,585,747,400	20,018,114	4.57	Boston Properties	521,326,800	10,068,124	3.75
Boston Properties	1,099,171,900	13,307,615	3.04	Equity Partners	286,590,100	5,160,586	1.92
MBA-Rogers Street, LLC	564,623,900	7,051,360	1.61	Presidents and Fellows of Harvard College (1)	373,663,300	4,908,853	1.83
Presidents & Fellows of Harvard College (1)	718,745,200	6,188,980	1.41	New England Development	210,140,700	4,058,342	1.51
PREEF American Reit II Corp.	426,417,700	5,406,976	1.23	Novartis Pharmaceuticals	206,147,100	3,981,216	1.48
Novartis Pharmaceuticals	355,629,700	4,509,385	1.03	PREEF American Reit II Corp.	200,973,900	3,881,308	1.44
DivcoWest	395,684,200	4,079,467	0.93	RB Kendall Fee LLC	191,221,900	3,670,511	1.37
New England Development	309,159,270	3,920,140	0.89	Alexandria Real Estate	141,379,800	2,732,913	1.02
Total	\$ 12,559,718,470	152,096,576	34.71 %		\$ 4,528,089,500	85,119,592	31.69 %

(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
2011	\$ 285.20	281.00	98.53	1.10	282.10	98.91
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	2.86	371.26	98.92
2018	392.70	387.58	98.70	2.51	390.22	99.37
2019	413.60	408.50	98.77	2.64	408.50	98.77
2020	442.30	434.90	98.33	N/A	434.90	98.33

(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				
2011	\$ 300,670,017	265,000	5,786,728	21,895,000	328,616,745	6.86	3,125	1.36
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

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

- a. See page 120 for per capita income and population data. These ratios are calculated using per capita income and population from prior calendar year.
- b. See page 112 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

Fiscal year	General obligation bonds outstanding	Total taxable assessed value	Per capita (a)	Ratio of debt to taxable assessed valuation (b)
2011	\$ 322,565,017	24,162,000,000	3,067	1.34
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

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

- a. See page 120 for median family income and population data. These ratios are calculated using median family income and population from prior calendar year.
- b. See page 112 for the taxable assessed valuation figures.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS
Direct and Overlapping Governmental Activities Debt
June 30, 2020

<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	\$ 507,261,671	—	100.00 %	507,261,671
Massachusetts Water Resources Authority	—	3,227,492,000	5.09	164,159,482
Total direct and overlapping debt	<u>\$ 507,261,671</u>	<u>3,227,492,000</u>		<u>671,421,153</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 2020 equalized valuation (1)	\$ 49,449,365,600
Debt limit (5% of assessed value) (2)	<u>2,472,468,280</u>
Debt applicable to limit:	
General obligation bonds	479,699,620
Total authorized/unissued	<u>394,274,500</u>
Total debt outstanding plus authorized/unissued	873,974,120
Less general obligation bonds exempted by authority of the State legislature	<u>—</u>
Amount within debt limit	<u>873,974,120</u>
Legal debt margin	\$ <u>1,598,494,160</u>

	<u>Fiscal year (dollars in thousands)</u>									
	<u>2011</u>	<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>
Debt limit	\$ 1,408,101	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
Total net debt applicable to limit	<u>405,608</u>	<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>
Legal debt margin	\$ <u>1,002,493</u>	<u>1,034,132</u>	<u>853,852</u>	<u>868,129</u>	<u>1,012,256</u>	<u>852,308</u>	<u>1,362,064</u>	<u>1,333,425</u>	<u>1,810,163</u>	<u>1,598,494</u>
Total net debt applicable to the limit as a percentage of debt limit	28.81 %	26.56 %	35.90 %	34.83 %	31.91 %	42.67 %	31.16 %	32.61 %	26.79 %	35.35 %

(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, 2018.

