

CITY OF CAMBRIDGE,
MASSACHUSETTS



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

JULY 1, 2018 – JUNE 30, 2019

CITY OF CAMBRIDGE, MASSACHUSETTS

Comprehensive
Annual Financial Report

Fiscal Year
July 1, 2018 through June 30, 2019

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:

King Open/Cambridge Streets Upper Schools and Community Complex

The \$159 million King Open/Cambridge Streets Upper Schools and Community Complex, designed by William Rawn Associates Architects, in association with Arrowstreet Architecture & Design, opened in September 2019.

The 273,000 square foot facility is a net zero-ready project that houses the King Open School(JK-5), Cambridge Street Upper School (6-8), Cambridge Public Schools Administration Offices, King Open Preschool, King Open Extended Day(KOED), Community Schools, Gold Star Pool, and the Valente Library.

Photo Credit: William Rawn Associates Architects, Inc. and Arrowstreet Architecture & Design

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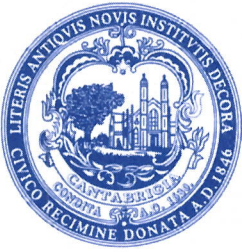
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City of Cambridge

FINANCE DEPARTMENT

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Cambridge, MA 02139
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December 23, 2019

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, 2019 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, 2018 which is its fiscal period for reporting to the Public Employee Retirement Administration Commission of the Commonwealth of Massachusetts.

Acknowledgments

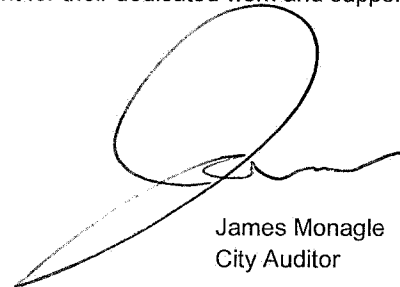
The City continues to show a strong financial position through responsible management of financial operations and through improved accounting and financial reporting practices. The sound financial decisions continued during the past fiscal year and will benefit the City in the years to come.

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

Respectfully submitted,



David J. Kale
Assistant City Manager
for Fiscal Affairs



James Monagle
City Auditor



City of Cambridge

Executive Department

LOUIS A. DePASQUALE
City Manager

LISA C. PETERSON
Deputy City Manager

December 23, 2019

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, 2019. 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, 2019. 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 2014, the Census Bureau estimated that the city's population had increased to 109,694.

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 January 8, 2021. 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, 2020.

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 FY19 was initiated in November 2017. 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 FY19 Budget to the City Council on April 23, 2018 and it was adopted on May 21, 2018. The Annual Budget for FY19 became effective July 1, 2018.

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. 61.6% 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: 2013–2017 American Community Survey (ACS))
- 28.2% of residents are foreign born. Of those, over 41.2% were born in Asia and 23.2% were born in Europe. (Source: 2013-2017 ACS)
- 32.5% of residents speak a language other than English at home. Of these, 21.5% speak Spanish and 27.7% speak Chinese. The remainder uses a wide variety of languages. (Source: 2013-2017 ACS)

- While the majority of new units are currently marketed as rentals, the 2013-2017 ACS found 36.2% of occupied housing units to be owner-occupied, and 63.8% to be renter-occupied.
- The Census recorded 44,234 households in 2017. Of these, 38% are single person households, one of the largest proportions in Massachusetts; 43% are family households; and 19% consist of roommates or unmarried partners. (Source: CDD)
- 19,112 families reside in Cambridge; 7,985 are families with minor children. (Source: 2013-2017 ACS)
- 76.5% of residents have a four-year college degree and 46% also have a graduate degree. Only 5.3% of residents age 25 or older lack a high school diploma. (Source: 2017 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, Cambridge College and the Massachusetts Institute of Technology. Over one-fourth of residents are students, and more than one in four of all jobs are in these institutions. 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 \$74,235 (Bureau of Economic Analysis, 2018) 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 September 2019 unadjusted unemployment rate of 2.0% 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 almost 23,500 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 400 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 33 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 FY19, the City's free cash position increased to \$246.6 million. This is an increase of \$14.9 million from the previous year and is the highest balance in the City's history.

The City ended FY19 with a total general fund balance of \$387.7 million, which represents 58.9% of general fund revenues, and is a 5.2% increase over FY18. Each year, a portion of the fund balance is allocated to committed, assigned, nonspendable accounts. A total of \$122.6 million was held as committed, assigned or nonspendable in FY19, leaving an unassigned fund balance of \$265.1 million.

The property tax levy for FY19 increased by 5.3%. The ten-year average increase in the property tax levy is 4.86%. The FY19 Budget adopted by the City Council in May 2018 projected a property tax levy increase of \$23 million, or 5.91%, to \$412,085,225 in order to fund operating and capital expenditures. The FY19 adopted operating budget increased by 4.22% over the FY18 Adjusted Budget.

In FY19, real estate property assessed valuations totaled \$49.0 billion, a \$5.4 billion or 12.28% increase from FY18. 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, 69.8% 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 \$28.6 million to \$599.0 million. In addition, the excess tax levy capacity, which is the difference between the levy limit and the tax levy was \$189.3 million in FY19, an increase of \$7.9 million or 4.35% from FY18.

The local portion of Community Preservation Act (CPA) funds are raised through a 3% surcharge on taxes. The total amount appropriated in FY19 was \$12.8 million (\$9.4 million local, \$1.3 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 FY19, the City has appropriated \$193.3 million in CPA funds with approximately \$51.4 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 FY19-FY23, which was adopted by the City Council in May 2018, has an estimated cost of \$539.2 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, 2019 totaled \$490.2 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

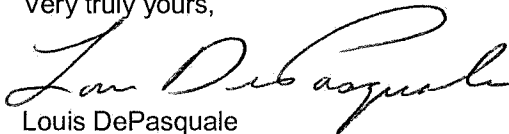
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2018. This was the 33rd consecutive year that the City has achieved this prestigious 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, 2018. 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 2019
Directory of Officials
City Council

Marc C. McGovern, Mayor

| | |
|--------------------------|------------------------|
| Jan Devereux, Vice Mayor | Sumbul Siddiqui |
| Dennis J. Carlone | E. Denise Simmons |
| Craig A. Kelley | Timothy J. Toomey, Jr. |
| Alanna M. Mallon | Quinton Y. Zondervan |

School Committee

Marc C. McGovern, Chair

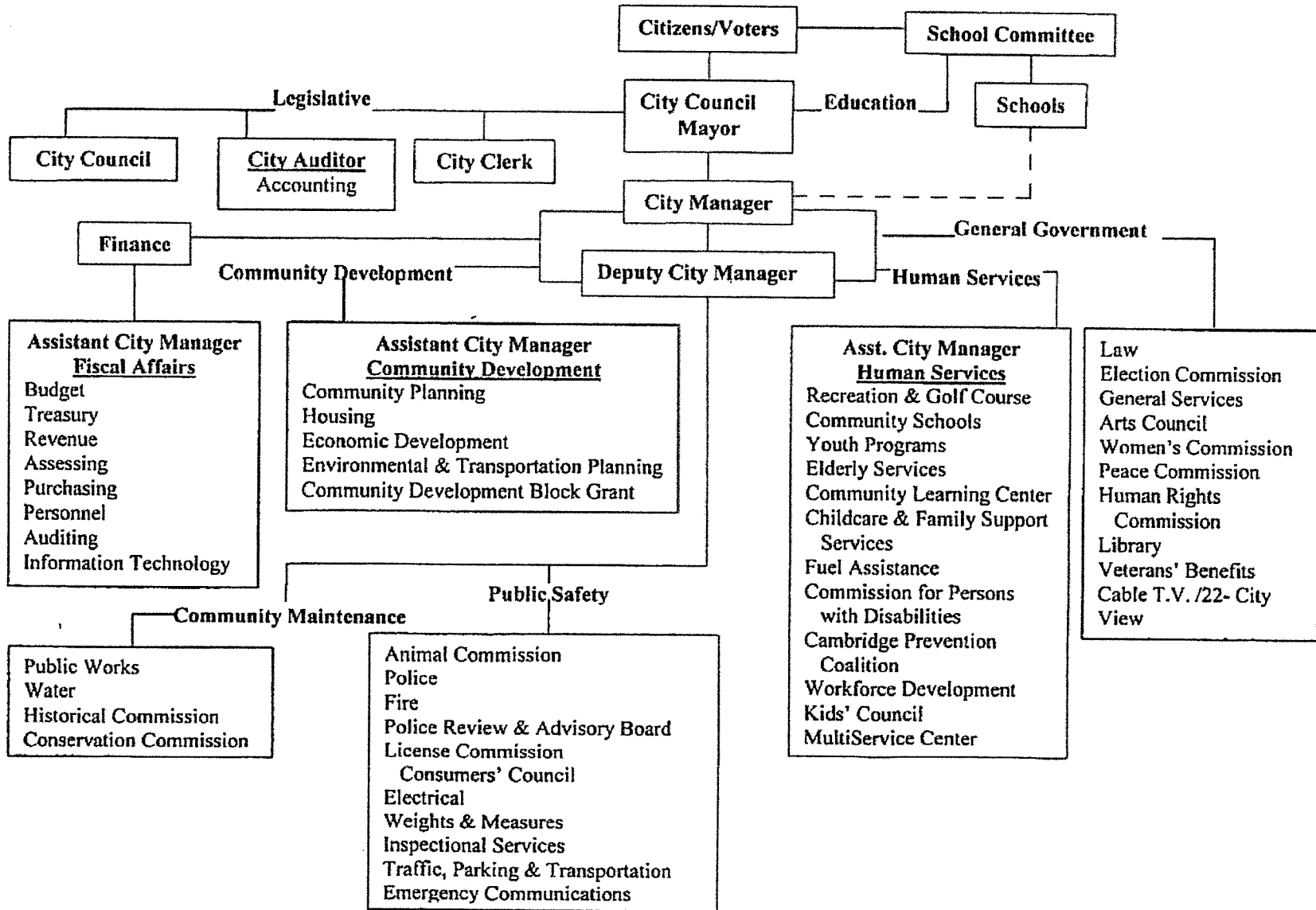
| | |
|-------------------|-----------------------|
| Manikka L. Bowman | Kathleen Kelly |
| Emily R. Dexter | Laurance V. Kimbrough |
| Alfred B. Fantini | Patricia M. Nolan |

Principal Executive Officers

| | |
|--|---------------------|
| City Manager | Louis A. DePasquale |
| Deputy City Manager | Lisa C. Peterson |
| Assistant City Manager for Fiscal Affairs | David J. Kale |
| 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 |
| Interim City Clerk | Paula Crane |

ORGANIZATIONAL CHART

City of Cambridge, Massachusetts





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, 2018

Christopher P. Morrill

Executive Director/CEO



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, 2019, 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 opinions, insofar as they relate to the amounts included for those entities, are 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, 2019, 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 December 23, 2019 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 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
December 23, 2019

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information Management's Discussion and Analysis

June 30, 2019

(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, 2019. 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.

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

Governmental Activities – Taxes and intergovernmental revenues primarily support the functions of the government and are reported in this section. Most of the City's basic services are reported here including general government, public safety, public works, parks and recreation, library, schools, human services, public health programs, state and district assessments, debt service and other employee benefits.

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

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

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

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

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

Complete financial statements for the CRA for its fiscal year ended December 31, 2018 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.

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

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

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

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Required Supplementary Information

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

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, 2019 by \$689.4 million (presented as net position). Of this amount, (\$395) million was reported as "unrestricted net position" and \$115.2 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 \$969.2 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 \$653.3 million, up 7.7% from prior year; net receivables of \$36.9 million up \$1.3 million from prior year.

Governmental activities long-term liabilities include \$456.5 million in general obligation bonds and notes payable; \$12.4 million in compensated absence liabilities for unused sick and vacation leave; and \$8.4 million in future year workers' compensation, health benefits and possible judgments. The major change in the long-term liabilities are attributable to the net pension obligation increase of \$102.3 million or 74.15% over FY18 mainly due to the drop of (\$66.9) million in the Fiduciary net position. Also, there was an increase in bonds and notes payable of \$26.0 million mainly attributed to the construction of the new school buildings.

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Business-type activity non-current portion of long-term liabilities include \$470 thousand in compensated absences and \$1.4 million in future year workers' compensation and health benefits.

Condensed Schedule of Net Position

June 30, 2019 and 2018

(in millions)

| | Governmental activities | | Business type activities | | Total primary government | |
|--|--------------------------------|----------------|---------------------------------|--------------|---------------------------------|----------------|
| | June 30 | | June 30 | | June 30 | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 693.7 | 644.9 | 15.2 | 13.8 | 708.9 | 658.7 |
| Capital assets | 1,285.2 | 1,189.1 | 134.2 | 134.5 | 1,419.4 | 1,323.6 |
| Total assets | 1,978.9 | 1,834.0 | 149.4 | 148.3 | 2,128.3 | 1,982.3 |
| Deferred outflow s | 121.2 | 75.5 | — | — | 121.2 | 75.5 |
| Total assets and deferred outflow s | \$ 2,100.1 | 1,909.5 | 149.4 | 148.3 | 2,249.5 | 2,057.8 |
| Long-term liabilities | \$ 1,337.4 | 1,213.6 | 1.8 | 1.6 | 1,339.2 | 1,215.2 |
| Other liabilities | 137.1 | 121.9 | 2.0 | 4.1 | 139.1 | 126.0 |
| Deferred inflow s | 81.7 | 101.2 | — | — | 81.7 | 101.2 |
| Total liabilities and deferred inflow s | \$ 1,556.2 | 1,436.7 | 3.8 | 5.7 | 1,560.0 | 1,442.4 |
| Net position: | | | | | | |
| Net investment in capital assets | \$ 835.5 | 778.2 | 133.7 | 131.6 | 969.2 | 909.8 |
| Restricted | 115.2 | 85.6 | — | — | 115.2 | 85.6 |
| Unrestricted | (406.9) | (391.0) | 11.9 | 11.0 | (395.0) | (380.0) |
| Total net position | \$ 543.8 | 472.8 | 145.6 | 142.6 | 689.4 | 615.4 |

Statement of Changes in Net Position

The City's total net position increased by \$74.0 million in fiscal year 2019 of which the governmental activities net position increased \$71.0 million and the business-type activity increased \$3.0 million. The continued investment in the City's capital assets of \$144.8 million and increased cash reserves of \$46.5 million are contributors to governmental activities increase in assets. The increase in long-term liabilities of \$123.8 million is mainly due to the increase in bonded debt and pension liability, offset by a slight decrease in the other post-employment benefits liability.

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

Condensed Schedule of Changes in Net Position

June 30, 2019 and 2018

(In millions)

| | Governmental activities | | Business-type activity | | Total primary government | |
|---|--------------------------------|--------------|-------------------------------|-------------|---------------------------------|--------------|
| | June 30 | | June 30 | | June 30 | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Charges for services | \$ 137.0 | 130.9 | 19.3 | 18.4 | 156.3 | 149.3 |
| Operating grants and contributions | 26.3 | 22.0 | — | — | 26.3 | 22.0 |
| Capital grants and contributions | 15.8 | 19.5 | — | — | 15.8 | 19.5 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes levied | 412.5 | 390.8 | — | — | 412.5 | 390.8 |
| Excises | 29.6 | 29.0 | — | — | 29.6 | 29.0 |
| Payment in lieu of taxes | 7.8 | 7.4 | — | — | 7.8 | 7.4 |
| Grants and contributions not restricted | 70.9 | 67.6 | — | — | 70.9 | 67.6 |
| Investment income | 8.0 | 7.4 | 0.1 | 0.1 | 8.1 | 7.5 |
| Miscellaneous | 49.4 | 51.3 | — | — | 49.4 | 51.3 |
| Total revenues | 757.3 | 725.9 | 19.4 | 18.5 | 776.7 | 744.4 |
| Expenses: | | | | | | |
| General government | 51.3 | 69.1 | — | — | 51.3 | 69.1 |
| Public safety | 165.3 | 145.6 | — | — | 165.3 | 145.6 |
| Community maintenance and development | 124.7 | 111.6 | — | — | 124.7 | 111.6 |
| Human resource development | 66.4 | 56.9 | — | — | 66.4 | 56.9 |
| Education | 263.7 | 245.8 | — | — | 263.7 | 245.8 |
| Water department | — | — | 15.7 | 14.2 | 15.7 | 14.2 |
| Interest | 15.6 | 13.4 | — | — | 15.6 | 13.4 |
| Total expenses | 687.0 | 642.4 | 15.7 | 14.2 | 702.7 | 656.6 |
| Excess before transfers | 70.3 | 83.5 | 3.7 | 4.3 | 74.0 | 87.8 |
| Transfers | 0.7 | 0.7 | (0.7) | (0.7) | — | — |
| Change in net position | 71.0 | 84.2 | 3.0 | 3.6 | 74.0 | 87.8 |
| Net position – beginning | 472.8 | 388.6 | 142.6 | 139.0 | 615.4 | 527.6 |
| Net position – ending | \$ 543.8 | 472.8 | 145.6 | 142.6 | 689.4 | 615.4 |

CITY OF CAMBRIDGE, MASSACHUSETTS

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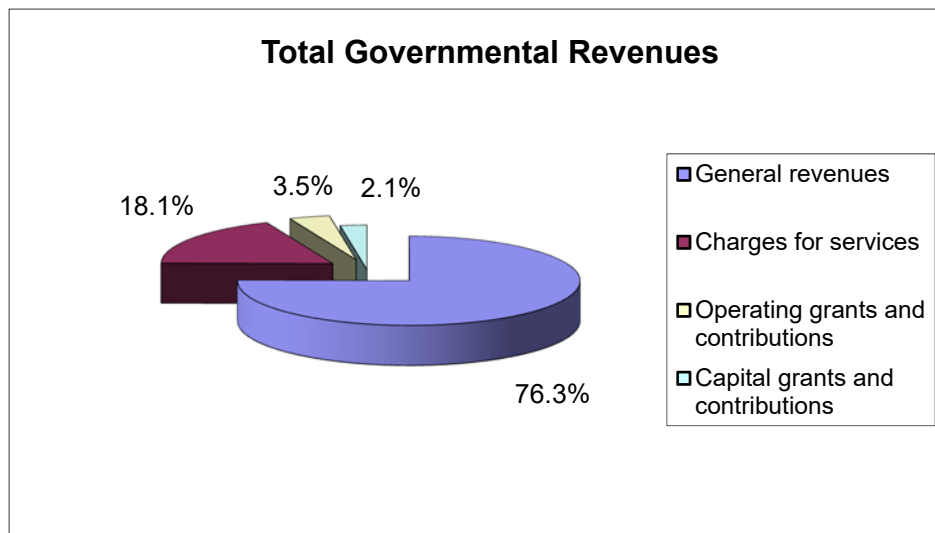
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Total Revenues

Total governmental activities revenues for the City are comprised of general revenues of \$578.2 million, charges for services \$137.0 million, operating grants and contributions \$26.3 million and capital grants and contributions of \$15.8 million.



General

Real estate tax revenues are the City's largest revenue source at \$412.5 million representing 71.3% of general revenues. The assessed tax valuation base is \$49.0 billion up from \$43.6 billion assessed in the prior year showing a 12.28% increase mainly due to an increase in new construction.

Grants and contributions not restricted to specific programs is \$70.8 million representing 12.25% of general revenues and include state cherry sheet revenues, Massachusetts Teachers Retirement System (MTRS) contributions and other unrestricted contributions. There was a \$3.2 million increase over prior year of which 53.1% of the upturn is due to a rise in State aid.

Program

Charges for services are \$137.0 million and represent a variety of department revenues. Charges for services increased \$6.0 million from the prior year. The public safety portion of \$71.0 million increased approximately \$1.0 million and includes several types of permit revenues, traffic and moving violation revenues, and City garage revenues. The community maintenance and development portion of \$58.1 million increased by \$5.3 million over prior year and includes sewer service revenues, community cable revenues, as well as, other public works type fees.

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Operating grants and contributions of \$26.3 million represents several federal and state grants restricted to specific grant conditions. This amount accounts for approximately 3.5% of the total City revenues. Capital grants and contributions of \$15.8 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, 2019, expenses for government activities totaled \$687.0 million, which cover a range of services including but not limited to public safety, education, and community maintenance. The City's expenses increased by \$44.5 million or 6.93% over prior year. The change encompasses increases in employee related costs, capital improvement costs, and increases in program costs from new initiatives.

The employee related costs increased approximately \$22.1 million and include pension costs, other post employment benefits, and increased salaries and wages mainly due to the addition of 25 new positions. Many of the new positions are to support key initiatives such as the preservation of the City's Affordable Housing units, the STEAM program, and many other human service and educational programs.

The costs related to capital improvements and affordable housing programs increased approximately \$9.9 million which include debt service, capital costs, and depreciation expense. Finally, the remainder of the expense increase is attributable to increase in instructional materials, books, and equipment to support new early childhood and library programs.

As stated above, the City's affordable housing initiative and the preservation of open space are very important. This is the seventeenth 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 2019, the City spent \$16.6 million from the Affordable Housing Trust to subsidize housing projects.

Business-Type Activity

Business-type activity slightly increased net position by \$3.0 million. Although the water rates did not increase in FY19, a slight rise in consumption and a decrease in debt service payments 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.

Governmental Funds

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$608.4 million. Of this amount, \$5.6 million has been categorized as nonspendable which includes permanent funds and healthcare deposits. Another \$166.9 million was restricted because the funds include grants or bonded projects that are controlled by external sources. Also, \$154.3 million has been committed for specific purposes such as stabilization funds, health claims trust fund, parking fund, etc., for which the

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movement of these funds must be approved by the highest legislative level at the City, which is the City Council. Finally, \$16.5 million has been assigned for encumbrance balances. The remainder of the Fund balance of \$265.1 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 \$265.1 million, while the total fund balance was \$387.7 million.

As a measure of liquidity, it may be useful to compare both unassigned and total fund balances to total fund expenditures. Unassigned fund balance represents 42.4% of total General Fund expenditures, while the total balance represents 61.9% of that same amount.

The capital fund captures all the capital projects expenditures for the City. At the end of fiscal year 2019, the total fund balance was \$137.3 million. This reflects an increase over the prior fiscal year of \$15.1 million.

The affordable housing trust fund is the fund that captures all the affordable housing project expenditures for the City. At the end of fiscal year 2019, the total fund balance was \$38.5 million. 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 \$11.9 million and a net investment in capital assets of \$133.7 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.

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 2019 actual revenues on a budgetary basis totaled \$607.5 million. This represents an increase of \$14.1 million or 2.4% from fiscal year 2018. Property taxes are the single largest revenue source, representing approximately 66.7% of general fund revenues, net of abatements. Sewer use receipts comprise the City's next

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largest revenue source, representing 9.0%. Other Income was significantly higher than budget because of building permits (\$14.9 million), mitigation receipts (\$5.5 million), and other permits (\$5.2 million) received through the general fund.

Expenditures

During fiscal year 2019, total expenditures increased by \$30.4 million or 5.3% on a budgetary basis as compared to fiscal year 2018 at \$573.3 million which was mainly due to 2.5% cost of living increase and 6.6% increase related to pensions.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the City's capital assets of its governmental activities and business-type activity amounted to \$1.42 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 \$513.3 million in outstanding bonds and notes compared to \$483.2 million last year. Table below in millions.

| | <u>Governmental activities</u> | | <u>Business-type activity</u> | | <u>Totals</u> | |
|--|--------------------------------|-------------|-------------------------------|-------------|---------------|-------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| General obligation bonds and notes payable | \$ 512.8 | 480.3 | 0.5 | 2.9 | 513.3 | 483.2 |

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

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

Economic Factors and Next Year's Budgets and Rates

The City's tax levy increased \$28.3 million, or 6.9%, to \$438.1 million in fiscal year 2020. Despite this increase, the City's excess tax capacity, an extremely important indication of the City's financial health, increased from \$189.4 million in FY19 to \$190.3 million in FY20, a .52% increase.