(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>
2011	105,162	\$ 88,574	45,521	30.2	6,202	5.00
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

(1) Source 2011–2020: 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

Employer	2020			Employer	2010		
	Employees	Rank	Percentage of total city employment		Employees	Rank	Percentage of total city employment
Harvard University	12,565	1	9.40 %	Harvard University	11,382	1	10.49 %
MIT	9,311	2	6.97	MIT	8,167	2	7.53
City of Cambridge (2)	3,256	3	2.44	City of Cambridge (2)	2,657	3	2.45
Takeda Pharmaceutical	3,000	4	2.25	Mt. Auburn Hospital	2,056	4	1.89
Biogen Idec	2,421	5	1.81	Novartis Institute	1,946	5	1.79
Novartis Institute	2,267	6	1.70	Biogen Idec	1,654	6	1.52
Cambridge Innovation Center(3)	2,267	7	1.70	Cambridge Health Alliance	1,386	7	1.28
Cambridge Health Alliance	1,806	8	1.35	Genzyme Corporation	1,292	8	1.19
Mt. Auburn Hospital	1,789	9	1.34	Federal Government	1,199	9	1.10
Broad Institute	1,742	10	1.30	Draper Labs, Inc.	1,154	10	1.06
	<u>40,424</u>		<u>30.26 %</u>		<u>32,893</u>		<u>30.30 %</u>
Total average employed	133,630				108,520		

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

(2) Includes the Cambridge School Department

(3) The Cambridge Innovation Center is a start-up incubator that houses employees from 587 companies.

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government:										
Executive management	16	16	16	18	18	19	18	22	22	22
Clerk	10	10	10	11	10	10	10	9	10	10
Law	11	11	11	11	11	11	13	13	13	13
Finance	81	81	83	85	87	91	97	97	100	100
Other	15	15	14	14	14	15	16	16	14	14
Subtotal	133	133	134	139	140	146	154	157	159	159
Public safety:										
Fire	285	285	285	285	285	285	283	283	285	285
Police	311	311	311	317	318	319	316	322	327	329
Traffic	81	81	81	81	82	82	83	85	85	85
Inspectional	27	27	27	27	27	28	28	28	29	29
Emergency communication	38	38	38	38	41	42	50	51	53	53
Other	27	27	27	26	26	28	29	29	30	30
Subtotal	769	769	769	774	779	784	789	798	809	811
Community maintenance:										
Public works	213	213	213	213	215	222	228	232	239	242
Community development	44	44	43	43	45	49	54	57	61	61
Other	12	12	12	12	12	11	11	12	12	11
Subtotal	269	269	268	268	272	282	293	301	312	314
Human resource development:										
Library	65	65	66	68	68	68	69	70	72	75
Human services	136	136	139	141	143	144	160	163	172	173
Other	7	7	6	6	6	6	6	6	6	6
Subtotal	208	208	211	215	217	218	235	239	250	254
Education	1,274	1,257	1,334	1,438	1,470	1,504	1,548	1,586	1,653	1,716
Water	55	55	55	55	55	55	55	55	57	58
Grand total	2,708	2,691	2,771	2,889	2,933	2,989	3,074	3,136	3,240	3,312

Source: FTE Report, Budget Department

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Operating Indicators by Function/Program

Last Seven Fiscal Years

Function/program	2014	2015	2016	2017	2018	2019	2020
Emergency communications:							
911 call pickups (land lines)	19,024	18,135	17,567	17,325	14,086	14,294	12,968
911 call pickups (cell phones)	16,171	17,203	17,434	14,700	18,358	19,860	30,252
Percent of 911 calls answered within 20 seconds	99 %	99 %	99 %	99 %	99 %	99 %	99 %
Percent of dispatchers and supervisors fully cross-certified	27 %	30 %	33 %	35 %	45 %	36 %	40 %
Fire:							
Number of state-mandated inspections of facilities	1,088	1,088	1,088	1,110	1,150	1,150	1,170
First response to fire emergency within 4-8 minutes	95 %	95 %	95 %	93 %	93 %	90 %	90 %
Respond to EMS requests within 4-6 minutes, 90% of the time	95 %	95 %	95 %	93 %	93 %	90 %	90 %
Inspectional:							
Number of BZA applications	136	167	141	173	158	130	135
Number of compliance inspections (buildings)	4,852	4,641	6,383	6,316	6,433	5,872	4,371
Number of compliance inspections and re-inspections	2,351	1,999	1,999	2,712	2,640	2,409	1,949
Number of inspections (housing complaints)	4,743	4,076	4,087	4,610	3,191	4,085	3,498
Number of licensed dumpster inspections completed	914	635	633	1,097	1,108	1,007	937
Police:							
Number of part 1 crimes reported	2,868	3,010	2,850	2,362	2,340	2,412	1,129
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
Number of accidents citywide	n/a	1,733	1,560	1,589	1,444	1,473	2,331
Number of bicycle accidents citywide	145	169	168	174	139	155	116
Traffic:							
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
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 %
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 %
Community Development:							
Number of projects undergoing urban design review	46	25	41	43	38	38	30
Number of small businesses assisted through the Small Business Enhancement Program and Retail Interior Accessibility Program (a)	10	41	29	43	35	23	17
Transportation demand management programs that encourage walking, bicycling, and public transit (a)	10	10	10	12	10	16	20
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
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
New affordable inclusionary housing units approved	29	57	98	56	127	44	134
New households purchasing affordable homes through CDD	22	16	10	12	18	20	16
Public Works:							
Number of CPS buildings with food scrap collection for composting	8	10	13	14	18	18	18
Complete planting requests within 1 year (percent of requests)	97 %	90 %	80 %	70 %	68 %	69 %	90 %
Water:							
Meters replaced	392	314	327	427	438	304	222
Number of fire hydrants replaced	57	101	66	15	15	85	56

Source: Budget Department

CITY OF CAMBRIDGE, MASSACHUSETTS

Operating Indicators by Function/Program

Last Seven Fiscal Years

Function/program	2014	2015	2016	2017	2018	2019	2020
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
Number of clients served in youth and family services programs	1,102	2,600	2,600	2,695	2,610	2,616	2,670
Number of clients served through domestic violence and abuse prevention programs	74	70	68	70	68	55	64
Number of clients served through homelessness prevention/service programs	4,805	4,700	3,597	3,500	3,500	3,750	3,900
Number of students served at Community Learning Center	978	881	890	900	840	840	830
Number of clients receiving case management and information and referral services through elderly services	4,316	3,553	3,800	3,900	3,700	3,900	3,800
Number of families placed in housing Multi-Service Center	24	25	35	37	25	26	20
Number of residents served through the Cambridge Employment Program (CEP)	278	257	240	250	245	275	240
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
Number of parents participating in Baby University and Alumni Association activities	88	141	161	159	130	135	130
Number of families participating in Center for Families programming	726	864	715	725	750	725	700
Number of children served in summer camps	762	949	1,050	1,070	1,153	1,083	1,052
Number of teens enrolled in school year programming	532	397	500	500	500	500	400
Number of teens involved in summer programming (c)	399	369	378	375	1,475	1,475	1,500
Library:							
Check-outs	1,360,545	1,326,584	1,249,878	1,218,788	1,200,835	1,683,119	1,393,407
Select, purchase, and catalog new acquisitions for library collection	50,596	47,147	50,427	48,520	52,326	56,769	29,756
Number of items in collection	401,469	401,469	374,290	391,263	330,863	416,458	449,097
Provide a welcoming environment for all visitors at Main Library	601,078	579,935	592,377	556,198	565,422	553,623	379,975
Number of visitors to the branches	n/a	377,542	368,046	348,002	340,668	418,716	308,324
Education:							
Total enrollment	6,518	6,539	6,607	6,794	7,072	7,052	7,091

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

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire:										
Fire stations	8	8	8	8	8	8	8	8	8	8
Emergency vehicles	28	28	29	30	32	31	31	33	33	32
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	79	77	83	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	15	19	19
Streets (miles)	125	125	125	125	125	125	125	125	125	125
Electric:										
Streetlights	7,649	7,667	7,371	7,374	7,110	7,279	7,257	7,268	7,268	7,300
Traffic signals	185	185	185	184	185	188	180	181	187	191
Sewer:										
Sanitary sewers (miles)	150	149	150	151	151	148	148	149	148	148
Storm sewers (miles)	94	96	96	95	95	97	97	97	97	97
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	59
Baseball/softball diamonds	23	23	23	23	23	23	23	23	23	23
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	185	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)	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000
Reservoirs	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

Comprehensive Annual Financial Report

Year ended June 30, 2020

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