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The FY 20 operating budget increased by 5.7% over the FY 19 adjusted budget. The increase is attributable to an addition of thirty new full-time positions to support new programs and enhance the City's community engagement capacity. The capital budget of \$101 million is a 4.1% decrease from prior year based upon the Five-Year Public Investment Plan.

New Accounting Standards

The GASB has issued Statement No. 83 "*Certain Asset Retirement Obligations*." This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

The GASB has issued Statement No. 88 "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*." The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

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, 2018.

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

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lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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, 2019.

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, 2018.

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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, 2020.

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, 2019

| Assets and Deferred Outflows of Resources | Primary government | | | Discretely presented component units |
|---|-------------------------|------------------------|---------------|--------------------------------------|
| | Governmental activities | Business-type activity | Total | |
| Cash and investments | \$ 652,730,802 | 10,632,480 | 663,363,282 | 332,265,318 |
| Cash and investments held by trustees | 600,000 | — | 600,000 | 5,695,557 |
| Receivables, net: | | | | |
| Property taxes | 5,216,758 | — | 5,216,758 | — |
| Motor vehicle excise | 1,039,731 | — | 1,039,731 | — |
| Tax title and possessions | 3,203,973 | — | 3,203,973 | — |
| Intergovernmental | 8,578,854 | — | 8,578,854 | — |
| Other | 18,912,589 | 4,578,341 | 23,490,930 | 34,183,959 |
| Other assets | 3,405,529 | — | 3,405,529 | 44,194,859 |
| Internal balances | (32,723) | 32,723 | — | — |
| Noncurrent Accounts receivable | — | — | — | 3,886,364 |
| Development projects held for sale | — | — | — | 65,785 |
| Capital assets: | | | | |
| Nondepreciable | 627,635,780 | 57,168,494 | 684,804,274 | 35,786,674 |
| Depreciable, net | 657,575,543 | 77,017,645 | 734,593,188 | 124,715,455 |
| Total assets | 1,978,866,836 | 149,429,683 | 2,128,296,519 | 580,793,971 |
| Deferred outflows of resources: | | | | |
| Related to debt refundings | 6,091,712 | — | 6,091,712 | — |
| Related to pensions | 93,822,704 | — | 93,822,704 | 23,136,335 |
| Related to other post employment benefits | 21,273,745 | — | 21,273,745 | 5,957,763 |
| Total assets and deferred outflows of resources | \$ 2,100,054,997 | 149,429,683 | 2,249,484,680 | 609,888,069 |
| Liabilities and Deferred Inflows of Resources | | | | |
| Warrants and accounts payable | \$ 31,066,742 | 758,195 | 31,824,937 | 28,897,738 |
| Accrued liabilities: | | | | |
| Tax abatements | 5,640,200 | — | 5,640,200 | — |
| Accrued payroll | 18,930,034 | 95,264 | 19,025,298 | 12,210,613 |
| Accrued interest | 7,206,783 | 4,792 | 7,211,575 | — |
| Other | 2,949,567 | — | 2,949,567 | 17,805,612 |
| Unearned revenue | — | — | — | 2,849,500 |
| Long-term liabilities: | | | | |
| Due within one year: | | | | |
| Bonds and notes payable | 56,253,141 | 460,000 | 56,713,141 | 76,018 |
| Due to third parties | — | — | — | 14,970,588 |
| Compensated absences | 8,251,000 | 258,000 | 8,509,000 | 16,917,905 |
| Landfill | 25,000 | — | 25,000 | — |
| Judgments and claims | 6,288,400 | 405,700 | 6,694,100 | — |
| Pollution remediation | 476,950 | — | 476,950 | — |
| Due in more than one year: | | | | |
| Bonds and notes payable | 456,505,930 | — | 456,505,930 | 148,553 |
| Due to third parties | — | — | — | 18,778,931 |
| Compensated absences | 12,447,000 | 470,000 | 12,917,000 | 31,090 |
| Landfill | 25,000 | — | 25,000 | — |
| Judgments and claims | 8,411,500 | 1,358,400 | 9,769,900 | — |
| Net OPEB liability | 618,679,923 | — | 618,679,923 | 137,968,889 |
| Pollution remediation | 1,099,768 | — | 1,099,768 | — |
| Net pension liability | 240,258,089 | — | 240,258,089 | 59,742,868 |
| Total liabilities | 1,474,515,027 | 3,810,351 | 1,478,325,378 | 310,398,305 |
| Deferred inflows of resources: | | | | |
| Related to pensions | 19,831,685 | — | 19,831,685 | 3,041,838 |
| Related to other post employment benefits | 61,917,459 | — | 61,917,459 | 9,322,388 |
| Total liabilities and deferred inflows of resources | \$ 1,556,264,171 | 3,810,351 | 1,560,074,522 | 322,762,531 |
| Net Position | | | | |
| Net investment in capital assets | \$ 835,512,790 | 133,726,139 | 969,238,929 | 160,277,558 |
| Restricted for: | | | | |
| Capital projects | 83,170,033 | — | 83,170,033 | — |
| Community preservation | 14,697,750 | — | 14,697,750 | — |
| Expendable permanent funds | 1,995,211 | — | 1,995,211 | — |
| Nonexpendable permanent funds | 2,323,744 | — | 2,323,744 | — |
| Specific purposes | 12,378,401 | — | 12,378,401 | 15,000,000 |
| Other purposes | 600,000 | — | 600,000 | 4,454,960 |
| Unrestricted | (406,887,103) | 11,893,193 | (394,993,910) | 107,393,020 |
| Total net position | \$ 543,790,826 | 145,619,332 | 689,410,158 | 287,125,538 |

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Activities

Year ended June 30, 2019

| 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 | | Total | |
| | | | | | Governmental activities | Business-type activity | | |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 51,368,261 | 468,027 | — | — | (50,900,234) | — | (50,900,234) | |
| Public safety | 165,325,582 | 71,036,237 | 782,758 | 178,588 | (93,327,999) | — | (93,327,999) | |
| Community maintenance and development | 124,737,385 | 58,110,137 | 3,371,096 | 15,573,839 | (47,682,313) | — | (47,682,313) | |
| Human resource development | 66,384,654 | 5,907,990 | 8,835,808 | — | (51,640,856) | — | (51,640,856) | |
| Education | 263,665,736 | 1,433,532 | 13,294,871 | 76,950 | (248,860,383) | — | (248,860,383) | |
| Interest on long-term debt | 15,588,780 | — | — | — | (15,588,780) | — | (15,588,780) | |
| Total governmental activities | <u>687,070,398</u> | <u>136,955,923</u> | <u>26,284,533</u> | <u>15,829,377</u> | <u>(508,000,565)</u> | <u>—</u> | <u>(508,000,565)</u> | |
| Business-type activity: | | | | | | | | |
| Water | \$ 15,767,827 | 19,323,749 | — | — | — | 3,555,922 | 3,555,922 | |
| Total business-type activity | <u>15,767,827</u> | <u>19,323,749</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>3,555,922</u> | <u>3,555,922</u> | |
| Total primary government | <u>\$ 702,838,225</u> | <u>156,279,672</u> | <u>26,284,533</u> | <u>15,829,377</u> | <u>(508,000,565)</u> | <u>3,555,922</u> | <u>(504,444,643)</u> | |
| Component units: | | | | | | | | |
| Cambridge Health Alliance | \$ 692,671,671 | 340,480,741 | 353,065,508 | — | | | | 874,578 |
| Cambridge Redevelopment Authority | 2,459,695 | 4,795,308 | — | — | | | | 2,335,613 |
| Total component units | <u>\$ 695,131,366</u> | <u>345,276,049</u> | <u>353,065,508</u> | <u>—</u> | | | | <u>3,210,191</u> |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes, levied for general purposes | | | | | \$ 412,526,951 | — | 412,526,951 | — |
| Excises | | | | | 29,620,301 | — | 29,620,301 | — |
| Payments in lieu of taxes | | | | | 7,793,155 | — | 7,793,155 | — |
| Grants and contributions not restricted | | | | | 70,843,377 | — | 70,843,377 | — |
| Investment income | | | | | 8,041,502 | 139,248 | 8,180,750 | 6,829,826 |
| Miscellaneous | | | | | 49,403,546 | — | 49,403,546 | 746,898 |
| Transfers | | | | | 720,475 | (720,475) | — | — |
| Total general revenues and transfers | | | | | <u>578,949,307</u> | <u>(581,227)</u> | <u>578,368,080</u> | <u>7,576,724</u> |
| Change in net position | | | | | 70,948,742 | 2,974,695 | 73,923,437 | 10,786,915 |
| Net position – beginning | | | | | <u>472,842,084</u> | <u>142,644,637</u> | <u>615,486,721</u> | <u>276,338,623</u> |
| Net position – ending | | | | | <u>\$ 543,790,826</u> | <u>145,619,332</u> | <u>689,410,158</u> | <u>287,125,538</u> |

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Balance Sheet – Governmental Funds

June 30, 2019

| Assets | General | Capital fund | Affordable Housing Trust fund | Other governmental funds | Total governmental funds |
|---|-----------------------|-------------------------|--|---|---|
| Cash and investments | \$ 422,033,417 | 147,158,271 | 36,259,177 | 47,279,937 | 652,730,802 |
| Cash and investments held by trustees | — | — | 600,000 | — | 600,000 |
| Receivables, net: | | | | | |
| Property taxes | 5,216,758 | — | — | — | 5,216,758 |
| Motor vehicle excise | 1,039,731 | — | — | — | 1,039,731 |
| Tax title and possessions | 3,203,973 | — | — | — | 3,203,973 |
| Intergovernmental | — | 7,302,265 | — | 1,276,589 | 8,578,854 |
| Departmental and other | 15,059,060 | — | 3,213,778 | 639,751 | 18,912,589 |
| Total receivables | 24,519,522 | 7,302,265 | 3,213,778 | 1,916,340 | 36,951,905 |
| Other assets | 3,405,529 | — | — | — | 3,405,529 |
| Due from other funds | — | 569,969 | — | — | 569,969 |
| Total assets | <u>\$ 449,958,468</u> | <u>155,030,505</u> | <u>40,072,955</u> | <u>49,196,277</u> | <u>694,258,205</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Warrants and accounts payable | \$ 9,634,223 | 17,714,546 | 1,607,424 | 2,110,549 | 31,066,742 |
| Accrued liabilities: | | | | | |
| Tax abatements | 2,820,100 | — | — | — | 2,820,100 |
| Judgments and claims | 6,288,400 | — | — | — | 6,288,400 |
| Accrued payroll | 18,742,918 | 20,016 | — | 167,100 | 18,930,034 |
| Other | 1,606,925 | — | — | 1,342,642 | 2,949,567 |
| Due to other funds | 32,723 | — | — | 569,969 | 602,692 |
| Total liabilities | <u>39,125,289</u> | <u>17,734,562</u> | <u>1,607,424</u> | <u>4,190,260</u> | <u>62,657,535</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | 23,102,023 | — | — | 84,441 | 23,186,464 |
| Fund balances: | | | | | |
| Nonspendable | 3,325,529 | — | — | 2,323,744 | 5,649,273 |
| Restricted | — | 137,295,943 | 600,000 | 28,986,921 | 166,882,864 |
| Committed | 102,798,057 | — | 37,865,531 | 13,610,911 | 154,274,499 |
| Assigned | 16,500,000 | — | — | — | 16,500,000 |
| Unassigned | 265,107,570 | — | — | — | 265,107,570 |
| Total fund balances | <u>387,731,156</u> | <u>137,295,943</u> | <u>38,465,531</u> | <u>44,921,576</u> | <u>608,414,206</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 449,958,468</u> | <u>155,030,505</u> | <u>40,072,955</u> | <u>49,196,277</u> | <u>694,258,205</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, 2019

| | | |
|---|--|-----------------------|
| Total fund balance – governmental funds | | \$ 608,414,206 |
| 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 | | 1,285,211,323 |
| Adjust deferred inflows of resources to record revenues on an accrual basis | | 23,186,464 |
| Capitalized loss on debt refunding in the government-wide statements that is not capitalized in the governmental funds | | 6,091,712 |
| 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 | | 512,759,071 |
| Accrued interest on bonds | | 7,206,783 |
| Compensated absences | | 20,698,000 |
| Landfill | | 50,000 |
| Judgments and claims | | 8,411,500 |
| Tax abatements | | 2,820,100 |
| Pollution remediation | | 1,576,718 |
| Net pension liability, net of deferred amounts | | 166,267,070 |
| Net OPEB liability, net of deferred amounts | | <u>659,323,637</u> |
| | | <u>1,379,112,879</u> |
| Net position of governmental activities | | <u>\$ 543,790,826</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, 2019

| | General | Capital fund | Affordable Housing Trust fund | Other governmental funds | Total governmental funds |
|--|---------------------|-------------------------|--|---|---|
| Revenues: | | | | | |
| Real and personal property taxes | \$ 412,521,742 | — | — | — | 412,521,742 |
| Excises: | | | | | |
| Hotel/motel/meals | 21,510,878 | — | — | — | 21,510,878 |
| Motor vehicles | 8,350,538 | — | — | — | 8,350,538 |
| Payments in lieu of taxes | 7,793,155 | — | — | — | 7,793,155 |
| Intergovernmental | 70,843,377 | 15,829,377 | — | 26,284,533 | 112,957,287 |
| Investment income | 7,925,495 | 228,450 | (1,206,290) | 1,093,847 | 8,041,502 |
| Sewer use charges | 54,874,965 | — | — | — | 54,874,965 |
| Departmental and other | 74,526,900 | 9,743,587 | 5,698,559 | 38,721,202 | 128,690,248 |
| Total revenues | 658,347,050 | 25,801,414 | 4,492,269 | 66,099,582 | 754,740,315 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 41,039,112 | — | — | 303,358 | 41,342,470 |
| Public safety | 139,422,148 | — | — | 861,715 | 140,283,863 |
| Community maintenance and development | 54,665,731 | — | 16,599,503 | 3,195,383 | 74,460,617 |
| Human resource development | 45,379,404 | — | — | 8,810,977 | 54,190,381 |
| Education | 218,766,601 | — | — | 12,762,671 | 231,529,272 |
| Judgments and claims | 2,311,069 | — | — | — | 2,311,069 |
| State and district assessments | 57,931,297 | — | — | — | 57,931,297 |
| Capital outlays | — | 133,619,754 | — | — | 133,619,754 |
| Debt service | 66,014,359 | — | — | — | 66,014,359 |
| Total expenditures | 625,529,721 | 133,619,754 | 16,599,503 | 25,934,104 | 801,683,082 |
| Excess (deficiency) of revenues over expenditures | 32,817,329 | (107,818,340) | (12,107,234) | 40,165,478 | (46,942,767) |
| Other financing sources (uses): | | | | | |
| Premium on debt issuance | 100,954 | — | — | — | 100,954 |
| Issuance of debt | — | 84,362,625 | — | — | 84,362,625 |
| Transfers in | 23,229,040 | 38,519,472 | 10,176,000 | 5,075,000 | 76,999,512 |
| Transfers out | (37,055,519) | — | — | (39,223,518) | (76,279,037) |
| Total other financing (uses) sources | (13,725,525) | 122,882,097 | 10,176,000 | (34,148,518) | 85,184,054 |
| Net change in fund balances | 19,091,804 | 15,063,757 | (1,931,234) | 6,016,960 | 38,241,287 |
| Fund balance – beginning | 368,639,352 | 122,232,186 | 40,396,765 | 38,904,616 | 570,172,919 |
| Fund balance – ending | \$ 387,731,156 | 137,295,943 | 38,465,531 | 44,921,576 | 608,414,206 |

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, 2019

| | |
|--|-----------------------------|
| Net change in fund balances – total governmental funds | \$ 38,241,287 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is depreciated over their estimated useful lives. Capital outlays, applicable to capital assets, (\$130,991,266) exceeded depreciation expense (\$34,874,889) | 96,116,377 |
| Revenues are recorded on an accrual basis | 3,081,950 |
| Proceeds of long-term debt (\$84,362,625) 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, (\$49,201,478) is an expenditure the governmental funds, but reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded payments. | (35,161,147) |
| Premiums received are revenues in the governmental funds, but are increases to long-term liabilities, net of amortization, in the statement of net position | 2,735,169 |
| Deferred loss on refunding is amortized in the statement of activities and is not reported in the governmental funds | (905,527) |
| 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 | (13,467,309) |
| 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 (\$77,000), offset by pollution remediation (\$68,751) pension costs (\$18,768,812), accrued interest (\$706,495) and compensated absences (\$250,000) | <u>(19,692,058)</u> |
| Change in net position of governmental activities | \$ <u><u>70,948,742</u></u> |

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Net Position – Proprietary Fund

June 30, 2019

| | <u>Enterprise fund</u> |
|-----------------------------------|------------------------|
| | <u>Water fund</u> |
| Assets: | |
| Current assets: | |
| Cash and cash equivalents | \$ 10,632,480 |
| Receivables, net | 4,578,341 |
| Due from other funds | 32,723 |
| Total current assets | <u>15,243,544</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Nondepreciable | 57,168,494 |
| Depreciable, net | 77,017,645 |
| Total noncurrent assets | <u>134,186,139</u> |
| Total assets | <u>\$ 149,429,683</u> |
| Liabilities: | |
| Current liabilities: | |
| Warrants and accounts payable | \$ 758,195 |
| Accrued liabilities: | |
| Claims | 405,700 |
| Compensated absences | 258,000 |
| Accrued payroll | 95,264 |
| Interest | 4,792 |
| Current portion of long-term debt | 460,000 |
| Total current liabilities | <u>1,981,951</u> |
| Noncurrent liabilities: | |
| Accrued liabilities: | |
| Claims | 1,358,400 |
| Compensated absences | 470,000 |
| Total noncurrent liabilities | <u>1,828,400</u> |
| Total liabilities | <u>\$ 3,810,351</u> |
| Net position: | |
| Net investment in capital assets | \$ 133,726,139 |
| Unrestricted | 11,893,193 |
| Total net position | <u>\$ 145,619,332</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, 2019

| | <u>Enterprise fund</u> <u>Water fund</u> |
|---------------------------------|---|
| Operating revenues: | |
| Charges for services | \$ 19,323,749 |
| Total operating revenues | <u>19,323,749</u> |
| Administration | 4,784,396 |
| Service and support programs | 7,167,937 |
| Depreciation | <u>3,761,994</u> |
| Total operating expenses | <u>15,714,327</u> |
| Operating income | <u>3,609,422</u> |
| Nonoperating revenue (expense): | |
| Investment earnings – other | 139,248 |
| Interest expense | <u>(53,500)</u> |
| Nonoperating revenue (expense) | <u>85,748</u> |
| Income before transfers | 3,695,170 |
| Transfers to other funds | <u>(720,475)</u> |
| Change in net position | 2,974,695 |
| Total net position – beginning | <u>142,644,637</u> |
| Total net position – ending | \$ <u><u>145,619,332</u></u> |

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Cash Flows – Proprietary Fund

Year ended June 30, 2019

| | <u>Enterprise fund</u> |
|--|-----------------------------|
| | <u>Water fund</u> |
| Cash flows from operating activities: | |
| Cash received from customers | \$ 18,966,519 |
| Cash paid to vendors | (7,565,172) |
| Cash paid to employees | <u>(3,839,357)</u> |
| Net cash provided by operating activities | <u>7,561,990</u> |
| Cash flows from noncapital financing activities: | |
| Transfers | <u>(720,475)</u> |
| Net cash used in noncapital financing activities | <u>(720,475)</u> |
| Cash flows from capital and related financing activities: | |
| Acquisition and construction of capital assets | (3,412,495) |
| Interest paid on debt | (83,500) |
| Repayment of long-term debt | <u>(2,420,000)</u> |
| Net cash used in capital and related financing activities | <u>(5,915,995)</u> |
| Cash flows from investing activities: | |
| Investment income | <u>139,248</u> |
| Net cash provided by investing activities | <u>139,248</u> |
| Increase in cash and cash equivalents | 1,064,768 |
| Cash and cash equivalents, beginning of year | <u>9,567,712</u> |
| Cash and cash equivalents, end of year | \$ <u><u>10,632,480</u></u> |
| Reconciliation of operating income to cash provided by operating activities: | |
| Operating income | \$ 3,609,422 |
| Depreciation | 3,761,994 |
| Changes in operating assets and liabilities: | |
| Accounts receivable | (357,230) |
| Other liabilities | <u>547,804</u> |
| Net cash provided by operating activities | \$ <u><u>7,561,990</u></u> |

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Fiduciary Net Position

June 30, 2019

| Assets | Pension and OPEB Trust Funds | Agency Funds |
|--|---|-------------------------|
| Cash and cash equivalents | \$ 9,870,136 | 8,894,212 |
| Dividend and interest receivable | 452,539 | — |
| Other assets | 551,609 | — |
| Investments, at fair value: | | |
| Fixed income securities | 65,650,675 | — |
| Equities | 131,310,335 | — |
| Pooled investments: | | |
| Fixed income | 134,281,690 | — |
| Real estate | 199,379,922 | — |
| Domestic equities | 329,735,952 | — |
| International equities | 166,056,092 | — |
| International fixed income | 62,561,122 | — |
| Alternative | 189,399,241 | — |
| Total investments | 1,278,375,029 | — |
| Cash collateral on security lending | 35,255,585 | — |
| Total assets | 1,324,504,898 | 8,894,212 |
| Liabilities | | |
| Accrued liabilities | 836,110 | — |
| Guarantee deposits | — | 8,894,212 |
| Due to brokers for securities purchased | 1,271,603 | — |
| Cash collateral on security lending | 35,255,585 | — |
| Total liabilities | 37,363,298 | 8,894,212 |
| Net position restricted for pension and other employment benefits | \$ 1,287,141,600 | — |

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2019

| | Pension and OPEB Trust Funds |
|--|---|
| | <hr/> |
| Additions: | |
| Contributions: | |
| Employers | \$ 64,516,359 |
| Nonemployer – City | 2,849,585 |
| Plan members | 22,730,249 |
| Other systems | 3,207,371 |
| Commonwealth of Massachusetts | 698,630 |
| | <hr/> |
| Total contributions | 94,002,194 |
| | <hr/> |
| Investment earnings: | |
| Interest and dividends | 24,495,897 |
| Securities lending income | 1,102,082 |
| Net appreciation (depreciation) in the fair value of investments | (62,083,561) |
| Less: | |
| Management fees | (9,120,314) |
| Borrower rebates and fees under securities lending program | (969,287) |
| | <hr/> |
| Net investment earnings | (46,575,183) |
| | <hr/> |
| Total additions | 47,427,011 |
| | <hr/> |
| Deductions: | |
| Benefits | 102,815,922 |
| Refunds of contributions | 2,799,045 |
| Other systems | 3,781,045 |
| Administrative expenses | 1,311,628 |
| | <hr/> |
| Total deductions | 110,707,640 |
| | <hr/> |
| Change in net position | (63,280,629) |
| Net position, beginning of year | 1,350,422,229 |
| | <hr/> |
| Net position, end of year | \$ 1,287,141,600 |
| | <hr/> <hr/> |

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS
Discretely Presented Component Units

Statements of Net Position

June 30, 2019

| | Component Units | | |
|--|-----------------------|-----------------------------|--------------------|
| | CHA June 30, 2019 | CRA December 31, 2018 | Total |
| Assets and Deferred Outflows of Resources | | | |
| Current assets: | | | |
| Cash and investments | \$ 298,761,389 | 33,503,929 | 332,265,318 |
| Cash and investments held by trustees | 5,695,557 | — | 5,695,557 |
| Receivables, net: | | | |
| Other | 33,750,042 | 433,917 | 34,183,959 |
| Other assets | 44,170,283 | 24,576 | 44,194,859 |
| Total current assets | <u>382,377,271</u> | <u>33,962,422</u> | <u>416,339,693</u> |
| Noncurrent assets: | | | |
| Accounts receivable | — | 3,886,364 | 3,886,364 |
| Notes receivable | — | — | — |
| Development projects held for sale | — | 65,785 | 65,785 |
| Capital assets: | | | |
| Nondepreciable | 35,756,421 | 30,253 | 35,786,674 |
| Depreciable, net | 123,783,219 | 932,236 | 124,715,455 |
| Total noncurrent assets | <u>159,539,640</u> | <u>4,914,638</u> | <u>164,454,278</u> |
| Total assets | <u>541,916,911</u> | <u>38,877,060</u> | <u>580,793,971</u> |
| Deferred outflows of resources: | | | |
| Related to pensions | 22,780,568 | 355,767 | 23,136,335 |
| Related to other post employment benefits | 5,946,366 | 11,397 | 5,957,763 |
| Total assets and deferred outflows of resources | <u>\$ 570,643,845</u> | <u>39,244,224</u> | <u>609,888,069</u> |
| Liabilities and Deferred Inflows of Resources | | | |
| Current liabilities: | | | |
| Warrants and accounts payable | \$ 28,714,414 | 183,324 | 28,897,738 |
| Accrued liabilities: | | | |
| Accrued payroll | 12,210,613 | — | 12,210,613 |
| Accrued interest | — | — | — |
| Other | 17,805,612 | — | 17,805,612 |
| Unearned revenue | 2,849,500 | — | 2,849,500 |
| Total current liabilities | <u>61,580,139</u> | <u>183,324</u> | <u>61,763,463</u> |
| Long-term liabilities: | | | |
| Due within one year: | | | |
| Bonds and notes payable | 76,018 | — | 76,018 |
| Capital leases | — | — | — |
| Due to third parties | 14,970,588 | — | 14,970,588 |
| Compensated absences | 16,907,542 | 10,363 | 16,917,905 |
| Due in more than one year: | | | |
| Bonds and notes payable | 148,553 | — | 148,553 |
| Capital leases | — | — | — |
| Due to third parties | 18,778,931 | — | 18,778,931 |
| Compensated absences | — | 31,090 | 31,090 |
| Net OPEB liability | 137,129,465 | 839,424 | 137,968,889 |
| Net pension liability | 59,135,973 | 606,895 | 59,742,868 |
| Total noncurrent liabilities | <u>247,147,070</u> | <u>1,487,772</u> | <u>248,634,842</u> |
| Total liabilities | <u>308,727,209</u> | <u>1,671,096</u> | <u>310,398,305</u> |
| Deferred inflows of resources: | | | |
| Related to pensions | 3,013,040 | 28,798 | 3,041,838 |
| Related to other post employment benefits | 9,275,078 | 47,310 | 9,322,388 |
| Total liabilities and deferred inflows of resources | <u>\$ 321,015,327</u> | <u>1,747,204</u> | <u>322,762,531</u> |
| Net Position | | | |
| Net investment in capital assets | \$ 159,315,069 | 962,489 | 160,277,558 |
| Restricted for specific purposes | — | 15,000,000 | 15,000,000 |
| Restricted for other purposes | 4,454,960 | — | 4,454,960 |
| Unrestricted | 85,858,489 | 21,534,531 | 107,393,020 |
| Total net position | <u>\$ 249,628,518</u> | <u>37,497,020</u> | <u>287,125,538</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, 2019

| Functions/programs | Component Units | | |
|------------------------------------|------------------------------|--------------------------------------|--------------|
| | CHA June 30, 2019 | CRA December 31, 2018 | Total |
| Expenses | \$ 692,671,671 | 2,459,695 | 695,131,366 |
| Program revenues: | | | |
| Charges for services | 340,480,741 | 4,795,308 | 345,276,049 |
| Operating grants and contributions | 353,065,508 | — | 353,065,508 |
| Total program revenues | 693,546,249 | 4,795,308 | 698,341,557 |
| Net program revenues | 874,578 | 2,335,613 | 3,210,191 |
| General revenues: | | | |
| Investment income | 6,432,850 | 396,976 | 6,829,826 |
| Miscellaneous | 557,346 | 189,552 | 746,898 |
| Total general revenues | 6,990,196 | 586,528 | 7,576,724 |
| Change in net position | 7,864,774 | 2,922,141 | 10,786,915 |
| Net position – beginning | 241,763,744 | 34,574,879 | 276,338,623 |
| Net position – ending | \$ 249,628,518 | 37,497,020 | 287,125,538 |

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

(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, 2018. The System is included in the City's fiduciary fund financial statements. Complete financial statements for the System for its year ended December 31, 2018 are available from its offices on 100 Cambridgepark Drive Suite 101, 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, 2019

Complete financial statements for the CRA for its fiscal year ended June 30, 2019 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, 2018 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, 2019

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, 2019

(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, 2019

(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 2019, 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, 2019

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:

| Assets | Years |
|----------------------------|--------------|
| Buildings and improvements | 20–40 |
| Infrastructure | 15–50 |
| Furniture and equipment | 5–15 |

(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, 2019

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, 2019

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. At June 30, 2019, 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 twenty years. 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

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 83, "*Certain Asset Retirement Obligations*." This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs), a legally enforceable liability associated with the retirement of a tangible capital asset. This statement establishes the criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The statement requires that recognition occur when the liability is both incurred and reasonably estimable. The implementation of GASB 83 did not have an impact on the City's financial statements.

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*." The primary objective of this Statement is to improve the information that is disclosed in notes to financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. The implementation of GASB 88 did not have a significant impact on the City's financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

(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, 2019, the bank balances of uninsured and uncollateralized deposits are as follows:

| | | |
|---------------------------------------|----|-------------------------|
| Primary government | \$ | 218 |
| Discretely presented component units: | | |
| CHA | | 8,097,955 |
| CRA (as of December 31, 2018) | | <u>250,000</u> |
| | \$ | <u><u>8,348,173</u></u> |

(b) Investments

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

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

The City's investment portfolio for 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, 2019

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, 2019

(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, 2019:

| <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 | \$ 408,646,397 | 408,646,397 | — | — | — |
| Certificates of deposit | 64,157,247 | 64,157,247 | — | — | — |
| Corporate fixed income | 15,225,336 | 1,956,213 | 11,547,799 | — | 1,721,324 |
| U.S. agencies | 69,152,105 | 36,047,290 | 33,104,815 | — | — |
| Subtotal city | <u>557,181,085</u> | <u>510,807,147</u> | <u>44,652,614</u> | <u>—</u> | <u>1,721,324</u> |
| System (as of December 31, 2018): | | | | | |
| U.S. treasury notes, bonds and municipal securities | 22,189,948 | 180,781 | 11,727,818 | 1,018,228 | 9,263,121 |
| U.S. agencies | 2,969,194 | — | 171,457 | 338,416 | 2,459,321 |
| Domestic corporate | 21,716,278 | 966,016 | 9,787,369 | 6,591,965 | 4,370,928 |
| Asset-backed: | | | | | |
| CMOs | 4,020,312 | — | — | — | 4,020,312 |
| Other | 7,488,335 | — | 5,342,364 | 1,003,433 | 1,142,538 |
| Pooled fixed-income investments | 196,842,812 | — | — | 196,842,812 | — |
| Subtotal system | <u>255,226,879</u> | <u>1,146,797</u> | <u>27,029,008</u> | <u>205,794,854</u> | <u>21,256,220</u> |
| OPEB Trust: | | | | | |
| Money market | 76,282 | 76,282 | — | — | — |
| Corporate fixed income | 594,855 | 249,713 | 345,142 | — | — |
| U.S. agencies | 6,671,753 | 5,749,319 | 922,434 | — | — |
| Subtotal OPEB Trust | <u>7,342,890</u> | <u>6,075,314</u> | <u>1,267,576</u> | <u>—</u> | <u>—</u> |
| Total | <u>\$ 819,750,854</u> | <u>518,029,258</u> | <u>72,949,198</u> | <u>205,794,854</u> | <u>22,977,544</u> |
| Discretely presented component units | | | | | |
| CHA | | | | | |
| Money market | \$ 46,162,494 | 46,162,494 | — | — | — |
| MMDT | 156,577,575 | 156,577,575 | — | — | — |
| Corporate fixed income | 18,824,900 | 18,824,900 | — | — | — |
| U.S. agencies | 19,199,888 | — | 19,199,888 | — | — |
| U.S. treasury notes | 62,418,660 | 20,034,800 | 42,383,860 | — | — |
| Subtotal CHA | <u>303,183,517</u> | <u>241,599,769</u> | <u>61,583,748</u> | <u>—</u> | <u>—</u> |
| CRA (as of December 31, 2018) | | | | | |
| Certificates of deposit | 1,235,107 | 744,360 | 490,747 | — | — |
| Corporate fixed income | 7,010,142 | 1,491,260 | 5,090,714 | 428,168 | — |
| U.S. agencies | 11,802,874 | 2,687,420 | 9,115,454 | — | — |
| Subtotal CRA | <u>20,048,123</u> | <u>4,923,040</u> | <u>14,696,915</u> | <u>428,168</u> | <u>—</u> |
| Total discretely presented component units | <u>\$ 323,231,640</u> | <u>246,522,809</u> | <u>76,280,663</u> | <u>428,168</u> | <u>—</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

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, 2019

The primary government's fixed income investments as of June 30, 2019 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 | Less than BB | Not rated |
|---|----------------|------------|------------|------------|------------|---------|--------------|-------------|
| City: | | | | | | | | |
| Money market/MMDT | \$ 408,646,397 | — | — | — | — | — | — | 408,646,397 |
| Certificates of deposit | 64,157,247 | — | — | — | — | — | — | 64,157,247 |
| Corporate fixed income | 15,225,336 | 1,721,324 | 3,911,761 | 9,592,251 | — | — | — | — |
| U.S. agencies | 69,152,105 | 69,152,105 | — | — | — | — | — | — |
| Subtotal city | 557,181,085 | 70,873,429 | 3,911,761 | 9,592,251 | — | — | — | 472,803,644 |
| System (as of December 31, 2018): | | | | | | | | |
| U.S. Treasury notes, bonds and municipal securities | 22,189,948 | 8,229,707 | 6,336,709 | 828,226 | 180,781 | — | 2,618,891 | 3,995,634 |
| U.S. agencies | 2,969,194 | 18,851 | — | — | — | — | — | 2,950,343 |
| Domestic corporate | 21,716,278 | — | 757,678 | 6,100,783 | 14,857,588 | — | — | 229 |
| Asset-backed: | | | | | | | | |
| CMOs | 4,020,312 | 2,866,202 | — | 307,961 | — | 3,928 | — | 842,221 |
| Other | 7,488,335 | 4,348,502 | 211,630 | 1,515,303 | 257,156 | 224,659 | 177,348 | 753,737 |
| Pooled fixed-income investments | 196,842,812 | — | — | — | — | — | — | 196,842,812 |
| Subtotal system | 255,226,879 | 15,463,262 | 7,306,017 | 8,752,273 | 15,295,525 | 228,587 | 2,796,239 | 205,384,976 |
| OPEB Trust: | | | | | | | | |
| Money market | 76,282 | — | — | — | — | — | — | 76,282 |
| Corporate fixed income | 594,855 | — | — | 594,855 | — | — | — | — |
| U.S. agencies | 6,671,753 | 6,671,753 | — | — | — | — | — | — |
| Subtotal OPEB Trust | 7,342,890 | 6,671,753 | — | 594,855 | — | — | — | 76,282 |
| Total | \$ 819,750,854 | 93,008,444 | 11,217,778 | 18,939,379 | 15,295,525 | 228,587 | 2,796,239 | 678,264,902 |
| Discretely presented component units | | | | | | | | |
| CHA | | | | | | | | |
| Money market | \$ 46,162,494 | — | — | — | — | — | — | 46,162,494 |
| MMDT | 156,577,575 | — | — | — | — | — | — | 156,577,575 |
| Corporate fixed income | 18,824,900 | — | 18,824,900 | — | — | — | — | — |
| U.S. agencies | 19,199,888 | 19,199,888 | — | — | — | — | — | — |
| U.S. treasury notes | 62,418,660 | 62,418,660 | — | — | — | — | — | — |
| Subtotal CHA | 303,183,517 | 81,618,548 | 18,824,900 | — | — | — | — | 202,740,069 |
| CRA (as of December 31, 2018) | | | | | | | | |
| Certificates of deposit | 1,235,107 | — | — | — | — | — | — | 1,235,107 |
| Corporate fixed income | 7,010,142 | 3,718,726 | 3,291,416 | — | — | — | — | — |
| U.S. agencies | 11,802,874 | 11,802,874 | — | — | — | — | — | — |
| Subtotal CRA | 20,048,123 | 15,521,600 | 3,291,416 | — | — | — | — | 1,235,107 |
| Total discretely presented component units | \$ 323,231,640 | 97,140,148 | 22,116,316 | — | — | — | — | 203,975,176 |

CITY OF CAMBRIDGE, MASSACHUSETTS

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(v) *Concentration Risk*

The City and OPEB Trust have no individual investments, at fair value, that exceed 5% of respective net positions as of June 30, 2019.

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, 2018 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, 2018, 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) | \$ 166,056,092 |
| International fixed income pooled funds (various currencies) | <u>62,561,122</u> |
| | <u>\$ 228,617,214</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

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The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

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, 2019:

| Investments | Level 1 inputs | Level 2 inputs | Level 3 inputs | Total |
|------------------------|---------------------------|---------------------------|---------------------------|--------------------|
| Equity securities | \$ 11,079,561 | — | — | 11,079,561 |
| US agency securities | 75,823,858 | — | — | 75,823,858 |
| Corporate fixed income | — | 15,820,191 | — | 15,820,191 |
| Total investments | \$ <u>86,903,419</u> | <u>15,820,191</u> | <u>—</u> | <u>102,723,610</u> |

The following table presents the CHA's investments carried at fair value on a recurring basis in the statement of net position at June 30, 2019:

| Investments | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Total |
|------------------------|---------------------------|---------------------------|---------------------------|--------------------|
| U.S. agencies | \$ 19,199,888 | — | — | 19,199,888 |
| U.S. treasury notes | 62,418,660 | — | — | 62,418,660 |
| Corporate fixed income | — | 18,824,900 | — | 18,824,900 |
| Total investments | \$ <u>81,618,548</u> | <u>18,824,900</u> | <u>—</u> | <u>100,443,448</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

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June 30, 2019

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, 2018:

| Investments | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Total |
|--------------------------|---------------------------|---------------------------|---------------------------|-------------------|
| Equity securities | \$ 9,834,705 | — | — | 9,834,705 |
| US agency securities | 247,990 | 11,554,884 | — | 11,802,874 |
| Corporate fixed income | — | 7,010,142 | — | 7,010,142 |
| Total investments | \$ 10,082,695 | 18,565,026 | — | 28,647,721 |

The System has the following fair value measurements as of December 31, 2018:

| | Fair value | Level 1 | Level 2 |
|----------------------------------|-------------------------|--------------------|-------------------|
| Investments by fair value level: | | | |
| Fixed income | \$ 58,384,067 | 20,570,220 | 37,813,847 |
| Equities | 120,230,775 | 120,230,775 | — |
| | <u>178,614,842</u> | <u>140,800,995</u> | <u>37,813,847</u> |
| Investments measured at NAV: | | | |
| Commingled equity funds: | | | |
| International | 166,056,092 | — | — |
| Domestic | 329,735,952 | — | — |
| Commingled fixed income funds: | | | |
| International | 62,561,122 | — | — |
| Domestic | 134,281,690 | — | — |
| Real estate | 199,379,922 | — | — |
| Alternative: | | | |
| PRIT hedge fund | 102,637,320 | — | — |
| PRIT private equity | 50,006,361 | — | — |
| Other Alternative | 36,755,560 | — | — |
| | <u>1,081,414,019</u> | <u>—</u> | <u>—</u> |
| Total investments | \$ 1,260,028,861 | 140,800,995 | 37,813,847 |

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

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 | | |
|-------------------------------|-----------------------------|----------------------|--------------------------|
| | 2018 | Redemption frequency | Redemption notice period |
| Commingled equity funds | \$ 495,792,044 | Daily | 1–30 days |
| Commingled fixed income funds | 196,842,812 | Daily | 1–30 days |
| Real estate | 199,379,922 | Quarterly | 1–30 days |
| Alternative | 189,399,241 | 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 15 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, 2019

(5) Capital Assets

Capital asset activity for the year ended June 30, 2019 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 | 385,568,994 | 130,891,918 | (55,135,562) | 461,325,350 |
| Total capital assets not being depreciated | <u>551,879,424</u> | <u>130,891,918</u> | <u>(55,135,562)</u> | <u>627,635,780</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 547,022,698 | 9,591,570 | — | 556,614,268 |
| Improvements – nonbuilding | 104,239,380 | 4,742,851 | — | 108,982,231 |
| Furniture and equipment | 105,245,770 | 3,857,377 | — | 109,103,147 |
| Infrastructure | 409,445,116 | 37,043,112 | — | 446,488,228 |
| Total capital assets being depreciated | <u>1,165,952,964</u> | <u>55,234,910</u> | <u>—</u> | <u>1,221,187,874</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (186,930,350) | (13,546,988) | — | (200,477,338) |
| Improvements – nonbuilding | (48,519,896) | (3,961,391) | — | (52,481,287) |
| Furniture and equipment | (70,527,629) | (5,976,736) | — | (76,504,365) |
| Infrastructure | (222,759,567) | (11,389,774) | — | (234,149,341) |
| Total accumulated depreciation | <u>(528,737,442)</u> | <u>(34,874,889)</u> | <u>—</u> | <u>(563,612,331)</u> |
| Total capital assets being depreciated, net | <u>637,215,522</u> | <u>20,360,021</u> | <u>—</u> | <u>657,575,543</u> |
| Governmental activities capital assets, net | \$ <u><u>1,189,094,946</u></u> | <u><u>151,251,939</u></u> | <u><u>(55,135,562)</u></u> | <u><u>1,285,211,323</u></u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Governmental activities:

| | | |
|--|----|--------------------------|
| General government | \$ | 4,150,839 |
| Public safety | | 4,614,976 |
| Human resource development | | 2,587,169 |
| Education | | 5,706,488 |
| Community maintenance and development | | <u>17,815,417</u> |
| Total depreciation expense – governmental activities | \$ | <u><u>34,874,889</u></u> |

| | <u>Beginning balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending balance</u> |
|---|------------------------------|-------------------------|---------------------------|---------------------------|
| Business-type activity: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 39,839,763 | — | — | 39,839,763 |
| Construction in progress | <u>16,488,722</u> | <u>3,266,995</u> | <u>(2,426,986)</u> | <u>17,328,731</u> |
| Total capital assets not being depreciated | <u>56,328,485</u> | <u>3,266,995</u> | <u>(2,426,986)</u> | <u>57,168,494</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 84,159,074 | 708,027 | — | 84,867,101 |
| Furniture and equipment | 9,540,876 | 327,689 | — | 9,868,565 |
| Infrastructure | <u>43,487,733</u> | <u>1,536,770</u> | — | <u>45,024,503</u> |
| Total capital assets being depreciated | <u>137,187,683</u> | <u>2,572,486</u> | — | <u>139,760,169</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (34,901,733) | (2,310,115) | — | (37,211,848) |
| Furniture and equipment | (4,813,253) | (621,503) | — | (5,434,756) |
| Infrastructure | <u>(19,265,544)</u> | <u>(830,376)</u> | — | <u>(20,095,920)</u> |
| Total accumulated depreciation | <u>(58,980,530)</u> | <u>(3,761,994)</u> | — | <u>(62,742,524)</u> |
| Total capital assets being depreciated, net | <u>78,207,153</u> | <u>(1,189,508)</u> | — | <u>77,017,645</u> |
| Business-type activity capital assets, net | \$ <u><u>134,535,638</u></u> | <u><u>2,077,487</u></u> | <u><u>(2,426,986)</u></u> | <u><u>134,186,139</u></u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

(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 | \$ 5,668,494 | — | — | — | 5,668,494 | — |
| Motor vehicle taxes | 4,039,806 | — | — | — | 4,039,806 | — |
| Other taxes | 3,559,970 | — | — | — | 3,559,970 | — |
| Intergovernmental | — | 9,885,171 | — | 1,276,589 | 11,161,760 | — |
| Other | 15,276,417 | — | 6,595,834 | 639,751 | 22,512,002 | 4,624,587 |
| Gross receivables | 28,544,687 | 9,885,171 | 6,595,834 | 1,916,340 | 46,942,032 | 4,624,587 |
| Less allowance for uncollectibles | 4,025,165 | 2,582,906 | 3,382,056 | — | 9,990,127 | 46,246 |
| Net total receivables | \$ 24,519,522 | 7,302,265 | 3,213,778 | 1,916,340 | 36,951,905 | 4,578,341 |

(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) | \$ 8,042,963 |
| Other | 15,143,501 |
| Total unavailable for governmental funds | \$ 23,186,464 |

(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

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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, 2019.

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

Individual fund receivable and payable balances at June 30, 2019, are as follows:

| Interfund balances | Receivable | Payable |
|--|-------------------|----------------|
| 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, 2019 | <u>\$ 602,692</u> | <u>602,692</u> |

As of June 30, 2019, 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, 2019

(8) Long-Term Obligations

Following is a summary of the governmental activities long-term obligations of the City as of June 30, 2019:

| | <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, 2039 | 2/1/08 to 3/6/19 | 1.0%-5.0% | \$ 306,429,616 | 59,505,000 | 25,599,654 | 340,334,962 | 29,789,654 |
| Urban redevelopment, serial maturities through February 15, 2029 | 2/1/08 to 3/6/19 | 2.0%-5.0% | 25,820,000 | 7,885,000 | 3,965,000 | 29,740,000 | 4,945,000 |
| Sewer, serial maturities through February 15, 2029 | 2/1/08 to 3/7/19 | 0.0%-5.0% | 122,254,473 | 16,972,625 | 19,636,824 | 119,590,274 | 20,925,962 |
| Sub-total general obligation bonds | | | <u>454,504,089</u> | <u>84,362,625</u> | <u>49,201,478</u> | <u>489,665,236</u> | <u>55,660,616</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 | 592,525 |
| Sub-total notes payable | | | <u>2,842,916</u> | <u>—</u> | <u>—</u> | <u>2,842,916</u> | <u>592,525</u> |
| Total governmental obligation bonds and notes payable | | | <u>\$ 457,347,005</u> | <u>84,362,625</u> | <u>49,201,478</u> | <u>492,508,152</u> | <u>56,253,141</u> |
| Add (deduct): | | | | | | | |
| Unamortized bond premium | | | | | | 20,250,919 | |
| Current portion of long-term debt | | | | | | (56,253,141) | |
| | | | | | | <u>456,505,930</u> | |
| Other long-term obligations: | | | | | | | |
| Judgments and claims | | | \$ 15,680,200 | 49,142,356 | 50,122,656 | 14,699,900 | 6,288,400 |
| Compensated absences | | | 20,448,000 | 24,223,300 | 23,973,300 | 20,698,000 | 8,251,000 |
| Landfill postclosure care costs | | | 75,000 | — | 25,000 | 50,000 | 25,000 |
| Net OPEB liability | | | 622,308,115 | 46,188,945 | 49,817,137 | 618,679,923 | — |
| Net pension liability | | | 137,962,571 | 177,855,989 | 75,560,471 | 240,258,089 | — |
| Pollution remediation | | | 1,507,967 | 1,989,533 | 1,920,782 | 1,576,718 | 476,950 |
| Total other governmental long-term obligations | | | <u>\$ 797,981,853</u> | <u>299,400,123</u> | <u>201,419,346</u> | <u>895,962,630</u> | <u>15,041,350</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

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Following is a summary of the business-type activity long-term obligations of the City as of June 30, 2019:

| | <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% | \$ 2,880,000 | — | 2,420,000 | 460,000 | 460,000 |
| Total business-type bonds payable | | | <u>\$ 2,880,000</u> | <u>—</u> | <u>2,420,000</u> | 460,000 | <u>460,000</u> |
| Add (deduct): | | | | | | | |
| Current portion of long-term debt | | | | | | (460,000) | |
| | | | | | | <u>—</u> | |
| Other long-term obligations: | | | | | | | |
| Judgments and claims | | | \$ 820,800 | 6,981,015 | 6,037,715 | 1,764,100 | 405,700 |
| Compensated absences | | | 730,000 | 483,400 | 485,400 | 728,000 | 258,000 |
| Total other long-term obligations | | | <u>\$ 1,550,800</u> | <u>7,464,415</u> | <u>6,523,115</u> | <u>2,492,100</u> | <u>663,700</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

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

General obligation bonds are backed by the full faith and credit of the City. The annual debt service requirements of the City's general obligation governmental bonds and notes payable outstanding as of June 30, 2019, are as follows:

| | Principal | | Interest | | Total | |
|----------------------|-----------------------|------------------|--------------------|----------------|--------------------|------------------|
| | G/O bonds | Notes | G/O bonds | Notes | G/O bonds | Notes |
| Year ending June 30: | | | | | | |
| 2020 | \$ 55,660,616 | 592,525 | 18,513,046 | 14,765 | 74,173,662 | 607,290 |
| 2021 | 54,724,718 | 436,917 | 16,716,522 | 4,748 | 71,441,240 | 441,665 |
| 2022 | 51,880,076 | 556,020 | 14,495,984 | 56,010 | 66,376,060 | 612,030 |
| 2023 | 48,520,060 | 622,446 | 12,735,665 | 40,053 | 61,255,725 | 662,499 |
| 2024 | 43,763,835 | 635,008 | 10,864,587 | 27,489 | 54,628,422 | 662,497 |
| 2025–2029 | 144,670,931 | — | 30,507,547 | — | 175,178,478 | — |
| 2030–2034 | 61,055,000 | — | 10,153,582 | — | 71,208,582 | — |
| 2035–2039 | 29,390,000 | — | 2,342,837 | — | 31,732,837 | — |
| | <u>\$ 489,665,236</u> | <u>2,842,916</u> | <u>116,329,770</u> | <u>143,065</u> | <u>605,995,006</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, 2019, the principal and interest amount outstanding remained at \$2,842,916 and \$143,065 respectively as no payments were made in 2019 and the City is still re-negotiating the loan.

In March 2019, the City entered into a loan agreement with the Massachusetts Water Resources Authority (MWRA) totaling \$2,812,625. Principal on the loan is due yearly on February 15 until maturity in fiscal 2029 with a 0% interest rate. This MWRA loan provides funding for improvements to the City's sewer system.

In March 2019, the City issued \$81,550,000 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 2039.

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 \$44,374 in subsidies during 2019 and expects to receive subsidies totaling \$178,161 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

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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.

As of June 30, 2019, the City may issue approximately \$1.8 billion additional general obligation debt under the normal debt limit. The City has approximately \$3.3 million of debt exempt from the debt limit.

The annual debt service requirements of the City's water enterprise fund as of June 30, 2019 are as follows:

| | Principal | Interest | Total |
|----------------------|------------------|-----------------|--------------|
| Year ending June 30: | | | |
| 2020 | \$ 460,000 | 11,501 | 471,501 |
| | \$ 460,000 | 11,501 | 471,501 |

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, 2018, the System provides pension benefits to the retired employees of four employers: the City of Cambridge, Cambridge Housing Authority, Cambridge Redevelopment Authority and Cambridge Health Alliance.

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

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

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

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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.

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.

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, 2019 were \$32,247,663 and \$7,937,285, 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.

Net Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2019, the City reported a liability of \$240.3 million for its proportionate share of the System's net pension liability measured as of December 31, 2018. 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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

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Alliance special funding situation. The total portion of the net pension liability associated with the City at June 30, 2019 was as follows:

| | |
|--|------------------------------|
| City's proportionate share of net pension liability | \$ 219,027,532 |
| City's proportionate share of net pension liability associated with Cambridge Health Alliance | <u>21,230,557</u> |
| | <u><u>\$ 240,258,089</u></u> |

To determine employers' proportionate share of the net pension liability, allocations of net pension liability were performed. At December 31, 2018, the City was allocated 68.57% (66.48% in the prior year) of the net pension liability related to the City and 6.65% (9.44% in the prior year) related to the Cambridge Health Alliance special funding situation described below based on the proportion of the 2018 required employer contributions.

For the year ended June 30, 2019, the City recognized pension expense of \$51.7 million. At June 30, 2019, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred outflows of resources</u> | <u>Deferred inflows of resources</u> |
|--|---|--|
| Net differences between projected and actual investment earnings on pension plan investments | \$ 55,360,720 | — |
| Net differences between expected and actual experience | 3,442,716 | 10,995,573 |
| Changes in employer proportion | 6,850,519 | 8,836,112 |
| Changes in assumptions | <u>28,168,749</u> | — |
| | <u><u>\$ 93,822,704</u></u> | <u><u>19,831,685</u></u> |

Amounts reported as deferred outflows of resources at June 30, 2019 related to pensions will be recognized in pension expense as follows:

| | |
|-------|-----------------------------|
| 2020 | \$ 28,196,380 |
| 2021 | 8,196,640 |
| 2022 | 9,210,881 |
| 2023 | 27,912,195 |
| 2024 | <u>474,923</u> |
| Total | <u><u>\$ 73,991,019</u></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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

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.

Actuarial Assumptions

The total pension liability at December 31, 2018 was determined by an actuarial valuation as of January 1, 2018 and update procedures were used to roll forward the total pension liability from the valuation date to the measurement date. The following actuarial assumptions were applied to the measurement of the total pension liability at December 31, 2018:

| | |
|----------------------------|--|
| Inflation | 3.5 % |
| Salary increases | 4.5 % |
| Investment rate of return | 7.5 % |
| Cost of living adjustments | 3% of first \$16,000 |
| Pre-retirement mortality | RP-2014 Blue Collar Employee Mortality Table set forward one year for females projected generationally with Scale MP-2017 |
| Healthy Retiree mortality | RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females projected generationally with Scale MP-2017 |
| Disabled Retiree mortality | RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017 |

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

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June 30, 2019

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2018 is summarized below:

| Asset class | Target asset allocation | Long-term expected real rate of return |
|--|--------------------------------|---|
| Cash | — % | 1.12 % |
| Domestic equity | 25.00 | 6.16 |
| International developed markets equity | 9.00 | 6.69 |
| International emerging markets equity | 10.00 | 9.47 |
| Core fixed income | 15.00 | 1.89 |
| High yield fixed income | 8.00 | 4.00 |
| Real estate | 10.00 | 4.58 |
| Commodities | 2.50 | 4.77 |
| Hedge fund, GTAA, Risk parity | 9.00 | 3.68 |
| Private equity | 11.50 | 10.00 |

Discount Rate

The discount rate used to calculate the total pension liability was 7.50%. 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.

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 7.50% 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 (6.50%) or 1%-point higher (8.50%) than the current rate (in 000s):

| | 1% Decrease █ (6.50%) | Current discount rate (7.50%) | 1% Increase █ (8.50%) |
|---------------|----------------------------------|--|----------------------------------|
| June 30, 2019 | \$ 376,101 | 240,258 | 126,022 |

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Notes to Basic Financial Statements

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(b) 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, 2018 measurement date is \$291.7 million based on an employer allocation percentage of 1.230%. The Commonwealth contributed \$29.6 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.

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.

(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.

Benefits Provided

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

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

The Plan (GASB Statement No. 74)

Employees Covered by the Benefit Terms

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

| | <u>City</u> |
|---|--------------|
| Active Plan members | 3,100 |
| Inactive members receiving benefits | 2,711 |
| Inactive members entitled to but not yet receiving benefits | — |
| | <hr/> |
| Total membership | <u>5,811</u> |
| | <hr/> |
| Total number of participating employers | 1 |

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 2019. The City and plan members share the cost of benefits. As of June 30, 2019, the valuation date, the 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. Since the establishment of the Trust Fund, the City made contributions of \$15 million through fiscal 2019.

Actuarial Methods and Assumptions

The total OPEB liability at June 30, 2019 was measured based on a June 30, 2019 valuation and using the following assumptions:

Salary Increase. 3.5%.

Inflation Increase. 3%

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

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

Healthcare cost trend rates. Trend rates begin with 6.0% (non-Medicare) and 5% (Medicare) and decrease 0.5% annually to an ultimate rate of 4.5%.

CITY OF CAMBRIDGE, MASSACHUSETTS

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June 30, 2019

Discount Rate. The discount rate used to measure the total OPEB liability for the City is 3.67% per annum. The rate is 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 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> | |

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

The components of the net OPEB liability for the Plan as of June 30, 2019 based on a valuation as of June 30, 2019 and the actuarial valuation assumptions as outlined above.

| | <u>The plan</u> |
|--|-----------------------|
| Total OPEB Liability | \$ 731,594,858 |
| Fiduciary net position | <u>(18,422,450)</u> |
| City's net OPEB liability | \$ <u>713,172,408</u> |
| Fiduciary net position as a percentage of the total OPEB liability | 2.52 % |

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

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, 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 | 712,172 | 888,740 |

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June 30, 2019

Annual Money Weighted Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense was 10.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Condensed Statement of OPEB Net Position

| | | |
|---------------------------------|----|--------------------------|
| Cash and cash equivalents | \$ | 76,282 |
| Investments, at fair value: | | |
| Fixed income securities | | 7,266,608 |
| Equities | | 11,079,560 |
| Total investments | | <u>18,346,168</u> |
| Held in trust for OPEB benefits | \$ | <u><u>18,422,450</u></u> |

Condensed Statement of Changes in OPEB Net Position

| | | |
|--|----|--------------------------|
| Additions: | | |
| Contributions: | | |
| Employers | \$ | <u>24,192,854</u> |
| Total contributions | | <u>24,192,854</u> |
| Investment earnings: | | |
| Interest and dividends | | 235,916 |
| Net appreciation (depreciation) in the fair value of investments | | 1,398,225 |
| Net investment earnings | | <u>1,634,141</u> |
| Total additions | | <u>25,826,995</u> |
| Deductions: | | |
| Benefits | | 22,192,854 |
| Administrative expenses | | 57,869 |
| Total deductions | | <u>22,250,723</u> |
| Change in net position | | <u>3,576,272</u> |
| Net position, beginning of year | | 14,846,178 |
| Net position, end of year | \$ | <u><u>18,422,450</u></u> |

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

The City's net OPEB liability was measured at June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to the measurement date.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

Employees Covered by the Benefit Terms

As of the June 30, 2017 actuarial valuation date, the following employees meet the eligibility requirements as put forth in Chapter 32B of M.G.L.:

| | <u>City</u> |
|---|--------------|
| Active Plan members | 2,983 |
| Inactive members receiving benefits | 2,622 |
| Inactive members entitled to but not yet receiving benefits | — |
| | <hr/> |
| Total membership | <u>5,605</u> |
| | <hr/> |
| Total number of participating employers | 1 |

Actuarial Methods and Assumptions

The total actuarial OPEB liability in the June 30, 2017 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: 2.5%

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

Mortality. RP-2014 generational table using Scale MP-2017, applied on a gender-specific basis.

Healthcare cost trend rates. Trend rates begin with 7.0% (non-Medicare) and 6% (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 3.93% which includes the rollforward period from the actuarial valuation date to the measurement date. The discount rate as of the valuation date was 3.65% per annum. The discount rates are based on a blend of the 20 year Bond Buyer GO index and the expected long-term OPEB trust investment rate of return of 5%. The 20 year Bond Buyer GO index was 3.87% and 3.58% as of June 30, 2018 and 2017, respectively. 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 5% was not applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate used for June 30, 2016 was assumed to be 2.91% and is also based on a blend of the 20 year Bond Buyer GO index and the City's expected investment rate of return of 5%.

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

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 | 55 % | 8.0 % |
| Fixed income | 40 | 2.0 |
| Cash | 5 | 2.0 |
| Total | <u>100 %</u> | |

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

| | <u>Increase (decrease)</u> | | |
|--|-----------------------------|------------------------------------|---------------------------|
| | <u>Total OPEB liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net OPEB liability</u> |
| Balances at July 1, 2017 | \$ 635,221,348 | 12,913,233 | 622,308,115 |
| Changes for the year: | | | |
| Service cost | 20,749,626 | — | 20,749,626 |
| Interest | 25,372,266 | — | 25,372,266 |
| Changes in assumptions or other inputs | (27,084,632) | — | (27,084,632) |
| Contribution – employer | — | 22,732,507 | (22,732,507) |
| Net investment income | — | (3,643) | 3,643 |
| Benefit payments | (20,732,507) | (20,732,507) | — |
| Administrative expenses | — | (63,412) | 63,412 |
| Net changes | <u>(1,695,247)</u> | <u>1,932,945</u> | <u>(3,628,192)</u> |
| Balances at June 30, 2018 | \$ <u>633,526,101</u> | <u>14,846,178</u> | <u>618,679,923</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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

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, 2018 (in thousands):

| | <u>Current rate</u> | <u>1% Decrease of current rate</u> | <u>Current discount rate</u> | <u>1% Increase of current rate</u> |
|--------------------|-------------------------|--|--------------------------------------|--|
| Net OPEB liability | 3.93% | \$ 720,199 | 618,680 | 501,673 |

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 | \$ 504,704 | 618,680 | 713,383 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019 the City recognized OPEB expense of \$34.2 million.

At June 30, 2019, 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> |
|---|------------------------------|-----------------------------|
| Changes of assumptions/inputs | \$ — | 61,917 |
| Net difference between projected and actual investments | 541 | — |
| Post measurement date contributions | 20,733 | — |
| | <u>\$ 21,274</u> | <u>61,917</u> |

Contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

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> |
|--------------------|--------------------|
| 2019 | \$ (11,051) |
| 2020 | (11,051) |
| 2021 | (11,051) |
| 2022 | (11,041) |
| 2023 | (11,184) |
| Thereafter | <u>(5,998)</u> |
| Total | <u>\$ (61,376)</u> |

(11) Securities Lending

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

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

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

As of December 31, 2018, the fair value of securities on loan was \$46.6 million. The associated collateral was \$47.7 million, of which \$35.3 million was cash collateral and \$12.4 million was non-cash. The cash collateral has been reinvested in repurchase agreements (\$8.2 million), time deposits (\$.8 million) and floating rate notes (\$26.3 million) with a collective fair value of approximately \$35.3 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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

As of December 31, 2018, 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, 2018.

(12) Transfers

Transfers and their purposes during the year ended June 30, 2019 were as follows:

| | Governmental funds | | | | Proprietary fund |
|---|------------------------|-------------------|-------------------------------|---------------------|-----------------------|
| | General | Capital | Affordable Housing Trust fund | Other | Enterprise fund water |
| Capital – to fund capital expenditures | \$ (29,141,068) | 29,141,068 | — | — | — |
| General – mitigation revenues to fund eligible capital expenditures | (2,839,451) | 2,839,451 | — | — | — |
| General – mitigation revenues to fund Human Services grants | (5,000,000) | — | — | 5,000,000 | — |
| Parking – to fund administrative costs and other eligible City expenditures | 22,508,565 | 6,483,000 | — | (28,991,565) | — |
| General – mitigation revenues to fund Public Safety grants | (75,000) | — | — | 75,000 | — |
| Capital – to fund eligible CDBG program costs | — | 55,953 | — | (55,953) | — |
| Water – to fund administrative costs | 720,475 | — | — | — | (720,475) |
| Affordable housing fund to/from CPA Fund | — | — | 10,176,000 | (10,176,000) | — |
| Total | \$ (13,826,479) | 38,519,472 | 10,176,000 | (34,148,518) | (720,475) |

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

(13) Fund Balance Classification Details

The components of fund balance for the City's governmental funds as of June 30, 2019 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 | \$ 3,325,529 | — | — | — |
| Nonexpendable permanent funds | — | — | — | 2,323,744 |
| Restricted: | | | | |
| Property and development | — | 41,912,674 | — | 10,229,316 |
| Streets and sidewalks | — | 22,125,525 | — | — |
| Parks and recreation | — | 5,193,629 | — | 4,383,993 |
| Sewer projects | — | 34,364,346 | — | — |
| Library | — | 1,911,056 | — | — |
| Schools | — | 28,245,640 | — | — |
| General government | — | 3,418,061 | — | — |
| Affordable housing | — | — | 600,000 | — |
| Other City Grants Fund: | | | | |
| General Government | — | — | — | 957,803 |
| Human Services | — | 125,012 | — | 7,295,321 |
| School Grants Fund Federal/State | — | — | — | 4,125,277 |
| Expendable permanent funds | — | — | — | 1,995,211 |
| Committed: | | | | |
| Parking fund | — | — | — | 13,610,911 |
| Health claims | 33,131,206 | — | — | — |
| Budget stabilization | 69,666,851 | — | — | — |
| Affordable housing | — | — | 37,865,531 | — |
| Assigned: | | | | |
| Subsequent year's expenditures | 16,500,000 | — | — | — |
| Unassigned | 265,107,570 | — | — | — |
| Total fund balances | \$ <u>387,731,156</u> | <u>137,295,943</u> | <u>38,465,531</u> | <u>44,921,576</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

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.

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, 2019 are as follows:

| | | |
|---------------------------------------|----|--------------------------|
| City Stabilization fund | \$ | 58,711,842 |
| Mitigation Stabilization fund | | 8,498,009 |
| Community Benefits Stabilization fund | | <u>2,457,000</u> |
| Total Stabilization funds | \$ | <u><u>69,666,851</u></u> |

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

Commitments and Contingencies

The City has \$10.9 million in encumbrances for purchase orders and contracts in the General Fund, \$75.6 million in the Capital Fund, and \$2.9 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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

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, 2019.

(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, 2019, 2018, and 2017.

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, 2019 and 2018 are as follows:

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|---------------------|
| Judgments and accrued claims, beginning of year | \$ 16,501,000 | 18,230,000 |
| Incurred claims | 56,123,370 | 53,332,809 |
| Less payments of claims attributable to events of both current and prior fiscal years | <u>(56,160,370)</u> | <u>(55,061,809)</u> |
| Judgments and accrued claims, end of year | <u>\$ 16,464,000</u> | <u>16,501,000</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2019

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

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

June 30, 2019

(Unaudited)

**Schedule of Employer Contributions
(OPEB GASB Statement No. 74)
(dollars in thousands)**

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------------|----------------|----------------|
| Actuarially determined contribution (ADC) | \$ 45,818 | 36,817 | 36,817 |
| Contribution in relation to the actuarially determined contribution | <u>24,193</u> | <u>22,732</u> | <u>22,271</u> |
| Contribution deficiency (excess) | \$ <u>21,625</u> | <u>14,085</u> | <u>14,546</u> |
| Covered payroll | \$ <u>236,987</u> | <u>238,710</u> | <u>196,095</u> |
| Contributions as a percent of covered payroll | 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, 2019

(Unaudited)

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

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------|---------------------|
| Total OPEB liability: | | |
| Service cost | \$ 21,565,086 | 20,749,626 |
| Interest cost | 25,308,994 | 25,372,266 |
| Differences between expected and actual experience | 8,829,767 | — |
| Changes in assumptions or other inputs | 64,557,764 | (27,084,632) |
| Benefit payments | <u>(22,192,854)</u> | <u>(20,732,507)</u> |
| Net change in OPEB liability | 98,068,757 | (1,695,247) |
| Total OPEB liability – beginning | <u>633,526,101</u> | <u>635,221,348</u> |
| Total OPEB liability – ending | <u>731,594,858</u> | <u>633,526,101</u> |
| Plan fiduciary net position: | | |
| Contributions – employer | 24,192,854 | 22,732,507 |
| Net investment income | 1,634,141 | (3,643) |
| Benefit payments | (22,192,854) | (20,732,507) |
| Admin. expense | <u>(57,869)</u> | <u>(63,412)</u> |
| Net change in plan fiduciary net position | 3,576,272 | 1,932,945 |
| Plan fiduciary net position – beginning | <u>14,846,178</u> | <u>12,913,233</u> |
| Plan fiduciary net position – ending | <u>18,422,450</u> | <u>14,846,178</u> |
| City's net OPEB liability – ending | <u>\$ 713,172,408</u> | <u>618,679,923</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 2.52 % | 2.34 % |
| Covered payroll | \$ 236,986,885 | 238,709,766 |
| City's net OPEB liability as a percentage of covered payroll | 33.23 % | 38.58 % |

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

June 30, 2019

(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> |
|-------------------------------|---------------------------------|--|
| 2019: | \$ 64,557,764 | <ul style="list-style-type: none"> - 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) | <ul style="list-style-type: none"> - 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>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 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>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$ 32,247,663 | 30,772,819 | 30,523,432 | 28,665,468 | 27,505,315 |
| Contributions in relation to the actuarially determined contribution | 32,547,663 | 31,072,819 | 30,823,432 | 28,965,468 | 27,805,315 |
| Contribution deficiency (excess) | <u>\$ (300,000)</u> | <u>(300,000)</u> | <u>(300,000)</u> | <u>(300,000)</u> | <u>(300,000)</u> |
| Covered payroll | \$ 138,664,148 | 133,664,659 | 127,847,305 | 122,094,246 | 135,002,508 |
| Contributions as a percentage of covered employee payroll | 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>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------|-------------|-------------|-------------|-------------|
| City's proportion of the net pension liability | 75.216558 % | 75.922581 % | 76.792582 % | 76.337126 % | 77.532583 % |
| City's proportionate share of the net pension liability | \$ 240,258,089 | 137,962,572 | 181,785,216 | 212,198,096 | 121,984,750 |
| City's covered payroll* | 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-employee payroll | 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 | 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.

* 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, 2019

(Unaudited)

(with comparative actual amounts for 2018)

| | 2019 Original budget | 2019 Final budget | 2019 Actual | Variance favorable (unfavorable) | 2018 Actual |
|---|-------------------------------------|----------------------------------|----------------------------|---|---------------------------|
| Revenues: | | | | | |
| Property taxes | \$ 409,809,861 | 409,809,861 | 409,809,861 | - | 398,120,640 |
| Provisions for tax abatements and adj. | (4,500,000) | (4,500,000) | (4,565,850) | (65,850) | (4,520,140) |
| Payments in lieu of tax receipts | 7,512,500 | 7,512,500 | 7,793,155 | 280,655 | 7,388,601 |
| Hotel/motel/meals excise tax | 19,600,000 | 19,600,000 | 21,510,878 | 1,910,878 | 20,937,973 |
| Intergovernmental | 41,678,748 | 41,678,748 | 41,280,051 | (398,697) | 39,582,398 |
| Sewer use | 54,994,530 | 54,994,530 | 54,874,965 | (119,565) | 51,427,534 |
| Motor vehicle excise | 7,417,073 | 7,417,073 | 8,350,538 | 933,465 | 7,727,124 |
| Investment income | 2,670,000 | 2,670,000 | 6,134,018 | 3,464,018 | 4,139,619 |
| Other | <u>32,861,973</u> | <u>33,461,973</u> | <u>62,361,789</u> | <u>28,899,816</u> | <u>68,636,081</u> |
| Total revenues | <u>572,044,685</u> | <u>572,644,685</u> | <u>607,549,405</u> | <u>34,904,720</u> | <u>593,439,830</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 58,559,491 | 55,499,286 | 43,876,720 | 11,622,566 | 44,969,855 |
| Public safety | 138,924,050 | 141,739,900 | 140,253,043 | 1,486,857 | 133,144,576 |
| Community maintenance and development | 54,531,955 | 57,152,455 | 56,258,931 | 893,524 | 52,325,495 |
| Human resource development | 46,963,265 | 47,547,086 | 46,422,849 | 1,124,237 | 42,477,569 |
| Education | 191,069,505 | 191,069,505 | 190,639,819 | 429,686 | 182,074,475 |
| Judgments and claims | 200,000 | 2,329,351 | 2,311,069 | 18,282 | 196,843 |
| State and district assessments | 60,449,019 | 60,449,019 | 57,931,297 | 2,517,722 | 56,316,174 |
| Debt service: | | | | | |
| Principal | 49,201,480 | 49,201,480 | 49,201,478 | 2 | 47,241,168 |
| Interest | <u>17,207,050</u> | <u>17,207,050</u> | <u>16,824,330</u> | <u>382,720</u> | <u>14,599,590</u> |
| Total expenditures | <u>617,105,815</u> | <u>622,195,132</u> | <u>603,719,536</u> | <u>18,475,596</u> | <u>573,345,745</u> |
| Excess (deficiency) of revenues over expenditures | <u>(45,061,130)</u> | <u>(49,550,447)</u> | <u>3,829,869</u> | <u>53,380,316</u> | <u>20,094,085</u> |
| Other financing sources (uses): | | | | | |
| Operating transfers in (out): | | | | | |
| Special revenue funds | 23,195,655 | 23,195,655 | 22,508,565 | (687,090) | 21,649,635 |
| Capital projects funds | (4,885,000) | (5,761,000) | (29,141,068) | (23,380,068) | (21,627,580) |
| Trust funds | 11,500,000 | 11,500,000 | 3,571,245 | (7,928,755) | 1,240,241 |
| Enterprise fund | <u>750,475</u> | <u>750,475</u> | <u>720,475</u> | <u>(30,000)</u> | <u>719,125</u> |
| Total other financing sources (uses) | <u>30,561,130</u> | <u>29,685,130</u> | <u>(2,340,783)</u> | <u>(32,025,913)</u> | <u>1,981,421</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | <u>(14,500,000)</u> | <u>(19,865,317)</u> | <u>\$ 1,489,086</u> | <u>21,354,403</u> | <u>22,075,506</u> |
| Other budget items: | | | | | |
| Free cash appropriations | 12,500,000 | 17,865,317 | | | |
| Prior year deficits raised | - | - | | | |
| Overlay surplus | <u>2,000,000</u> | <u>2,000,000</u> | | | |
| Total other budget items | <u>14,500,000</u> | <u>19,865,317</u> | | | |
| Net budget and actual | <u>\$ -</u> | <u>-</u> | | | |

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Required Supplementary Information – Schedule of Revenues and Expenditures

Year ended June 30, 2019

(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, 2019:

| | <u>Revenues</u> | <u>Expenditures</u> | <u>Other financing sources (uses), net</u> |
|---|-----------------------|---------------------|--|
| As reported on a budgetary basis | \$ 607,549,405 | 603,719,536 | (2,340,783) |
| Adjustments: | | | |
| Revenues to modified accrual basis | 21,234,319 | — | — |
| Expenditures, encumbrances and accruals, net | — | (7,753,141) | — |
| On-behalf contribution for teachers pension | 29,563,326 | 29,563,326 | — |
| Reclassification: | | | |
| Premium on debt issuance | — | — | 100,954 |
| Transfers not reported on a Budgetary/GAAP basis | — | — | (11,485,696) |
| As reported on a GAAP basis | <u>\$ 658,347,050</u> | <u>625,529,721</u> | <u>(13,725,525)</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance positive (negative)</u> |
|----------------------------|-------------------|-------------------|---|
| General government: | | | |
| Mayor: | | | |
| Salaries and wages | \$ 549,745 | 534,550 | 15,195 |
| Other ordinary maintenance | 146,130 | 85,045 | 61,085 |
| Travel and training | <u>29,500</u> | <u>17,682</u> | <u>11,818</u> |
| Total Mayor | <u>725,375</u> | <u>637,277</u> | <u>88,098</u> |
| City Manager: | | | |
| Salaries and wages | 2,377,215 | 2,243,944 | 133,271 |
| Other ordinary maintenance | 1,292,800 | 1,206,973 | 85,827 |
| Travel and training | <u>51,550</u> | <u>48,663</u> | <u>2,887</u> |
| Total City Manager | <u>3,721,565</u> | <u>3,499,580</u> | <u>221,985</u> |
| City Council: | | | |
| Salaries and wages | 1,840,725 | 1,739,636 | 101,089 |
| Other ordinary maintenance | 49,400 | 24,425 | 24,975 |
| Travel and training | <u>72,700</u> | <u>28,620</u> | <u>44,080</u> |
| Total City Council | <u>1,962,825</u> | <u>1,792,681</u> | <u>170,144</u> |
| City Clerk: | | | |
| Salaries and wages | 1,255,925 | 1,255,924 | 1 |
| Other ordinary maintenance | 140,110 | 137,342 | 2,768 |
| Travel and training | <u>4,420</u> | <u>455</u> | <u>3,965</u> |
| Total City Clerk | <u>1,400,455</u> | <u>1,393,721</u> | <u>6,734</u> |
| Law: | | | |
| Salaries and wages | 1,894,040 | 1,869,481 | 24,559 |
| Other ordinary maintenance | 565,400 | 564,958 | 442 |
| Travel and training | <u>14,245</u> | <u>10,375</u> | <u>3,870</u> |
| Total law | <u>2,473,685</u> | <u>2,444,814</u> | <u>28,871</u> |
| Finance: | | | |
| Salaries and wages | 13,412,495 | 12,663,491 | 749,004 |
| Other ordinary maintenance | 5,385,210 | 4,992,719 | 392,491 |
| Travel and training | 323,725 | 290,593 | 33,132 |
| Extraordinary expenditures | <u>62,800</u> | <u>60,763</u> | <u>2,037</u> |
| Total finance | <u>19,184,230</u> | <u>18,007,566</u> | <u>1,176,664</u> |
| Employment benefits: | | | |
| Salaries and wages | 21,355,256 | 11,932,542 | 9,422,714 |
| Other ordinary maintenance | 903,600 | 692,473 | 211,127 |
| Travel and training | <u>30,000</u> | <u>5,697</u> | <u>24,303</u> |
| Total employment benefits | <u>22,288,856</u> | <u>12,630,712</u> | <u>9,658,144</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance positive (negative)</u> |
|----------------------------|-------------------|-------------------|---|
| General services: | | | |
| Salaries and wages | \$ 273,590 | 214,344 | 59,246 |
| Other ordinary maintenance | <u>378,500</u> | <u>302,275</u> | <u>76,225</u> |
| Total general services | <u>652,090</u> | <u>516,619</u> | <u>135,471</u> |
| Election commission: | | | |
| Salaries and wages | 1,228,440 | 1,228,436 | 4 |
| Other ordinary maintenance | 265,330 | 242,287 | 23,043 |
| Travel and training | <u>2,270</u> | <u>501</u> | <u>1,769</u> |
| Total election commission | <u>1,496,040</u> | <u>1,471,224</u> | <u>24,816</u> |
| Public celebrations: | | | |
| Salaries and wages | 639,235 | 623,079 | 16,156 |
| Other ordinary maintenance | 465,650 | 447,638 | 18,012 |
| Travel and training | <u>1,325</u> | <u>800</u> | <u>525</u> |
| Total public celebrations | <u>1,106,210</u> | <u>1,071,517</u> | <u>34,693</u> |
| Reserve: | | | |
| Other ordinary maintenance | <u>20,800</u> | <u>-</u> | <u>20,800</u> |
| Total reserve | <u>20,800</u> | <u>-</u> | <u>20,800</u> |
| Animal commission: | | | |
| Salaries and wages | 448,700 | 394,166 | 54,534 |
| Other ordinary maintenance | 18,305 | 16,763 | 1,542 |
| Travel and training | <u>150</u> | <u>80</u> | <u>70</u> |
| Total animal commission | <u>467,155</u> | <u>411,009</u> | <u>56,146</u> |
| Total general government | <u>55,499,286</u> | <u>43,876,720</u> | <u>11,622,566</u> |
| Public safety: | | | |
| Fire: | | | |
| Salaries and wages | 49,459,340 | 49,459,336 | 4 |
| Other ordinary maintenance | 1,726,440 | 1,548,137 | 178,303 |
| Travel and training | 609,500 | 598,175 | 11,325 |
| Extraordinary expenditures | <u>247,340</u> | <u>234,384</u> | <u>12,956</u> |
| Total fire | <u>52,042,620</u> | <u>51,840,032</u> | <u>202,588</u> |
| Police: | | | |
| Salaries and wages | 56,947,035 | 56,947,030 | 5 |
| Other ordinary maintenance | 2,328,185 | 2,309,496 | 18,689 |
| Travel and training | 447,500 | 423,353 | 24,147 |
| Extraordinary expenditures | <u>635,500</u> | <u>552,912</u> | <u>82,588</u> |
| Total police | <u>60,358,220</u> | <u>60,232,791</u> | <u>125,429</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance positive (negative)</u> |
|--|-------------------|-------------------|---|
| Traffic and parking: | | | |
| Salaries and wages | \$ 9,085,915 | 9,058,174 | 27,741 |
| Other ordinary maintenance | 4,467,040 | 4,315,393 | 151,647 |
| Travel and training | 111,000 | 87,669 | 23,331 |
| Extraordinary expenditures | <u>90,000</u> | <u>28,576</u> | <u>61,424</u> |
| Total traffic and parking | <u>13,753,955</u> | <u>13,489,812</u> | <u>264,143</u> |
| Police review and advisory board: | | | |
| Other ordinary maintenance | 700 | 406 | 294 |
| Travel and training | <u>3,000</u> | <u>2,992</u> | <u>8</u> |
| Total police review and advisory board | <u>3,700</u> | <u>3,398</u> | <u>302</u> |
| Inspectional services: | | | |
| Salaries and wages | 3,522,285 | 3,488,857 | 33,428 |
| Other ordinary maintenance | 164,680 | 101,519 | 63,161 |
| Travel and training | 10,425 | 7,535 | 2,890 |
| Extraordinary expenditures | <u>10,000</u> | <u>-</u> | <u>10,000</u> |
| Total inspectional services | <u>3,707,390</u> | <u>3,597,911</u> | <u>109,479</u> |
| License: | | | |
| Salaries and wages | 1,281,135 | 1,257,086 | 24,049 |
| Other ordinary maintenance | 35,040 | 14,652 | 20,388 |
| Travel and training | <u>7,530</u> | <u>1,529</u> | <u>6,001</u> |
| Total license | <u>1,323,705</u> | <u>1,273,267</u> | <u>50,438</u> |
| Weights and measures: | | | |
| Salaries and wages | 147,000 | 97,064 | 49,936 |
| Other ordinary maintenance | 6,280 | 2,250 | 4,030 |
| Travel and training | <u>3,745</u> | <u>1,558</u> | <u>2,187</u> |
| Total weights and measures | <u>157,025</u> | <u>100,872</u> | <u>56,153</u> |
| Electrical: | | | |
| Salaries and wages | 1,864,730 | 1,857,439 | 7,291 |
| Other ordinary maintenance | 1,006,460 | 642,345 | 364,115 |
| Travel and training | 25,170 | 18,432 | 6,738 |
| Extraordinary expenditures | <u>50,000</u> | <u>37,141</u> | <u>12,859</u> |
| Total electrical | <u>2,946,360</u> | <u>2,555,357</u> | <u>391,003</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance positive (negative)</u> |
|--|--------------------|--------------------|---|
| Emergency communications: | | | |
| Salaries and wages | \$ 6,850,865 | 6,644,415 | 206,450 |
| Other ordinary maintenance | 482,610 | 446,350 | 36,260 |
| Travel and training | 55,850 | 36,009 | 19,841 |
| Extraordinary expenditures | <u>57,600</u> | <u>32,829</u> | <u>24,771</u> |
| Total emergency communications | <u>7,446,925</u> | <u>7,159,603</u> | <u>287,322</u> |
| Total public safety | <u>141,739,900</u> | <u>140,253,043</u> | <u>1,486,857</u> |
| Community maintenance and development: | | | |
| Public works: | | | |
| Salaries and wages | 26,464,975 | 26,464,971 | 4 |
| Other ordinary maintenance | 17,212,240 | 17,069,816 | 142,424 |
| Travel and training | 530,930 | 395,796 | 135,134 |
| Extraordinary expenditures | <u>600,000</u> | <u>600,000</u> | <u>-</u> |
| Total public works | <u>44,808,145</u> | <u>44,530,583</u> | <u>277,562</u> |
| Community development: | | | |
| Salaries and wages | 7,831,144 | 7,509,326 | 321,818 |
| Other ordinary maintenance | 1,830,027 | 1,725,824 | 104,203 |
| Travel and training | 48,682 | 44,453 | 4,229 |
| Extraordinary expenditures | <u>58,867</u> | <u>58,867</u> | <u>-</u> |
| Total community development | <u>9,768,720</u> | <u>9,338,470</u> | <u>430,250</u> |
| Historical commission: | | | |
| Salaries and wages | 668,620 | 619,572 | 49,048 |
| Other ordinary maintenance | 36,750 | 32,300 | 4,450 |
| Travel and training | <u>1,200</u> | <u>1,125</u> | <u>75</u> |
| Total historical commission | <u>706,570</u> | <u>652,997</u> | <u>53,573</u> |
| Peace commission: | | | |
| Salaries and wages | 153,510 | 153,510 | - |
| Other ordinary maintenance | 9,325 | 8,336 | 989 |
| Travel and training | <u>2,850</u> | <u>1,500</u> | <u>1,350</u> |
| Total peace commission | <u>165,685</u> | <u>163,346</u> | <u>2,339</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance positive (negative)</u> |
|--|-------------------|-------------------|---|
| Cable television: | | | |
| Salaries and wages | \$ 603,915 | 517,760 | 86,155 |
| Other ordinary maintenance | 1,095,970 | 1,055,775 | 40,195 |
| Travel and training | 3,450 | - | 3,450 |
| Total cable television | <u>1,703,335</u> | <u>1,573,535</u> | <u>129,800</u> |
| Total community maintenance and development | <u>57,152,455</u> | <u>56,258,931</u> | <u>893,524</u> |
| Human resource development: | | | |
| Library: | | | |
| Salaries and wages | 8,329,275 | 8,320,809 | 8,466 |
| Other ordinary maintenance | 2,977,840 | 2,771,694 | 206,146 |
| Travel and training | 112,150 | 86,531 | 25,619 |
| Total library | <u>11,419,265</u> | <u>11,179,034</u> | <u>240,231</u> |
| Human services: | | | |
| Salaries and wages | 26,911,195 | 26,644,696 | 266,499 |
| Other ordinary maintenance | 7,084,856 | 6,660,111 | 424,745 |
| Travel and training | 89,760 | 67,325 | 22,435 |
| Extraordinary expenditures | 40,000 | 40,000 | - |
| Total human services | <u>34,125,811</u> | <u>33,412,132</u> | <u>713,679</u> |
| Women's commission: | | | |
| Salaries and wages | 271,870 | 271,866 | 4 |
| Other ordinary maintenance | 12,035 | 10,091 | 1,944 |
| Travel and training | 525 | 394 | 131 |
| Total women's commission | <u>284,430</u> | <u>282,351</u> | <u>2,079</u> |
| Human rights commission: | | | |
| Salaries and wages | 441,410 | 436,858 | 4,552 |
| Other ordinary maintenance | 48,100 | 41,627 | 6,473 |
| Travel and training | 1,700 | 1,457 | 243 |
| Total human rights commission | <u>491,210</u> | <u>479,942</u> | <u>11,268</u> |
| Veterans benefits: | | | |
| Salaries and wages | 373,570 | 368,561 | 5,009 |
| Other ordinary maintenance | 64,800 | 59,553 | 5,247 |
| Travel and training | 788,000 | 641,276 | 146,724 |
| Total veterans benefits | <u>1,226,370</u> | <u>1,069,390</u> | <u>156,980</u> |
| Total human resource development | <u>47,547,086</u> | <u>46,422,849</u> | <u>1,124,237</u> |

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2019

| | <u>Budget</u> | <u>Actual</u> | <u>Variance positive (negative)</u> |
|--------------------------------------|-----------------------|--------------------|---|
| Education: | | | |
| Salaries and wages | \$ 155,787,613 | 155,364,054 | 423,559 |
| Other ordinary maintenance | 33,793,226 | 33,793,026 | 200 |
| Travel and training | 1,239,366 | 1,233,530 | 5,836 |
| Extraordinary expenditures | <u>249,300</u> | <u>249,209</u> | <u>91</u> |
| Total education | <u>191,069,505</u> | <u>190,639,819</u> | <u>429,686</u> |
| Judgments and claims | 2,329,351 | 2,311,069 | 18,282 |
| Debt retirement: | | | |
| Principal payments | 49,201,480 | 49,201,478 | 2 |
| Interest payments | <u>17,207,050</u> | <u>16,824,330</u> | <u>382,720</u> |
| Total debt retirement | <u>66,408,530</u> | <u>66,025,808</u> | <u>382,722</u> |
| State and district assessments: | | | |
| MBTA assessment | 9,735,155 | 9,735,155 | - |
| MWRA assessment | 25,708,250 | 25,518,527 | 189,723 |
| Other State assessments | 17,755,614 | 15,427,615 | 2,327,999 |
| Cambridge Health Alliance | <u>7,250,000</u> | <u>7,250,000</u> | <u>-</u> |
| Total state and district assessments | <u>60,449,019</u> | <u>57,931,297</u> | <u>2,517,722</u> |
| Total general fund expenditures | <u>\$ 622,195,132</u> | <u>603,719,536</u> | <u>18,475,596</u> |

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2019

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

Other Governmental Funds

June 30, 2019

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, 2019

| Assets | Special revenue | | | | | | Total |
|--|-----------------------------------|------------------|-------------------|----------------------------|------------------|------------------|-------------------|
| | Community development block grant | School grants | Parking fund | Community preservation act | Other grants | Permanent funds | |
| Cash and short-term investments | \$ 575,722 | 4,297,796 | 13,055,601 | 16,215,780 | 8,816,083 | 4,318,955 | 47,279,937 |
| Accounts receivable | — | — | 555,310 | 84,441 | — | — | 639,751 |
| Due from other governments | 74,727 | 714,748 | — | — | 487,114 | — | 1,276,589 |
| Total assets | \$ 650,449 | 5,012,544 | 13,610,911 | 16,300,221 | 9,303,197 | 4,318,955 | 49,196,277 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Warrants payable | \$ 71,964 | 766,007 | — | 258,891 | 1,013,687 | — | 2,110,549 |
| Accrued liabilities | 8,516 | 121,260 | — | 1,343,580 | 36,386 | — | 1,509,742 |
| Due to other funds | 569,969 | — | — | — | — | — | 569,969 |
| Total liabilities | 650,449 | 887,267 | — | 1,602,471 | 1,050,073 | — | 4,190,260 |
| Deferred inflows of resources: | | | | | | | |
| Unavailable revenue | — | — | — | 84,441 | — | — | 84,441 |
| Fund balances: | | | | | | | |
| Nonspendable | — | — | — | — | — | 2,323,744 | 2,323,744 |
| Restricted | — | 4,125,277 | — | 14,613,309 | 8,253,124 | 1,995,211 | 28,986,921 |
| Committed | — | — | 13,610,911 | — | — | — | 13,610,911 |
| Total fund balances | — | 4,125,277 | 13,610,911 | 14,613,309 | 8,253,124 | 4,318,955 | 44,921,576 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 650,449 | 5,012,544 | 13,610,911 | 16,300,221 | 9,303,197 | 4,318,955 | 49,196,277 |

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, 2019

| | Special Revenue | | | | | | Total |
|--|--|--------------------------|-------------------------|---|-------------------------|----------------------------|-------------------|
| | Community development block grant | School grants | Parking fund | Community preservation act | Other grants | Permanent funds | |
| Revenues: | | | | | | | |
| Intergovernmental | \$ 1,150,186 | 13,294,871 | 782,758 | 2,220,910 | 8,835,808 | — | 26,284,533 |
| Investment income | — | — | 732,127 | 240,510 | 9,172 | 112,038 | 1,093,847 |
| Other: | | | | | | | |
| Permits | — | — | 1,098,132 | — | — | — | 1,098,132 |
| Fines | — | — | 10,083,709 | — | — | — | 10,083,709 |
| Charges for services | — | — | 13,262,721 | — | — | — | 13,262,721 |
| Miscellaneous | — | 2,043,256 | 93,859 | 11,303,013 | 526,555 | 309,957 | 14,276,640 |
| Total revenues | 1,150,186 | 15,338,127 | 26,053,306 | 13,764,433 | 9,371,535 | 421,995 | 66,099,582 |
| Expenditures: | | | | | | | |
| General government | — | — | — | 11,697 | 44,023 | 247,638 | 303,358 |
| Public safety | — | — | — | — | 861,715 | — | 861,715 |
| Community maintenance and development | 561,622 | — | — | 2,438,212 | 195,549 | — | 3,195,383 |
| Human services | 532,611 | — | — | — | 8,278,366 | — | 8,810,977 |
| Education | — | 12,762,671 | — | — | — | — | 12,762,671 |
| Total expenditures | 1,094,233 | 12,762,671 | — | 2,449,909 | 9,379,653 | 247,638 | 25,934,104 |
| Excess (deficiency) of revenues over expenditures | 55,953 | 2,575,456 | 26,053,306 | 11,314,524 | (8,118) | 174,357 | 40,165,478 |
| Other financing sources (uses): | | | | | | | |
| Transfers from other funds | — | — | — | — | 5,075,000 | — | 5,075,000 |
| Transfers to other funds | (55,953) | — | (28,991,565) | (10,176,000) | — | — | (39,223,518) |
| Excess (deficiency) of revenues over expenditures and transfers | — | 2,575,456 | (2,938,259) | 1,138,524 | 5,066,882 | 174,357 | 6,016,960 |
| Fund balances at beginning of year | — | 1,549,821 | 16,549,170 | 13,474,785 | 3,186,242 | 4,144,598 | 38,904,616 |
| Fund balances at end of year | \$ — | 4,125,277 | 13,610,911 | 14,613,309 | 8,253,124 | 4,318,955 | 44,921,576 |

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2019

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, 2019

| Assets | Fiduciary Units | | |
|---|--|--|----------------------|
| | Employee retirement plan 12/31/2018 | OPEB Trust fund 6/30/2019 | Total |
| Cash and cash equivalents | \$ 9,793,854 | 76,282 | 9,870,136 |
| Dividend and interest receivable | 452,539 | — | 452,539 |
| Other assets | 551,609 | — | 551,609 |
| Investments, at fair value: | | | |
| Fixed income securities | 58,384,067 | 7,266,608 | 65,650,675 |
| Equities | 120,230,775 | 11,079,560 | 131,310,335 |
| Pooled investments: | | | |
| Fixed income | 134,281,690 | — | 134,281,690 |
| Real estate | 199,379,922 | — | 199,379,922 |
| Domestic equities | 329,735,952 | — | 329,735,952 |
| International equities | 166,056,092 | — | 166,056,092 |
| International fixed income | 62,561,122 | — | 62,561,122 |
| Alternative | 189,399,241 | — | 189,399,241 |
| Total investments | 1,260,028,861 | 18,346,168 | 1,278,375,029 |
| Cash collateral on security lending | 35,255,585 | — | 35,255,585 |
| Total assets | <u>1,306,082,448</u> | <u>18,422,450</u> | <u>1,324,504,898</u> |
| Liabilities | | | |
| Accrued liabilities | 836,110 | — | 836,110 |
| Due to brokers for securities purchased | 1,271,603 | — | 1,271,603 |
| Cash collateral on security lending | 35,255,585 | — | 35,255,585 |
| Total liabilities | <u>37,363,298</u> | <u>—</u> | <u>37,363,298</u> |
| Held in trust for pension benefits and other purposes | \$ <u>1,268,719,150</u> | <u>18,422,450</u> | <u>1,287,141,600</u> |

See independent auditors' report

CITY OF CAMBRIDGE, MASSACHUSETTS
Combining Statement of Changes in Net Position
Year ended June 30, 2019

| | Fiduciary Units | | |
|--|--|--|----------------------|
| | Employee retirement plan 12/31/2018 | OPEB Trust fund 6/30/2019 | Total |
| Additions: | | | |
| Contributions: | | | |
| Employers | \$ 40,323,505 | 24,192,854 | 64,516,359 |
| Nonemployer – City | 2,849,585 | — | 2,849,585 |
| Plan members | 22,730,249 | — | 22,730,249 |
| Other systems | 3,207,371 | — | 3,207,371 |
| Commonwealth of Massachusetts | 698,630 | — | 698,630 |
| Total contributions | <u>69,809,340</u> | <u>24,192,854</u> | <u>94,002,194</u> |
| Investment earnings: | | | |
| Interest and dividends | 24,259,981 | 235,916 | 24,495,897 |
| Securities lending income | 1,102,082 | — | 1,102,082 |
| Net appreciation (depreciation) in the fair value of investments | (63,481,786) | 1,398,225 | (62,083,561) |
| Less: | | | |
| Management fees | (9,120,314) | — | (9,120,314) |
| Borrower rebates and fees under securities lending program | (969,287) | — | (969,287) |
| Net investment earnings | <u>(48,209,324)</u> | <u>1,634,141</u> | <u>(46,575,183)</u> |
| Total additions | <u>21,600,016</u> | <u>25,826,995</u> | <u>47,427,011</u> |
| Deductions: | | | |
| Benefits | 80,623,068 | 22,192,854 | 102,815,922 |
| Refunds of contributions | 2,799,045 | — | 2,799,045 |
| Other systems | 3,781,045 | — | 3,781,045 |
| Administrative expenses | 1,253,759 | 57,869 | 1,311,628 |
| Total deductions | <u>88,456,917</u> | <u>22,250,723</u> | <u>110,707,640</u> |
| Change in net position | (66,856,901) | 3,576,272 | (63,280,629) |
| Net position, beginning of year | <u>1,335,576,051</u> | <u>14,846,178</u> | <u>1,350,422,229</u> |
| Net position, end of year | <u>\$ 1,268,719,150</u> | <u>18,422,450</u> | <u>1,287,141,600</u> |

See independent auditors' report

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2019

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, 2019

| Assets | Balance at June 30, 2018 | Additions | Deductions | Balance at June 30, 2019 |
|---------------------------------|--------------------------------|------------|------------|--------------------------------|
| Cash and Cash Equivalents: | | | | |
| Contract Bids | \$ 113,214 | — | — | 113,214 |
| Plans | 2,065 | — | — | 2,065 |
| Tree Removals | 485 | — | — | 485 |
| Driveways | 583,483 | 423,289 | 348,219 | 658,553 |
| Sidewalk Openings | 150 | — | — | 150 |
| In Lieu of Bond | 70,945 | — | — | 70,945 |
| License Commission | 10,149 | — | — | 10,149 |
| Cambridge Police Detail | (40,140) | 5,371,476 | 5,178,354 | 152,982 |
| Cambridge Fire Detail | 73,077 | 2,597,099 | 2,591,206 | 78,970 |
| Dog Licenses | 10,657 | — | — | 10,657 |
| Sporting Licenses | 2,390 | — | — | 2,390 |
| Constable Fees | 240,195 | 104,753 | 93,660 | 251,288 |
| 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 | 184,179 | 800,066 | 125,000 | 859,245 |
| Accident and Life Insurance | 1,016,038 | 286,630 | 331,550 | 971,118 |
| 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 | 801,638 | 716,553 | 603,008 | 915,183 |
| Continental Casualty | 12,407 | — | — | 12,407 |
| Teacher Insurance Reimbursement | 4,940 | — | — | 4,940 |
| Teachers Retirement | 1,728,475 | 755,742 | 600,000 | 1,884,217 |
| Excise Registry Fees | 13,857 | — | — | 13,857 |
| 3 Bigelow Contingency Fund | 57,908 | 1,039 | — | 58,947 |
| 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 | 265,329 | — | 5 | 265,324 |
| Stop Payments | 22,667 | — | — | 22,667 |
| Sewer Abatement Appraisal Fee | 10,495 | — | — | 10,495 |
| Water Department Deposits | 861,810 | 177,000 | 74,500 | 964,310 |
| Salem State Reading Spec. Prog | 501 | — | — | 501 |
| Citizens Bank Cks June 2012 | 728,557 | — | — | 728,557 |
| Parking Garage Deposits | 199,346 | 75,440 | 29,568 | 245,218 |
| MASCO/Shuttle Program | 1,846 | 2,009 | 2,258 | 1,597 |
| 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 | 13,428 | 4,068 | — | 17,496 |
| Firearms Recordkeeping Fund | 12,902 | 11,662 | 12,062 | 12,502 |
| 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 | (68,980) | 3,562 | — | (65,418) |
| Robert Chambers Settlement | 7,799 | — | — | 7,799 |
| Peabody School Fund | 3,338 | 6,105 | 6,665 | 2,778 |
| Fletcher/Maynard School Fund | (286) | 2,303 | 1,700 | 317 |
| Cambridgeport School Fund | 3,726 | 24,418 | 26,651 | 1,493 |
| Kennedy Longfellow School Fund | 471 | 423 | 300 | 594 |
| Graham & Parks School Fund | 6,927 | 6,148 | 8,525 | 4,550 |
| Putnam Ave Upper School Fund | 2,585 | 13,501 | 10,653 | 5,433 |
| Rindge Ave Upper School Fund | 4,415 | 6,020 | 5,815 | 4,620 |
| Baldwin School Fund | 682 | 265 | 770 | 177 |
| Amigos School Fund | 737 | 1,529 | 1,950 | 316 |
| Haggerty School Fund | 1,117 | 4,032 | 5,810 | (661) |
| King School Fund | 2,672 | 326 | — | 2,998 |
| Morse School Fund | — | 331 | — | 331 |
| Tobin School Fund | 200 | 355 | — | 555 |
| Vassal Lane Upper School Fund | 3,605 | 7,639 | 2,115 | 9,129 |
| CRLS Activities Fund | 327 | 89,050 | 61,887 | 27,490 |
| CRLS Scholarships Fund | 65,338 | 70,862 | 68,900 | 67,300 |
| Fletcher Maynard AP Fund | 1,280 | 1,811 | 3,000 | 91 |
| School Admin Agency Fund | 6 | — | — | 6 |
| Total | \$ 7,522,837 | 11,565,506 | 10,194,131 | 8,894,212 |

CITY OF CAMBRIDGE, MASSACHUSETTS
 Combining Statement of Changes in Assets and Liabilities – Agency Funds
 Year ended June 30, 2019

| Liabilities | Balance at June 30, 2018 | Additions | Deductions | Balance at June 30, 2019 |
|---|--------------------------------|------------|------------|--------------------------------|
| Guarantee deposits and amounts due other: | | | | |
| Contract Bids | \$ 113,214 | — | — | 113,214 |
| Plans | 2,065 | — | — | 2,065 |
| Tree Removals | 485 | — | — | 485 |
| Driveways | 583,483 | 423,289 | 348,219 | 658,553 |
| Sidewalk Openings | 150 | — | — | 150 |
| In Lieu of Bond | 70,945 | — | — | 70,945 |
| License Commission | 10,149 | — | — | 10,149 |
| Cambridge Police Detail | (40,140) | 5,371,476 | 5,178,354 | 152,982 |
| Cambridge Fire Detail | 73,077 | 2,597,099 | 2,591,206 | 78,970 |
| Dog Licenses | 10,657 | — | — | 10,657 |
| Sporting Licenses | 2,390 | — | — | 2,390 |
| Constable Fees | 240,195 | 104,753 | 93,660 | 251,288 |
| 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 | 184,179 | 800,066 | 125,000 | 859,245 |
| Accident and life Insurance | 1,016,038 | 286,630 | 331,550 | 971,118 |
| 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 | 801,638 | 716,553 | 603,008 | 915,183 |
| Continental Casualty | 12,407 | — | — | 12,407 |
| Teacher Insurance Reimbursement | 4,940 | — | — | 4,940 |
| Teachers Retirement | 1,728,475 | 755,742 | 600,000 | 1,884,217 |
| Excise Registry Fees | 13,857 | — | — | 13,857 |
| 3 Bigelow Contingency Fund | 57,908 | 1,039 | — | 58,947 |
| 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 | 265,329 | — | 5 | 265,324 |
| Stop Payments | 22,667 | — | — | 22,667 |
| Sewer Abatement Appraisal Fee | 10,495 | — | — | 10,495 |
| Water Department Deposits | 861,810 | 177,000 | 74,500 | 964,310 |
| Salem State Reading Spec. Prog | 501 | — | — | 501 |
| Citizens Bank Cks June 2012 | 728,557 | — | — | 728,557 |
| Parking Garage Deposits | 199,346 | 75,440 | 29,568 | 245,218 |
| MASCO/Shuttle Program | 1,846 | 2,009 | 2,258 | 1,597 |
| 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 | 13,428 | 4,068 | — | 17,496 |
| Firearms Recordkeeping Cash | 12,902 | 11,662 | 12,062 | 12,502 |
| 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 | (68,980) | 3,562 | — | (65,418) |
| Robert Chambers Settlement | 7,799 | — | — | 7,799 |
| Peabody School Fund | 3,338 | 6,105 | 6,665 | 2,778 |
| Fletcher/Maynard School Fund | (286) | 2,303 | 1,700 | 317 |
| Cambridgeport School Fund | 3,726 | 24,418 | 26,651 | 1,493 |
| Kennedy Longfellow School Fund | 471 | 423 | 300 | 594 |
| Graham & Parks School Fund | 6,927 | 6,148 | 8,525 | 4,550 |
| Putnam Ave Upper School Fund | 2,585 | 13,501 | 10,653 | 5,433 |
| Rindge Ave Upper School Fund | 4,415 | 6,020 | 5,815 | 4,620 |
| Baldwin School Fund | 682 | 265 | 770 | 177 |
| Amigos School Fund | 737 | 1,529 | 1,950 | 316 |
| Haggerty School Fund | 1,117 | 4,032 | 5,810 | (661) |
| King School Fund | 2,672 | 326 | — | 2,998 |
| Morse School Fund | — | 331 | — | 331 |
| Tobin School Fund | 200 | 355 | — | 555 |
| Vassal Lane Upper School Fund | 3,605 | 7,639 | 2,115 | 9,129 |
| CRLS Activities Fund | 327 | 89,050 | 61,887 | 27,490 |
| CRLS Scholarships Fund | 65,338 | 70,862 | 68,900 | 67,300 |
| Fletcher Maynard AP Fund | 1,280 | 1,811 | 3,000 | 91 |
| School Admin Agency Fund | 6 | — | — | 6 |
| Total | \$ 7,522,837 | 11,565,506 | 10,194,131 | 8,894,212 |

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2019

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, 2019.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

June 30, 2019

| | <u>Uncollected June 30, 2018</u> | <u>Commitments</u> | <u>Abatements</u> | <u>Transfers to tax title</u> | <u>Refunds</u> | <u>Collections</u> | <u>Adjustments increase (decrease)</u> | <u>Uncollected June 30, 2019</u> |
|--------------------|--|--------------------|-------------------|-----------------------------------|----------------|--------------------|--|--|
| Real estate taxes: | | | | | | | | |
| 2009 | 1,352 | — | — | — | — | — | — | 1,352 |
| 2015 | 498 | — | — | — | — | (498) | — | — |
| 2016 | 8,805 | — | — | — | 15,526 | (24,331) | — | — |
| 2017 | 24,436 | — | (10,660) | 4,505 | 14,845 | (17,904) | — | 15,222 |
| 2018 | 3,082,511 | — | (30,396) | (631,187) | 74,422 | (2,490,369) | (3,487) | 1,494 |
| 2019 | — | 391,760,514 | (729,458) | — | 56,957 | (387,377,310) | (260,611) | 3,450,092 |
| Total real estate | \$ 3,117,602 | 391,760,514 | (770,514) | (626,682) | 161,750 | (389,910,412) | (264,098) | 3,468,160 |

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, 2019

| | <u>Uncollected June 30, 2018</u> | <u>Commitments</u> | <u>Abatements</u> | <u>Transfers to tax title</u> | <u>Refunds</u> | <u>Collections</u> | <u>Adjustments increase (decrease)</u> | <u>Uncollected June 30, 2019</u> |
|--------------------------|--|--------------------|-------------------|-----------------------------------|----------------|----------------------|--|--|
| Personal property taxes: | | | | | | | | |
| 2003 | \$ 4,879 | — | — | — | — | — | — | 4,879 |
| 2004 | 4,801 | — | — | — | — | — | — | 4,801 |
| 2005 | 10,503 | — | — | — | — | — | — | 10,503 |
| 2006 | 5,401 | — | — | — | — | (1) | 1 | 5,401 |
| 2007 | 8,913 | — | — | — | — | (183) | — | 8,730 |
| 2008 | 9,197 | — | — | — | — | — | — | 9,197 |
| 2009 | 14,424 | — | — | — | — | — | — | 14,424 |
| 2010 | 21,077 | — | — | — | — | — | — | 21,077 |
| 2011 | 29,036 | — | — | — | — | (404) | — | 28,632 |
| 2012 | 47,144 | — | — | — | — | (1,722) | (1) | 45,421 |
| 2013 | 63,462 | — | — | — | — | (922) | (2) | 62,538 |
| 2014 | 54,768 | — | — | — | — | (32) | (1) | 54,735 |
| 2015 | 62,915 | — | — | — | — | (878) | — | 62,037 |
| 2016 | 202,228 | — | — | — | — | (10,000) | (2) | 192,226 |
| 2017 | 552,836 | — | — | — | — | (106,102) | — | 446,734 |
| 2018 | 698,992 | — | — | — | 48,781 | (273,514) | 479 | 474,738 |
| 2019 | — | 21,871,152 | (40,437) | — | 2,142 | (21,189,200) | (134,922) | 508,735 |
| Total personal property | 1,790,576 | 21,871,152 | (40,437) | — | 50,923 | (21,582,958) | (134,448) | 1,954,808 |
| Other | 225,642 | — | — | — | — | — | 19,884 | 245,526 |
| Property taxes | \$ <u>5,133,820</u> | <u>413,631,666</u> | <u>(810,951)</u> | <u>(626,682)</u> | <u>212,673</u> | <u>(411,493,370)</u> | <u>(378,662)</u> | <u>5,668,494</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, 2019

| | Uncollected June 30, 2018 | Commitments | Abatements | Transfers to tax title | Refunds | Collections | Adjustments increase (decrease) | Uncollected June 30, 2019 |
|-----------------------------|--|--------------------|-------------------|-----------------------------------|----------------|--------------------|--|--|
| Motor vehicle excise taxes: | | | | | | | | |
| 1986 | \$ 2,643 | — | — | — | — | — | — | 2,643 |
| 1987 | 57,217 | — | — | — | — | — | — | 57,217 |
| 1988 | 71,405 | — | — | — | — | (197) | — | 71,208 |
| 1989 | 75,893 | — | — | — | — | — | — | 75,893 |
| 1990 | 67,834 | — | — | — | — | (115) | — | 67,719 |
| 1991 | 50,944 | — | — | — | — | — | — | 50,944 |
| 1992 | 51,363 | — | — | — | — | — | — | 51,363 |
| 1993 | 48,542 | — | — | — | — | — | — | 48,542 |
| 1994 | 51,410 | — | — | — | — | (20) | — | 51,390 |
| 1995 | 55,723 | — | — | — | — | — | — | 55,723 |
| 1996 | 55,140 | — | — | — | — | — | — | 55,140 |
| 1997 | 46,847 | — | — | — | — | — | — | 46,847 |
| 1998 | 61,495 | — | — | — | — | (93) | — | 61,402 |
| 1999 | 107,953 | — | — | — | — | (12) | — | 107,941 |
| 2000 | 168,209 | — | — | — | — | (15) | — | 168,194 |
| 2001 | 210,219 | — | — | — | — | (15) | — | 210,204 |
| 2002 | 190,418 | — | — | — | — | (26) | — | 190,392 |
| 2003 | 169,272 | — | — | — | — | (1) | — | 169,271 |
| 2004 | 140,382 | — | — | — | — | — | — | 140,382 |
| 2005 | 113,369 | — | — | — | — | (44) | — | 113,325 |
| 2006 | 101,572 | — | (54) | — | — | (123) | 2 | 101,397 |
| 2007 | 134,597 | — | — | — | — | (423) | 76 | 134,250 |
| 2008 | 115,246 | — | — | — | — | (189) | — | 115,057 |
| 2009 | 96,421 | — | (26) | — | — | (771) | — | 95,624 |
| 2010 | 109,826 | — | (54) | — | — | (224) | — | 109,548 |
| 2011 | 112,587 | — | — | — | — | (422) | — | 112,165 |
| 2012 | 104,790 | — | — | — | — | (2,576) | — | 102,214 |
| 2013 | 99,082 | — | (53) | — | 33 | (1,608) | — | 97,454 |
| 2014 | 110,092 | — | (216) | — | — | (3,731) | 1 | 106,146 |
| 2015 | 124,961 | — | (573) | — | 7,792 | (17,228) | 2 | 114,954 |
| 2016 | 168,214 | — | (20,602) | — | 25,899 | (40,808) | 5 | 132,708 |
| 2017 | 286,437 | — | (12,945) | — | 26,935 | (144,918) | 68 | 155,577 |
| 2018 | 843,550 | 895,325 | (92,865) | — | 109,463 | (1,519,093) | 255 | 236,635 |
| 2019 | — | 7,383,157 | (181,526) | — | 63,127 | (6,634,063) | (358) | 630,337 |
| Total motor vehicle | \$ 4,203,653 | 8,278,482 | (308,914) | — | 233,249 | (8,366,715) | 51 | 4,039,806 |

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, 2019

| | Interest rates | Issue dates | Final maturity date | Balance June 30, 2018 | Additions | Retired | Balance June 30, 2019 |
|---|----------------|-------------|---------------------|-----------------------|-----------|-----------|-----------------------|
| Inside debt limit: | | | | | | | |
| Fire Station Renovations | 2.00%-4.00% | 3/15/2009 | 3/15/2019 | 100,000 | — | 100,000 | — |
| Library Construction | 2.00%-4.375% | 3/15/2009 | 3/15/2029 | 530,000 | — | 530,000 | — |
| Building Renovations | 2.00%-4.00% | 3/15/2009 | 3/15/2019 | 50,000 | — | 50,000 | — |
| CRLS Renovations | 2.00%-4.375% | 3/15/2009 | 3/15/2029 | 1,500,000 | — | 1,500,000 | — |
| Replacement of Radio System | 2.00%-4.00% | 3/15/2009 | 3/15/2019 | 50,000 | — | 50,000 | — |
| Sewer Reconstruction | 2.00%-4.00% | 3/15/2009 | 3/15/2019 | 480,000 | — | 480,000 | — |
| War Memorial Renovations (MSBA) | 2.00 | 6/25/2009 | 11/1/2019 | 420,000 | — | 210,000 | 210,000 |
| CRLS Renovations | 2.00%-3.75% | 2/15/2010 | 2/15/2030 | 15,000,000 | — | 1,250,000 | 13,750,000 |
| Sewer Reconstruction | 2.00%-3.00% | 2/15/2010 | 2/15/2020 | 1,380,000 | — | 690,000 | 690,000 |
| Yerxa Road Underpass Construction | 2.00%-3.00% | 2/15/2010 | 2/15/2020 | 60,000 | — | 30,000 | 30,000 |
| War Memorial Renovations | 2.00%-4.00% | 2/15/2011 | 2/15/2021 | 45,000 | — | 15,000 | 30,000 |
| Building Renovations | 2.00%-4.00% | 2/15/2011 | 2/15/2021 | 450,000 | — | 150,000 | 300,000 |
| Replacement of Radio System | 2.00%-4.00% | 2/15/2011 | 2/15/2021 | 1,860,000 | — | 620,000 | 1,240,000 |
| Old Police Station Renovations | 2.00%-4.50% | 2/15/2011 | 2/15/2031 | 2,600,000 | — | 200,000 | 2,400,000 |
| CRLS Renovations | 2.00%-4.50% | 2/15/2011 | 2/15/2031 | 10,475,000 | — | 810,000 | 9,665,000 |
| Harvard Square Enhancements | 2.00%-4.00% | 2/15/2011 | 2/15/2021 | 750,000 | — | 250,000 | 500,000 |
| Danehy Park Improvements | 2.00%-4.00% | 2/15/2011 | 2/15/2021 | 210,000 | — | 70,000 | 140,000 |
| Sewer Reconstruction | 2.00%-4.00% | 2/15/2011 | 2/15/2021 | 4,500,000 | — | 1,500,000 | 3,000,000 |
| CRLS Renovations (MSBA) | 2.00 | 7/12/2011 | 11/1/2021 | 2,378,616 | — | 594,654 | 1,783,962 |
| Building Renovations | 2.00 | 2/15/2012 | 2/15/2022 | 800,000 | — | 200,000 | 600,000 |
| Old Police Station Renovations | 2.00%-3.00% | 2/15/2012 | 2/15/2032 | 7,355,000 | — | 530,000 | 6,825,000 |
| Refunding Bonds (2004, 2005, 2006) | 1.00%-5.00% | 3/22/2012 | 1/1/2024 | 18,850,000 | — | 3,530,000 | 15,320,000 |
| Street/Sidewalk Reconstruction | 2.00 | 2/15/2012 | 2/15/2022 | 400,000 | — | 100,000 | 300,000 |
| Open Space Improvements | 2.00 | 2/15/2012 | 2/15/2022 | 520,000 | — | 130,000 | 390,000 |
| Kendall Square Improvements | 2.00 | 2/15/2012 | 2/15/2022 | 120,000 | — | 30,000 | 90,000 |
| Harvard Square Tunnel Improvements | 2.00 | 2/15/2012 | 2/15/2022 | 800,000 | — | 200,000 | 600,000 |
| Sewer Reconstruction | 2.00 | 2/15/2012 | 2/15/2022 | 8,140,000 | — | 2,035,000 | 6,105,000 |
| MCWT Loan (Gross Payment) (CW-10-04) | — | 6/13/2012 | 7/15/2022 | 5,060,692 | — | 1,009,104 | 4,051,588 |
| King School Renovations | 2.00%-3.00% | 2/19/2013 | 2/15/2033 | 24,750,000 | — | 1,650,000 | 23,100,000 |
| Old Police Station Renovations | 2.00%-3.00% | 2/19/2013 | 2/15/2033 | 3,045,000 | — | 205,000 | 2,840,000 |
| Acquisitions of Fire Vehicles | 2.00%-3.00% | 2/19/2013 | 2/15/2023 | 620,000 | — | 125,000 | 495,000 |
| City Hall Roof Replacement | 2.00%-3.00% | 2/19/2013 | 2/15/2023 | 500,000 | — | 100,000 | 400,000 |
| Street/Sidewalk Reconstruction | 2.00%-3.00% | 2/19/2013 | 2/15/2023 | 500,000 | — | 100,000 | 400,000 |
| Harvard Square Tunnel Improvements | 2.00%-3.00% | 2/19/2013 | 2/15/2023 | 750,000 | — | 150,000 | 600,000 |
| Danehy Park Improvements | 2.00%-3.00% | 2/19/2013 | 2/15/2023 | 765,000 | — | 155,000 | 610,000 |
| Kendall Square Improvements | 2.00%-3.00% | 2/19/2013 | 2/15/2023 | 250,000 | — | 50,000 | 200,000 |
| Sewer Reconstruction | 2.00%-3.00% | 2/19/2013 | 2/15/2023 | 10,700,000 | — | 2,140,000 | 8,560,000 |
| King School Renovations | 3.00%-5.00% | 2/18/2014 | 2/15/2034 | 14,800,000 | — | 925,000 | 13,875,000 |
| Kendall Square Improvements | 5.00 | 2/18/2014 | 2/15/2024 | 600,000 | — | 100,000 | 500,000 |
| Street/Sidewalk Reconstruction | 5.00 | 2/18/2014 | 2/15/2024 | 600,000 | — | 100,000 | 500,000 |
| Harvard Square Tunnel Improvements | 5.00 | 2/18/2014 | 2/15/2024 | 600,000 | — | 100,000 | 500,000 |
| Cambridge Common Improvements | 5.00 | 2/18/2014 | 2/15/2024 | 300,000 | — | 50,000 | 250,000 |
| Sewer Reconstruction | 5.00 | 2/18/2014 | 2/15/2024 | 7,740,000 | — | 1,290,000 | 6,450,000 |
| MCWT Loan (CWP-13-03) | 2.00 | 1/7/2015 | 1/15/2025 | 9,483,942 | — | 1,269,043 | 8,214,899 |
| King School Renovations | 2.00%-5.00% | 3/3/2015 | 2/15/2035 | 34,850,000 | — | 2,050,000 | 32,800,000 |
| 344 Broadway Building Renovations (Comprehensive) | 2.00%-5.00% | 3/3/2015 | 2/15/2025 | 1,050,000 | — | 150,000 | 900,000 |
| School Building Renovations | 2.00%-5.00% | 3/3/2015 | 2/15/2025 | 525,000 | — | 75,000 | 450,000 |
| Police Station Elevator Repairs | 2.00%-5.00% | 3/3/2015 | 2/15/2020 | 60,000 | — | 30,000 | 30,000 |
| City Hall Women's Restroom | 2.00%-5.00% | 3/3/2015 | 2/15/2020 | 40,000 | — | 20,000 | 20,000 |
| Old Police Station Renovations | 2.00%-5.00% | 3/3/2015 | 2/15/2020 | 40,000 | — | 20,000 | 20,000 |
| Kendall Square Surface Improvements | 2.00%-5.00% | 3/3/2015 | 2/15/2025 | 2,800,000 | — | 400,000 | 2,400,000 |
| Cambridge Common Improvements | 2.00%-5.00% | 3/3/2015 | 2/15/2025 | 820,000 | — | 120,000 | 700,000 |
| Danehy Park Improvements | 2.00%-5.00% | 3/3/2015 | 2/15/2025 | 805,000 | — | 115,000 | 690,000 |
| Street/Sidewalk Reconstruction | 2.00%-5.00% | 3/3/2015 | 2/15/2025 | 700,000 | — | 100,000 | 600,000 |

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds and Notes Payable

Year ended June 30, 2019

| | Interest rates | Issue dates | Final maturity date | Balance June 30, 2018 | Additions | Retired | Balance June 30, 2019 |
|--|----------------|---------------------|---------------------|-----------------------|-------------------|-------------------|-----------------------|
| Golf Course Improvements | 2.00%–5.00% | 3/3/2015 | 2/15/2025 | \$ 385,000 | — | 55,000 | 330,000 |
| Sewer Reconstruction | 2.00%–5.00% | 3/3/2015 | 2/15/2025 | 16,635,000 | — | 2,450,000 | 14,185,000 |
| Refunding Bonds (2005, 2006, 2007 and 2008) | 2.00%–4.00% | 3/4/2015 | 1/1/2028 | 34,905,000 | — | 2,815,000 | 32,090,000 |
| School Building Renovations (Kennedy Longfellow Roof) | 2.00%–4.00% | 3/1/2016 | 2/15/2026 | 2,000,000 | — | 250,000 | 1,750,000 |
| Police Station Elevator Repairs | 2.00%–4.00% | 3/1/2016 | 2/15/2021 | 90,000 | — | 30,000 | 60,000 |
| Harvard Square Kiosk Design | 2.00%–4.00% | 3/1/2016 | 2/15/2021 | 360,000 | — | 120,000 | 240,000 |
| King Open and Cambridge St. Upper School and Community Complex | 2.00%–4.00% | 3/1/2016 | 2/15/2036 | 9,900,000 | — | 550,000 | 9,350,000 |
| Building Renovations (344 Broadway and Comprehensive) | 2.00%–4.00% | 3/1/2016 | 2/15/2026 | 2,800,000 | — | 350,000 | 2,450,000 |
| Street/Sidewalk Reconstruction | 2.00%–4.00% | 3/1/2016 | 2/15/2026 | 3,200,000 | — | 400,000 | 2,800,000 |
| Harvard Square Reconstruction | 2.00%–4.00% | 3/1/2016 | 2/15/2026 | 400,000 | — | 50,000 | 350,000 |
| Sewer Reconstruction | 2.00%–4.00% | 3/1/2016 | 2/15/2026 | 10,190,000 | — | 1,275,000 | 8,915,000 |
| MCWT Loan (CWP-13-03-A) | 2.00 % | 2/11/2016 | 1/15/2026 | 11,435,489 | — | 1,324,207 | 10,111,282 |
| Building Renovation/Energy Improvements | 3.00%–5.00% | 3/1/2017 | 2/15/2027 | 2,105,000 | — | 235,000 | 1,870,000 |
| Kennedy School Roof Replacement | 3.00%–5.00% | 3/1/2017 | 2/15/2027 | 1,845,000 | — | 205,000 | 1,640,000 |
| Police Station Elevator Repairs | 3.00%–5.00% | 3/1/2017 | 2/15/2022 | 120,000 | — | 30,000 | 90,000 |
| King Open and Cambridge St. Upper School and Community Complex | 3.00%–5.00% | 3/1/2017 | 2/15/2037 | 18,880,000 | — | 995,000 | 17,885,000 |
| School Building Roof Repairs | 3.00%–5.00% | 3/1/2017 | 2/15/2027 | 2,100,000 | — | 235,000 | 1,865,000 |
| School Boiler Maintenance | 3.00%–5.00% | 3/1/2017 | 2/15/2027 | 420,000 | — | 50,000 | 370,000 |
| Comprehensive Facilities Improvements Plan | 3.00%–5.00% | 3/1/2017 | 2/15/2027 | 4,200,000 | — | 470,000 | 3,730,000 |
| Cambridge Common Improvements | 3.00%–5.00% | 3/1/2017 | 2/15/2027 | 420,000 | — | 50,000 | 370,000 |
| Harvard Square Surface Reconstruction | 3.00%–5.00% | 3/1/2017 | 2/15/2027 | 2,940,000 | — | 330,000 | 2,610,000 |
| Street/Sidewalk Reconstruction | 3.00%–5.00% | 3/1/2017 | 2/15/2027 | 1,680,000 | — | 190,000 | 1,490,000 |
| Sewer Reconstruction | 3.00%–5.00% | 3/1/2017 | 2/15/2027 | 18,925,000 | — | 2,110,000 | 16,815,000 |
| Library Construction (Refunding) | 4.00 % | 6/12/2017 | 2/15/2029 | 4,865,000 | — | — | 4,865,000 |
| CRLS Renovations (Refunding) | 4.00 % | 6/12/2017 | 2/15/2029 | 13,830,000 | — | — | 13,830,000 |
| MWRA bond | 0.0 | 11/27/2017 | 11/15/2022 | 2,972,350 | — | 594,470 | 2,377,880 |
| King Open and Cambridge St Upper School and Community Complex | 3.0%–5.0% | 3/1/2018 | 2/15/2038 | 59,101,000 | — | 2,955,000 | 56,146,000 |
| Municipal Facilities Improvement Plan | 4.3%-5.0% | 3/1/2018 | 2/15/2028 | 4,400,000 | — | 440,000 | 3,960,000 |
| Fletcher Maynard Academy Roof | 4.3%-5.0% | 3/1/2018 | 2/15/2028 | 1,325,000 | — | 135,000 | 1,190,000 |
| School Boiler Maintenance | 4.3%-5.0% | 3/1/2018 | 2/15/2028 | 440,000 | — | 45,000 | 395,000 |
| East Grand Junction design | 4.6%-5.0% | 3/1/2018 | 2/15/2023 | 925,000 | — | 185,000 | 740,000 |
| Street / Sidewalk Reconstruction | 4.3%-5.0% | 3/1/2018 | 2/15/2023 | 3,520,000 | — | 355,000 | 3,165,000 |
| Sewer Reconstruction | 4.3%-5.0% | 3/1/2018 | 2/15/2028 | 14,612,000 | — | 1,470,000 | 13,142,000 |
| City Hall Improvements (Design) | 5.0% | 3/6/2019 | 2/15/2024 | — | 1,830,000 | — | 1,830,000 |
| 831 Massachusetts Avenue/3 Bigelow St (MP/Feasibility) | 5.0% | 3/6/2019 | 2/15/2024 | — | 920,000 | — | 920,000 |
| Fire Headquarters (Design) | 5.0% | 3/6/2019 | 2/15/2024 | — | 2,745,000 | — | 2,745,000 |
| Tobin School (Design) | 5.0% | 3/6/2019 | 2/15/2024 | — | 2,745,000 | — | 2,745,000 |
| King Open and Cambridge St Upper School and Community Complex | 3.00%–5.00% | 3/6/2019 | 2/15/2039 | — | 45,855,000 | — | 45,855,000 |
| Municipal Facilities Improvement Plan | 5.0% | 3/6/2019 | 2/15/2029 | — | 4,325,000 | — | 4,325,000 |
| School Boiler Maintenance | 5.0% | 3/6/2019 | 2/15/2029 | — | 565,000 | — | 565,000 |
| School Boiler Maintenance | 5.0% | 3/6/2019 | 2/15/2029 | — | 520,000 | — | 520,000 |
| East Grand Junction design | 5.0% | 3/6/2019 | 2/15/2024 | — | 1,830,000 | — | 1,830,000 |
| Harvard Square Kiosk | 5.0% | 3/6/2019 | 2/15/2029 | — | 865,000 | — | 865,000 |
| Street/Sidewalk Reconstruction | 5.0% | 3/6/2019 | 2/15/2029 | — | 2,595,000 | — | 2,595,000 |
| Riverside Reconstruction | 5.0% | 3/6/2019 | 2/15/2029 | — | 2,595,000 | — | 2,595,000 |
| Sewer Reconstruction | 5.0% | 3/6/2019 | 2/15/2029 | — | 14,160,000 | — | 14,160,000 |
| MWRA Bond | 0.0 | 3/7/2019 | 2/15/2029 | — | 2,812,625 | — | 2,812,625 |
| Total inside debt limit | | | | 454,504,089 | 84,362,625 | 49,201,478 | 489,665,236 |
| Outside debt limit: | | | | | | | |
| Water: | | | | | | | |
| Water Series C 2007 Bonds | 4.00%–5.00% | 3/15/2007 | 8/1/2019 | 2,880,000 | — | 2,420,000 | 460,000 |
| Total water | | | | 2,880,000 | — | 2,420,000 | 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 | | | | 5,722,916 | — | 2,420,000 | 3,302,916 |
| Total debt outstanding | | | | \$ 460,227,005 | 84,362,625 | 51,621,478 | 492,968,152 |

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

June 30, 2019

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 | 103 |
| 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 | 110 |
| 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 | 114 |
| 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 | 118 |
| 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 | 120 |

Sources: Unless otherwise noted, the information contained in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Last Ten Fiscal Years

(Dollars in thousands)

| Function | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | \$ 41,039 | 43,290 | 38,852 | 38,656 | 33,317 | 33,235 | 34,894 | 35,852 | 35,892 | 40,101 |
| Percentage of total | 6.6 % | 7.3 % | 6.9 % | 7.3 % | 6.6 % | 6.7 % | 7.8 % | 8.1 % | 8.2 % | 9.6 % |
| Percentage change | (5.2) | 11.4 | 0.5 | 16.0 | 0.2 | (4.8) | (2.7) | (0.1) | (10.5) | 26.2 |
| Public safety | \$ 139,422 | 132,296 | 128,759 | 116,756 | 117,991 | 112,496 | 106,985 | 103,389 | 100,414 | 95,717 |
| Percentage of total | 22.3 % | 22.2 % | 22.9 % | 22.0 % | 23.5 % | 22.8 % | 23.8 % | 23.4 % | 23.0 % | 22.9 % |
| Percentage change | 5.4 | 2.7 | 10.3 | (1.0) | 4.9 | 5.2 | 3.5 | 3.0 | 4.9 | 0.1 |
| Community maintenance and development | \$ 54,666 | 51,393 | 48,449 | 46,667 | 46,004 | 40,570 | 39,175 | 36,683 | 36,459 | 34,127 |
| Percentage of total | 8.7 % | 8.6 % | 8.6 % | 8.8 % | 9.2 % | 8.2 % | 8.7 % | 8.3 % | 8.4 % | 8.2 % |
| Percentage change | 6.4 | 6.1 | 3.8 | 1.4 | 13.4 | 3.6 | 6.8 | 0.6 | 6.8 | 2.6 |
| Human resource | \$ 45,380 | 41,678 | 38,125 | 36,155 | 34,302 | 32,861 | 32,143 | 30,919 | 29,586 | 28,133 |
| Percentage of total | 7.3 % | 7.0 % | 6.8 % | 6.8 % | 6.8 % | 6.7 % | 7.1 % | 7.0 % | 6.8 % | 6.7 % |
| Percentage change | 8.9 | 9.3 | 5.4 | 5.4 | 4.4 | 2.2 | 4.0 | 4.5 | 5.2 | 10.5 |
| Education | \$ 218,767 | 209,886 | 197,087 | 183,324 | 168,367 | 176,930 | 143,788 | 139,276 | 134,078 | 132,652 |
| Percentage of total | 35.0 % | 35.2 % | 35.0 % | 34.5 % | 33.6 % | 35.9 % | 32.0 % | 31.6 % | 30.8 % | 31.8 % |
| Percentage change | 4.2 | 6.5 | 7.5 | 8.9 | (4.8) | 23.0 | 3.2 | 3.9 | 1.1 | 2.8 |
| Judgments and claims | \$ 2,311 | 197 | 371 | 2,715 | 122 | 52 | 76 | 4,113 | 9,029 | 925 |
| Percentage of total | 0.4 % | — % | 0.1 % | 0.5 % | — % | — % | — % | 0.9 % | 2.1 % | 0.2 % |
| Percentage change | 1,073.1 | (46.9) | (86.3) | 2,125.4 | 134.6 | (31.6) | (98.2) | (54.4) | — | 440.9 |
| State assessments | \$ 57,931 | 56,316 | 53,427 | 52,024 | 50,184 | 47,683 | 46,660 | 46,147 | 44,892 | 42,448 |
| Percentage of total | 9.3 % | 9.4 % | 9.5 % | 9.8 % | 10.0 % | 9.7 % | 10.4 % | 10.5 % | 10.3 % | 10.2 % |
| Percentage change | 2.9 | 5.4 | 2.7 | 3.7 | 5.2 | 2.2 | 1.1 | 2.8 | 5.8 | 3.5 |
| Debt service | \$ 66,014 | 61,826 | 57,823 | 54,814 | 51,359 | 49,669 | 46,305 | 44,562 | 45,248 | 43,215 |
| Percentage of total | 10.6 % | 10.4 % | 10.3 % | 10.3 % | 10.2 % | 10.1 % | 10.3 % | 10.1 % | 10.3 % | 10.4 % |
| Percentage change | 6.8 | 6.9 | 5.5 | 6.7 | 3.4 | 7.3 | 3.9 | (1.5) | 4.7 | 7.6 |
| Total expenditures | \$ 625,530 | 596,882 | 562,893 | 531,111 | 501,646 | 493,496 | 450,026 | 440,941 | 435,598 | 417,318 |
| 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 | 4.8 | 6.0 | 6.0 | 5.9 | 1.7 | 9.7 | 2.1 | 1.2 | 4.4 | 4.7 |

(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 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--------------------------|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Property taxes | \$ 412,522 | 391,038 | 375,682 | 356,247 | 342,853 | 327,999 | 315,777 | 297,724 | 281,812 | 266,862 |
| Percentage of total | 62.7 % | 61.8 % | 63.4 % | 63.5 % | 65.4 % | 64.4 % | 68.0 % | 67.1 % | 67.6 % | 68.4 % |
| Percentage change | 5.5 | 4.1 | 5.5 | 3.9 | 4.5 | 3.9 | 6.1 | 5.6 | 5.6 | 6.2 |
| Motor vehicle excises | \$ 8,351 | 7,727 | 8,035 | 7,452 | 7,200 | 7,230 | 6,833 | 6,239 | 6,453 | 6,182 |
| Percentage of total | 1.3 % | 1.2 % | 1.4 % | 1.3 % | 1.4 % | 1.4 % | 1.5 % | 1.4 % | 1.5 % | 1.6 % |
| Percentage change | 8.1 | (3.8) | 7.8 | 3.5 | (0.4) | 5.8 | 9.5 | (3.3) | 4.4 | 0.7 |
| Hotel/motel/meals | \$ 21,511 | 20,938 | 19,959 | 19,213 | 17,861 | 16,525 | 15,910 | 14,954 | 13,573 | 9,362 |
| Percentage of total | 3.3 % | 3.3 % | 3.4 % | 3.4 % | 3.4 % | 3.2 % | 3.4 % | 3.4 % | 3.3 % | 2.4 % |
| Percentage change | 2.7 | 4.9 | 3.9 | 7.6 | 8.1 | 3.9 | 6.4 | 10.2 | 45.0 | 38.0 |
| Fines | \$ 282 | 304 | 342 | 364 | 488 | 500 | 608 | 599 | 637 | 633 |
| Percentage of total | — % | — % | 0.1 % | 0.1 % | 0.1 % | 0.1 % | 0.1 % | 0.1 % | 0.2 % | 0.2 % |
| Percentage change | (7.2) | (11.1) | (6.0) | (25.4) | (2.4) | (17.8) | 1.5 | (6.0) | 0.6 | 0.6 |
| Intergovernmental | \$ 70,843 | 67,599 | 65,150 | 52,554 | 45,503 | 58,572 | 31,036 | 31,954 | 31,796 | 32,139 |
| Percentage of total | 10.8 % | 10.7 % | 11.0 % | 9.4 % | 8.7 % | 11.5 % | 6.7 % | 7.2 % | 7.6 % | 8.2 % |
| Percentage change | 4.8 | 3.8 | 24.0 | 15.5 | (22.3) | 88.7 | (2.9) | 0.5 | (1.1) | (13.7) |
| Licenses and permits | \$ 41,272 | 40,662 | 29,051 | 32,181 | 27,561 | 23,329 | 25,213 | 20,832 | 14,273 | 10,305 |
| Percentage of total | 6.3 % | 6.4 % | 4.9 % | 5.7 % | 5.3 % | 4.6 % | 5.4 % | 4.7 % | 3.4 % | 2.6 % |
| Percentage change | 1.5 | 40.0 | (9.7) | 16.8 | 18.1 | (7.5) | 21.0 | 46.0 | 38.5 | 28.0 |
| Payment in lieu of taxes | \$ 7,793 | 7,389 | 8,101 | 9,191 | 8,082 | 7,759 | 7,554 | 7,586 | 7,345 | 7,106 |
| Percentage of total | 1.2 % | 1.2 % | 1.4 % | 1.6 % | 1.5 % | 1.5 % | 1.6 % | 1.7 % | 1.8 % | 1.8 % |
| Percentage change | 5.5 | (8.8) | (11.9) | 13.7 | 4.2 | 2.7 | (0.4) | 3.3 | 3.4 | 1.3 |
| Investment income | \$ 7,925 | 6,025 | 4,877 | 3,274 | 1,523 | 1,622 | 616 | 864 | 1,064 | 1,274 |
| Percentage of total | 1.2 % | 1.0 % | 0.8 % | 0.6 % | 0.3 % | 0.3 % | 0.1 % | 0.2 % | 0.3 % | 0.3 % |
| Percentage change | 31.5 | 23.5 | 49.0 | 115.0 | (6.1) | 163.3 | (28.7) | (18.8) | (16.5) | (70.1) |
| Charges for services | \$ 54,875 | 51,427 | 48,334 | 48,819 | 47,921 | 41,690 | 40,020 | 40,579 | 40,347 | 36,825 |
| Percentage of total | 8.3 % | 8.1 % | 8.2 % | 8.7 % | 9.1 % | 8.2 % | 8.6 % | 9.2 % | 9.7 % | 9.4 % |
| Percentage change | 6.7 | 6.4 | (1.0) | 1.9 | 14.9 | 4.2 | (1.4) | 0.6 | 9.6 | 2.1 |
| Departmental/other | \$ 32,973 | 39,531 | 33,067 | 31,403 | 25,363 | 24,064 | 20,654 | 22,126 | 19,652 | 19,132 |
| Percentage of total | 5.0 % | 6.2 % | 5.6 % | 5.7 % | 4.8 % | 4.7 % | 4.4 % | 5.0 % | 4.7 % | 4.9 % |
| Percentage change | (16.6) | 19.5 | 5.3 | 23.8 | 5.4 | 16.5 | (6.7) | 12.6 | 2.7 | 5.1 |
| Total revenues | \$ 658,347 | 632,640 | 592,598 | 560,698 | 524,355 | 509,290 | 464,221 | 443,457 | 416,951 | 389,820 |
| Percentage of total | 100.0 % | 100.0 % | 100.0 % | 100.1 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Percentage change | 4.1 | 6.8 | 5.7 | 6.9 | 3.0 | 9.7 | 4.7 | 6.4 | 7.0 | 3.8 |

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

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Net Position by Component

Last Ten Years

(Accrual Basis of Accounting)

| | Fiscal year | | | | | | | | | |
|---|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 454,771,570 | 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 |
| Restricted | 10,167,149 | 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 |
| Unrestricted | <u>165,339,378</u> | <u>115,221,403</u> | <u>100,571,712</u> | <u>121,839,635</u> | <u>131,964,205</u> | <u>15,974,060</u> | <u>1,931,327</u> | <u>(14,425,882)</u> | <u>(391,023,437)</u> | <u>(406,887,103)</u> |
| Total governmental activities net position | <u>\$ 630,278,097</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 105,516,517 | 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 |
| Unrestricted | <u>4,907,314</u> | <u>6,276,508</u> | <u>7,765,682</u> | <u>8,594,828</u> | <u>10,231,969</u> | <u>13,379,993</u> | <u>17,982,299</u> | <u>13,682,522</u> | <u>10,988,999</u> | <u>11,893,193</u> |
| Total business-type activities net position | <u>\$ 110,423,831</u> | <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> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 560,288,087 | 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 |
| Restricted | 10,167,149 | 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 |
| Unrestricted | <u>170,246,692</u> | <u>121,497,911</u> | <u>108,337,394</u> | <u>130,434,463</u> | <u>142,196,174</u> | <u>29,354,053</u> | <u>19,913,626</u> | <u>(743,360)</u> | <u>(380,034,438)</u> | <u>(394,993,910)</u> |
| Total primary government net position | <u>\$ 740,701,928</u> | <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> |

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 | | | | | | | | | |
|--|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 44,027,730 | 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 |
| Public safety | 119,538,796 | 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 |
| Community maintenance and development | 73,990,003 | 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 |
| Human resource development | 43,737,742 | 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 |
| Education | 165,216,021 | 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 |
| Interest on long-term debt | 10,039,003 | 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 |
| Total governmental activities | <u>456,549,295</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Water | 13,721,172 | 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 |
| Total business-type activities expenses | <u>13,721,172</u> | <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> |
| Total primary government expenses | <u>\$ 470,270,467</u> | <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> |
| Program revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Public safety | \$ 33,174,134 | 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 |
| Community maintenance and development | 39,685,063 | 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 |
| Human resource and development | 3,554,633 | 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 |
| Other activities | 1,863,149 | 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 |
| Operating grants and contributions | 35,953,873 | 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 |
| Capital grants and contributions | 38,367,032 | 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 |
| Total governmental activities program revenues | <u>152,597,884</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 19,396,031 | 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 |
| Total business-type program revenues | <u>19,396,031</u> | <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> |
| Total primary government program revenues | <u>\$ 171,993,915</u> | <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> |
| Net (expense) revenue: | | | | | | | | | | |
| Governmental activities | \$ (303,951,411) | (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) |
| Business-type activities | 5,674,859 | 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 |
| Total primary government net expense | <u>\$ (298,276,552)</u> | <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> |

CITY OF CAMBRIDGE, MASSACHUSETTS

Changes in Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

| | Fiscal year | | | | | | | | | |
|---|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| General revenues and other changes in net position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 265,565,126 | 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 |
| Excise taxes | 15,526,734 | 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 |
| Unrestricted grants and contributions | 21,853,897 | 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 |
| Payments in lieu of taxes | 7,105,643 | 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 |
| Investment income | 1,894,610 | 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 |
| Miscellaneous | 17,581,978 | 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 |
| Transfers | 684,930 | 687,510 | 693,955 | 705,575 | 705,575 | 709,855 | 714,085 | 717,805 | 719,125 | 720,475 |
| Total governmental activities | <u>330,212,918</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Investment income | 145,348 | 131,185 | 113,475 | 100,337 | 111,084 | 192,482 | 256,700 | 183,888 | 107,473 | 139,248 |
| Transfers | (684,930) | (687,510) | (693,955) | (705,575) | (705,575) | (709,855) | (714,085) | (717,805) | (719,125) | (720,475) |
| Total business-type activities | <u>(539,582)</u> | <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> |
| Total primary government | <u>\$ 329,673,336</u> | <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> |
| Change in net position: | | | | | | | | | | |
| Governmental activities | \$ 26,261,507 | (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 |
| Business-type activities | 5,135,277 | 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 |
| Total primary government | <u>\$ 31,396,784</u> | <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> |

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Fund Balances, Governmental Funds

Last Ten Fiscal Years

| | Fiscal years | | | | | | | | | |
|---|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| General fund: | | | | | | | | | | |
| Reserved | \$ 16,802,030 | — | — | — | — | — | — | — | — | — |
| Unreserved | 129,495,866 | — | — | — | — | — | — | — | — | — |
| Nonspendable (2) | — | 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 |
| Restricted (2) | — | — | — | — | — | — | — | — | — | — |
| Assigned (2) | — | — | — | — | — | — | 12,180,000 | 14,200,000 | 11,000,000 | 16,500,000 |
| Committed (2) | — | 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 |
| Unassigned (2) | — | 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 |
| Total general fund | \$ 146,297,896 | 143,429,836 | 163,169,927 | 195,981,358 | 227,498,064 | 275,747,789 | 300,944,392 | 332,808,640 | 368,639,352 | 387,731,156 |
| All other governmental funds: | | | | | | | | | | |
| Reserved | \$ 79,650,408 | — | — | — | — | — | — | — | — | — |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds and permanent funds | 21,007,217 | — | — | — | — | — | — | — | — | — |
| Affordable Housing Trust fund (1) | 38,205,509 | — | — | — | — | — | — | — | — | — |
| Capital funds | 4,499,536 | — | — | — | — | — | — | — | — | — |
| Nonspendable (2) | — | 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 |
| Restricted (2) | — | 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 |
| Committed (2) | — | 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 |
| Unassigned (2) | — | — | — | — | — | — | — | — | — | — |
| Total all other governmental funds | \$ 143,362,670 | 128,901,351 | 133,573,288 | 154,715,043 | 158,857,316 | 154,828,235 | 148,226,513 | 171,637,834 | 201,533,567 | 220,683,050 |

(1) The Affordable Housing Trust fund became a major fund in fiscal 2010.

(2) In 2011 the City implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years

| | Fiscal years | | | | | | | | | |
|--|-----------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues: | | | | | | | | | | |
| Real and personal property taxes | \$ 266,861,794 | 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 |
| Excises: | | | | | | | | | | |
| Hotel/motel/meals (1) | 9,361,688 | 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 |
| Motor vehicles | 6,182,561 | 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 |
| Payments in lieu of taxes | 7,105,643 | 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 |
| Intergovernmental | 96,174,802 | 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 |
| Investment income | 1,894,609 | 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 |
| Sewer use charges | 36,825,469 | 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 |
| Departmental and other | 60,882,792 | 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 |
| Total revenues | 485,289,358 | 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 |
| Expenditures: | | | | | | | | | | |
| General government | 40,319,061 | 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 |
| Public safety | 96,824,874 | 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 |
| Community maintenance and development | 38,032,205 | 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 |
| Human resource development | 36,852,936 | 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 |
| Education (2) | 144,306,482 | 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 |
| Judgments and claims | 924,862 | 9,029,151 | 4,112,551 | 75,633 | 52,394 | 121,540 | 2,714,745 | 371,023 | 196,843 | 2,311,069 |
| State and district assessments | 42,447,468 | 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 |
| Capital outlays (3) | 79,574,710 | 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 |
| Debt service: | | | | | | | | | | |
| Interest (2) | 10,704,491 | 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 |
| Principal (2) | 35,287,743 | 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 |
| Total expenditures | 525,274,832 | 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 |
| Excess of revenues over (under) expenditures | (39,985,474) | (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) |
| Other financing sources (uses): | | | | | | | | | | |
| Premium on bond issue | 915,209 | 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 |
| Bond proceeds | 32,225,000 | 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 |
| Transfer in | 29,106,459 | 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 |
| Transfer out | (28,421,529) | (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) |
| Transfer (out) to Fiscal Escrow Agent | — | — | (29,029,117) | — | — | (42,222,413) | — | (21,691,521) | — | — |
| Total other financing sources (uses) | 33,825,139 | 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 |
| Net change in fund balances | \$ (6,160,335) | (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 |
| Debt service as a percentage of noncapital expenditures | 10.30 % | 9.75 % | 9.29 % | 9.62 % | 9.50 % | 9.64 % | 9.50 % | 9.73 % | 9.77 % | 9.83 % |

- (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 |
|------------------------------------|----|-------------------------|------------------------|------------------------|----------------------|--|---------------------|---|---------------------------------------|
| 2010 | \$ | 14,894 | 5,561 | 2,906 | 911 | 24,272 | 7.72 | 18.75 | 11.98 |
| 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 |

(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 |
|--------------------|----|--------------------------------------|--|------------------------------|--------------------------|
| 2010 | \$ | 7.72 | 18.75 | 18.75 | 25.00 |
| 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 |

(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 | 2019 | | | Taxpayer | 2009 | | |
|---|--------------------------|--------------------|------------------------------|---|-------------------------|-------------------|------------------------------|
| | 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) | \$ 4,393,024,800 | 57,629,351 | 14.06 % | Massachusetts Institute of Technology (1) | \$ 1,553,864,300 | 26,370,942 | 10.34 % |
| Alexandria Real Estate | 1,580,987,500 | 21,658,001 | 5.28 % | BioMed Realty Trust | 743,656,100 | 13,274,602 | 5.21 % |
| BioMed Realty Trust | 1,384,098,900 | 18,888,763 | 4.61 % | Boston Properties | 606,212,500 | 10,893,639 | 4.27 % |
| Boston Properties | 848,929,800 | 11,095,632 | 2.71 % | Equity Partners | 286,590,100 | 4,807,200 | 1.89 % |
| MBA-Rogers Street, LLC | 491,588,700 | 6,634,109 | 1.62 % | Presidents and Fellows of Harvard College (1) | 376,320,500 | 4,723,282 | 1.85 % |
| Presidents & Fellows of Harvard College (1) | 649,273,700 | 5,912,599 | 1.44 % | New England Development | 220,150,700 | 3,956,109 | 1.55 % |
| PREEF American Reit II Corp. | 372,215,000 | 5,103,068 | 1.25 % | Novartis Pharmaceuticals | 203,936,300 | 3,664,735 | 1.44 % |
| Novartis Pharmaceuticals | 364,710,300 | 5,000,178 | 1.22 % | PREEF American Reit II Corp. | 200,973,900 | 3,611,501 | 1.42 % |
| New England Development | 271,089,600 | 3,627,009 | 0.89 % | RB Kendall Fee LLC | 191,942,500 | 3,425,270 | 1.34 % |
| Equity Partners | 568,982,900 | 3,462,197 | 0.84 % | Alexandria Real Estate | 141,599,100 | 2,543,009 | 1.00 % |
| Total | \$ 10,924,901,200 | 139,010,907 | 33.92 % | | \$ 4,525,246,000 | 77,270,289 | 30.31 % |

(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 |
| 2010 | \$ 269.10 | 263.10 | 97.77 | 2.00 | 265.10 | 98.51 |
| 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 | 3.10 | 327.30 | 99.42 |
| 2015 | 342.30 | 337.50 | 98.60 | 3.20 | 340.70 | 99.53 |
| 2016 | 355.80 | 350.20 | 98.43 | 3.70 | 353.90 | 99.47 |
| 2017 | 375.30 | 368.40 | 98.16 | 2.93 | 371.33 | 98.94 |
| 2018 | 392.70 | 387.58 | 98.70 | 2.64 | 390.22 | 99.37 |
| 2019 | 413.60 | 408.50 | 98.77 | N/A | 408.50 | 98.77 |

(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 | | | | |
| 2010 | \$ 290,293,112 | 290,000 | 6,000,000 | 26,853,332 | 323,436,444 | 10.24 | 3,191 | 1.33 |
| 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 | 10.30 | 4,688 | 1.00 |

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

- a. See page 118 for per capita income and population data. These ratios are calculated using per capita income and population from prior calendar year.
- b. See page 110 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) |
|--------------------|---|-------------------------------------|-----------------------|--|
| 2010 | \$ 317,146,444 | 24,272,000,000 | 3,129 | 1.31 |
| 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 | 4,661 | 1.04 |

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

- a. See page 118 for median family income and population data. These ratios are calculated using median family income and population from prior calendar year.
- b. See page 110 for the taxable assessed valuation figures.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Direct and Overlapping Governmental Activities Debt

June 30, 2019

| <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 | \$ 492,508,152 | — | 100.00 % | 492,508,152 |
| Massachusetts Water Resources Authority | — | 3,400,147,000 | 4.96 | 168,777,869 |
| Total direct and overlapping debt | <u>\$ 492,508,152</u> | <u>3,400,147,000</u> | | <u>661,286,021</u> |

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

(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 2019:

| | |
|--|--------------------------------|
| Fiscal year 2019 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 | 490,125,236 |
| Total authorized/unissued | <u>172,640,000</u> |
| Total debt outstanding plus authorized/unissued | 662,765,236 |
| Less general obligation bonds exempted by authority of the State legislature | <u>460,000</u> |
| Amount within debt limit | <u>662,305,236</u> |
| Legal debt margin | \$ <u><u>1,810,163,044</u></u> |

| | Fiscal year (dollars in thousands) | | | | | | | | | |
|---|---|-------------------------|-------------------------|-----------------------|-----------------------|-------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| | <u>2010</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> |
| Debt limit | \$ 1,306,216 | 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 |
| Total net debt applicable to limit | <u>382,057</u> | <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> |
| Legal debt margin | \$ <u><u>924,159</u></u> | <u><u>1,002,493</u></u> | <u><u>1,034,132</u></u> | <u><u>853,852</u></u> | <u><u>868,129</u></u> | <u><u>1,012,256</u></u> | <u><u>852,308</u></u> | <u><u>1,362,064</u></u> | <u><u>1,333,425</u></u> | <u><u>1,810,163</u></u> |
| Total net debt applicable to the limit as a percentage of debt limit | 29.25 % | 28.81 % | 26.56 % | 35.90 % | 34.83 % | 31.91 % | 42.67 % | 31.16 % | 32.61 % | 26.79 % |

(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

| Year | Population (1) | Median family income (1) | Per capita income (1) | Median age (1) | School enrollment (2) | Unemployment rate (3) |
|-------------|-----------------------|---------------------------------|------------------------------|-----------------------|------------------------------|------------------------------|
| 2010 | 101,355 | \$ 59,423 | 31,156 | 30.4 | 6,137 | 5.60 |
| 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 |

(1) Source 2009–2010: U.S. Department of Commerce, Bureau of Census, Decennial Census, 2000
 Source 2011–2018: 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

| 2019 | | | | 2009 | | | |
|--------------------------------|------------------|-------------|--|---------------------------|------------------|-------------|--|
| Employer | Employees | Rank | Percentage of total city employment | Employer | Employees | Rank | Percentage of total city employment |
| Harvard University | 12,595 | 1 | 9.72 % | Harvard University | 10,031 | 1 | 9.31 % |
| MIT | 9,194 | 2 | 7.10 | MIT | 8,044 | 2 | 7.47 |
| City of Cambridge (2) | 3,173 | 3 | 2.45 | City of Cambridge (2) | 2,857 | 3 | 2.65 |
| Biogen Idec | 2,400 | 4 | 1.85 | Mt. Auburn Hospital | 1,875 | 4 | 1.74 |
| Novartis Institute | 2,337 | 5 | 1.80 | Novartis Institute | 1,543 | 5 | 1.43 |
| Sanofi | 2,000 | 6 | 1.54 | Biogen Idec | 1,436 | 6 | 1.33 |
| Takeda Pharmaceutical | 1,856 | 7 | 1.43 | Cambridge Health Alliance | 1,426 | 7 | 1.32 |
| Cambridge Health Alliance | 1,795 | 8 | 1.39 | Genzyme Corporation | 1,399 | 8 | 1.30 |
| Cambridge Innovation Center(3) | 1,771 | 9 | 1.37 | Federal Government | 1,388 | 9 | 1.29 |
| Mt. Auburn Hospital | 1,762 | 10 | 1.36 | Draper Labs, Inc. | 1,123 | 10 | 1.04 |
| | <u>38,883</u> | | <u>30.01 %</u> | | <u>31,122</u> | | <u>28.88 %</u> |
| Total average employed | <u>129,532</u> | | | | <u>107,730</u> | | |

(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 | | | | | | | | | |
|-----------------------------|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| General government: | | | | | | | | | | |
| Executive management | 16 | 16 | 16 | 16 | 18 | 18 | 19 | 18 | 22 | 22 |
| Clerk | 10 | 10 | 10 | 10 | 11 | 10 | 10 | 10 | 9 | 10 |
| Law | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 13 | 13 | 13 |
| Finance | 80 | 81 | 81 | 83 | 85 | 87 | 91 | 97 | 97 | 100 |
| Other | 15 | 15 | 15 | 14 | 14 | 14 | 15 | 16 | 16 | 14 |
| Subtotal | 132 | 133 | 133 | 134 | 139 | 140 | 146 | 154 | 157 | 159 |
| Public safety: | | | | | | | | | | |
| Fire | 284 | 285 | 285 | 285 | 285 | 285 | 285 | 283 | 283 | 285 |
| Police | 311 | 311 | 311 | 311 | 317 | 318 | 319 | 316 | 322 | 327 |
| Traffic | 81 | 81 | 81 | 81 | 81 | 82 | 82 | 83 | 85 | 85 |
| Inspectional | 27 | 27 | 27 | 27 | 27 | 27 | 28 | 28 | 28 | 29 |
| Emergency communication | 38 | 38 | 38 | 38 | 38 | 41 | 42 | 50 | 51 | 53 |
| Other | 28 | 27 | 27 | 27 | 26 | 26 | 28 | 29 | 29 | 30 |
| Subtotal | 769 | 769 | 769 | 769 | 774 | 779 | 784 | 789 | 798 | 809 |
| Community maintenance: | | | | | | | | | | |
| Public works | 213 | 213 | 213 | 213 | 213 | 215 | 222 | 228 | 232 | 239 |
| Community development | 44 | 44 | 44 | 43 | 43 | 45 | 49 | 54 | 57 | 61 |
| Other | 13 | 12 | 12 | 12 | 12 | 12 | 11 | 11 | 12 | 12 |
| Subtotal | 270 | 269 | 269 | 268 | 268 | 272 | 282 | 293 | 301 | 312 |
| Human resource development: | | | | | | | | | | |
| Library | 64 | 65 | 65 | 66 | 68 | 68 | 68 | 69 | 70 | 72 |
| Human services | 135 | 136 | 136 | 139 | 141 | 143 | 144 | 160 | 163 | 172 |
| Other | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Subtotal | 206 | 208 | 208 | 211 | 215 | 217 | 218 | 235 | 239 | 250 |
| Education | 1,264 | 1,274 | 1,257 | 1,334 | 1,438 | 1,470 | 1,504 | 1,548 | 1,586 | 1,653 |
| Water | 60 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 57 |
| Grand total | 2,701 | 2,708 | 2,691 | 2,771 | 2,889 | 2,933 | 2,989 | 3,074 | 3,136 | 3,240 |

Source: FTE Report, Budget Department

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Operating Indicators by Function/Program

Last Six Fiscal Years

| Function/program | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--------|--------|--------|--------|--------|--------|
| Emergency communications: | | | | | | |
| 911 call pickups (land lines) | 19,024 | 18,135 | 17,567 | 17,325 | 14,086 | 14,294 |
| 911 call pickups (cell phones) | 16,171 | 17,203 | 17,434 | 14,700 | 18,358 | 19,860 |
| Percent of 911 calls answered within 20 seconds | 99 % | 99 % | 99 % | 99 % | 99 % | 99 % |
| Percent of dispatchers and supervisors fully cross-certified | 27 % | 30 % | 33 % | 35 % | 45 % | 36 % |
| Fire: | | | | | | |
| Number of state-mandated inspections of facilities | 1,088 | 1,088 | 1,088 | 1,110 | 1,150 | 1,150 |
| First response to fire emergency within 4-8 minutes | 95 % | 95 % | 95 % | 93 % | 93 % | 90 % |
| Respond to EMS requests within 4-6 minutes, 90% of the time | 95 % | 95 % | 95 % | 93 % | 93 % | 90 % |
| Inspectional: | | | | | | |
| Number of BZA applications | 136 | 167 | 141 | 173 | 158 | 130 |
| Number of compliance inspections (buildings) | 4,852 | 4,641 | 6,383 | 6,316 | 6,433 | 5,872 |
| Number of compliance inspections and re-inspections | 2,351 | 1,999 | 1,999 | 2,712 | 2,640 | 2,409 |
| Number of inspections (housing complaints) | 4,743 | 4,076 | 4,087 | 4,610 | 3,191 | 4,085 |
| Number of licensed dumpster inspections completed | 914 | 635 | 633 | 1,097 | 1,108 | 1,007 |
| Police: | | | | | | |
| Number of part 1 crimes reported | 2,868 | 3,010 | 2,850 | 2,362 | 2,340 | 2,412 |
| 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 |
| Number of accidents citywide | n/a | 1,733 | 1,560 | 1,589 | 1,444 | 1,473 |
| Number of bicycle accidents citywide | 145 | 169 | 168 | 174 | 139 | 155 |
| 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 |
| Percent of tickets paid within 21 days from issuance without a notice | 62.5 % | 62.0 % | 62.6 % | 60.1 % | 55.0 % | 55.0 % |
| 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 % |
| Community Development: | | | | | | |
| Number of projects undergoing urban design review | 46 | 25 | 41 | 43 | 38 | 38 |
| Number of small businesses assisted through the Small Business Enhancement Program and Retail Interior Accessibility Program (a) | 10 | 41 | 29 | 43 | 35 | 23 |
| Transportation demand management programs that encourage walking, bicycling, and public transit (a) | 10 | 10 | 10 | 12 | 10 | 16 |
| 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 |
| New rental units under development and existing units preserved as affordable housing with City financing | 94 | 124 | 104 | 125 | 140 | — |
| New affordable homeownership units under development with City financing and older homes rehabilitated for new buyers | 15 | 11 | 11 | 14 | 11 | 11 |
| New affordable inclusionary housing units approved | 29 | 57 | 98 | 56 | 127 | 44 |
| New households purchasing affordable homes through CDD | 22 | 16 | 10 | 12 | 18 | 20 |
| Public Works: | | | | | | |
| Number of CPS buildings with food scrap collection for composting | 8 | 10 | 13 | 14 | 18 | 18 |
| Complete planting requests within 1 year (percent of requests) | 97 % | 90 % | 80 % | 70 % | 68 % | 69 % |
| Water: | | | | | | |
| Meters replaced | 392 | 314 | 327 | 427 | 438 | 304 |
| Number of fire hydrants replaced | 57 | 101 | 66 | 15 | 15 | 85 |

Source: Budget Department

CITY OF CAMBRIDGE, MASSACHUSETTS

Operating Indicators by Function/Program

Last Six Fiscal Years

| Function/program | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| 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 |
| Number of clients served in youth and family services programs | 1,102 | 2,600 | 2,600 | 2,695 | 2,610 | 2,616 |
| Number of clients served through domestic violence and abuse prevention programs | 74 | 70 | 68 | 70 | 68 | 55 |
| Number of clients served through homelessness prevention/service programs | 4,805 | 4,700 | 3,597 | 3,500 | 3,500 | 3,750 |
| Number of students served at Community Learning Center | 978 | 881 | 890 | 900 | 840 | 840 |
| 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 |
| Number of families placed in housing Multi-Service Center | 24 | 25 | 35 | 37 | 25 | 26 |
| Number of residents served through the Cambridge Employment Program (CEP) | 278 | 257 | 240 | 250 | 245 | 275 |
| Number of youth recreation and swimming classes/participants (b) | 118 | 121 | 141 | 136 | 1,145 | 1,180 |
| Number of books distributed to children, families, and staff | 7,807 | 8,700 | 9,450 | 9,550 | 9,000 | 9,400 |
| Number of parents participating in Baby University and Alumni Association activities | 88 | 141 | 161 | 159 | 130 | 135 |
| Number of families participating in Center for Families programming | 726 | 864 | 715 | 725 | 750 | 725 |
| Number of children served in summer camps | 762 | 949 | 1,050 | 1,070 | 1,153 | 1,083 |
| Number of teens enrolled in school year programming | 532 | 397 | 500 | 500 | 500 | 500 |
| Number of teens involved in summer programming (c) | 399 | 369 | 378 | 375 | 1,475 | 1,475 |
| Library: | | | | | | |
| Check-outs | 1,360,545 | 1,326,584 | 1,249,878 | 1,218,788 | 1,200,835 | 1,683,119 |
| Select, purchase, and catalog new acquisitions for library collection | 50,596 | 47,147 | 50,427 | 48,520 | 52,326 | 56,769 |
| Number of items in collection | 401,469 | 401,469 | 374,290 | 391,263 | 330,863 | 416,458 |
| Provide a welcoming environment for all visitors at Main Library | 601,078 | 579,935 | 592,377 | 556,198 | 565,422 | 553,623 |
| Number of visitors to the branches | n/a | 377,542 | 368,046 | 348,002 | 340,668 | 418,716 |
| Education: | | | | | | |
| Total enrollment | 6,518 | 6,539 | 6,607 | 6,794 | 7,072 | 7,052 |

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 | | | | | | | | | |
|----------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Fire: | | | | | | | | | | |
| Fire stations | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Emergency vehicles | 27 | 28 | 28 | 29 | 30 | 32 | 31 | 31 | 33 | 33 |
| 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 | 79 | 77 | 83 | 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 | 15 | 19 |
| Streets (miles) | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 |
| Electric: | | | | | | | | | | |
| Streetlights | 7,615 | 7,649 | 7,667 | 7,371 | 7,374 | 7,110 | 7,279 | 7,257 | 7,268 | 7,268 |
| Traffic signals | 187 | 185 | 185 | 185 | 184 | 185 | 188 | 180 | 181 | 187 |
| Sewer: | | | | | | | | | | |
| Sanitary sewers (miles) | 147 | 150 | 149 | 150 | 151 | 151 | 148 | 148 | 149 | 148 |
| Storm sewers (miles) | 92 | 94 | 96 | 96 | 95 | 95 | 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) | 190 | 185 | 185 | 185 | 185 | 185 | 185 | 195 | 195 | 195 |
| Fire hydrants | 1,750 | 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, 2019

| | |
|--------------------------------|-----------------|
| 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 |

