
CITY OF CAMBRIDGE,
MASSACHUSETTS



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

JULY 1, 2013 – JUNE 30, 2014

CITY OF CAMBRIDGE, MASSACHUSETTS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

Fiscal Year
July 1, 2013 through June 30, 2014

Richard C. Rossi
City Manager

Lisa C. Peterson
Deputy City Manager

Louis A. DePasquale
Assistant City Manager for Fiscal Affairs

James Monagle
City Auditor

Prepared by:
Finance Department
City of Cambridge, Massachusetts

Cover Photo:

Alewife Constructed Wetland

The cover features the 3.4 acre Alewife Constructed Wetland. After a long and collaborative effort between the City, Massachusetts Water Resource Authority and Massachusetts Department of Conservation and Recreation, the three agencies celebrated the grand opening of the Alewife Constructed Wetland just west of Alewife T Station along the Alewife Greenway Extension on October 15, 2013. The 3.4 acre wetland is designed to store and treat stormwater runoff before it enters the Little River. The new wetland will slow down the flow of stormwater through contact with a series of marsh systems, allowing sediment to settle, and removing nutrients and pollutants from the water. Several types of habitats, ranging from emergent marsh to riparian woodland have been created to enrich and enhance the biodiversity that already exists in the Alewife Reservation. The wetland also provides recreational amenities, including a boardwalk and scenic overlooks, environmental education opportunities, an amphitheater designed with seating for a class of students, interpretive signage, and links to the Alewife Greenway Extension's bike and pedestrian paths.

CITY OF CAMBRIDGE, MASSACHUSETTS

Comprehensive
Annual Financial Report

June 30, 2014

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December 17, 2014

To 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, 2014. 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, 2014. 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 the Single Audit Act and Office of Management and Budget Circular A-133. 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 Single Audit Act.

Management's discussion and analysis (MD&A) follows the independent auditor's 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. The City 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. According to the 2010 Census, the City's population in calendar year 2010 was 105,162, down from a 1950 peak of 120,740, but up from the 2000 population of 101,355.

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 June 30, 2016.

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, 2016.

Cambridge is a city of 13 neighborhoods, ranging in population from 832 (Cambridge Highlands) to 12,991 (Mid Cambridge) (Source: 2010 US Bureau of Census). Most neighborhoods have their own political and community organizations. Residents often participate vocally in City debates.

- Cambridge residents live closely together; only 10 US cities with a population over 50,000 are denser (Source: 2010 US Bureau of Census).
- Cambridge is ethnically diverse. 67% of all residents are white; 12% are black; 15% are Asian; and 6% are other races, including American Indian, Pacific Islander, or two or more races in combination. Eight percent (8%) of all residents are of Hispanic background (Source: 2010 US Bureau of Census).
- Cambridge is a city of renters. 65.4% of all households rent; 34.6% own. Approximately 7.5% of homes are single family; 14.3% are two families; 12.6 % are three families; 15.8% are in 4-12 unit buildings; 49.8% are buildings of 13 or more units. Of this housing stock, 27% of units are condominiums; 5.6% are mixed use residential/commercial buildings; and 2.4% are rooming houses. 14.8% of all units are publicly controlled or subsidized for affordability. (Source: 2014 Community Development Department).
- 94.0% of the population of Cambridge who are 25 years or older are high school graduates, while 74.3% of the same age group have completed four or more years of college (Source: 2010-2012 American Community Survey).

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 two component units, the Cambridge Retirement System and the Cambridge Health Alliance.

The budget cycle for FY14 was initiated in November 2012. 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

FY14 Budget to the City Council on April 22, 2013 and it was adopted on May 20, 2013. The Annual Budget for FY14 became effective July 1, 2013.

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.

- A majority of all local jobs are in services (89%). Service employment is dominated by education, business including research and development and computer/software, engineering, government and management, and health services. Eight percent (8%) of all jobs are in retail and wholesale trade; 3% are in manufacturing and construction and 1% work in transportation.
- 2012 Employment totaled 108,329 with private sector employment comprising 92.8% of total jobs.
- Cambridge continues to maintain a high ratio of jobs to residents, with 1.03 jobs for each resident.
- Education and Health Services leads the way among employment sectors, followed by Professional and Business Services.
- Led by Harvard University and MIT, the higher education sector, continues to drive the job market, employing more than 21,000 people.
- Biotechnology and pharmaceutical employment exceeds 10,000 workers.
- Cambridge's November 2013 unemployment rate of 4.2% remains lower than the Boston PMSA, Massachusetts, and US averages.
- City's per capita personal income of \$61,861 (2012) is higher than the Massachusetts, Boston and US averages.

Due to its strong and healthy local economy, the City retained the rare distinction of being one of 37 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 will benefit the City in years to come.

During FY14, the City's free cash position increased to \$160.5 million. This is an increase of \$18.3 million from the previous year and is the highest balance in the City's history.

The City ended FY14 with a total general fund balance of \$227.5 million, which represents 44.7% of general fund revenues, and is a 16.1% increase over FY13. Each year, a portion of the fund balance is allocated to committed and non-spendable accounts. A total of \$61.3 million was held as committed and non-spendable in FY14, leaving an unassigned fund balance of \$166.2 million.

The property tax levy for FY14 increased by only 3.7%. The nine-year average increase in the property tax levy is 4.42%. The FY14 Budget, adopted in May 2013, reflected a 3.8% increase over the FY13 Adjusted Budget and called for a 4.3% increase in the property tax levy. However, the City was able to use additional non-property tax revenues and reserve balances to reduce the amount needed from the property tax levy to achieve the 3.7% increase.

In FY14, real estate property assessed valuations totaled \$27.1 billion, a \$1.9 billion or 7.7% increase from FY13. 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 for the eighth year in a row. As a result, 74.1% of the residential taxpayers received a property tax bill that was lower, the same or an increase less than \$100. In addition, another 13.5% of residential taxpayers received a tax bill with an increase between \$100 - \$250.

The City's property tax levy limit grew to \$446 million from \$421.1 million. In addition, the excess tax levy capacity, which is the difference between the levy limit and the tax levy was \$117.5 million in FY14, an increase of \$13.4 million or 12.9% from FY13.

The local portion of Community Preservation Act (CPA) funds are raised through a 3% surcharge on taxes. The total amount appropriated in FY14 was \$10.3 million (\$7.4 million local, \$1.9 million State, and \$1.0 million fund balance) and the City continued to allocate funds as follows: 80% to affordable housing, 10% to historic preservation, and 10% to open space. Through FY14, the City has appropriated \$131.3 million in CPA funds with approximately \$44 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 FY15-FY19, which was adopted by the City Council in June 2014, has an estimated cost of \$315.9 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, 2014 totaled \$347.4 million.

Relevant Financial Policies

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

The budget for the current year is also compared to the projections for that year from previous five-year plans to determine the accuracy of the projections. If modifications to the projection process are needed to ensure more accuracy, the City's financial staff 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, 2013. This was the twenty-eighth consecutive year that the City 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 GFOA’s Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2013. 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.

Respectfully submitted,



Louis A. DePasquale
Assistant City Manager City for Fiscal Affairs



James Monagle
City Auditor

Fiscal Year 2014
Directory of Officials
City Council

David P. Maher, Mayor

Dennis A. Benzan, Vice Mayor	Nadeem A. Mazen
Dennis J. Carlone	Marc C. McGovern
Leland Cheung	E. Denise Simmons
Craig A. Kelley	Timothy J. Toomey, Jr.

School Committee

David P. Maher, Chair

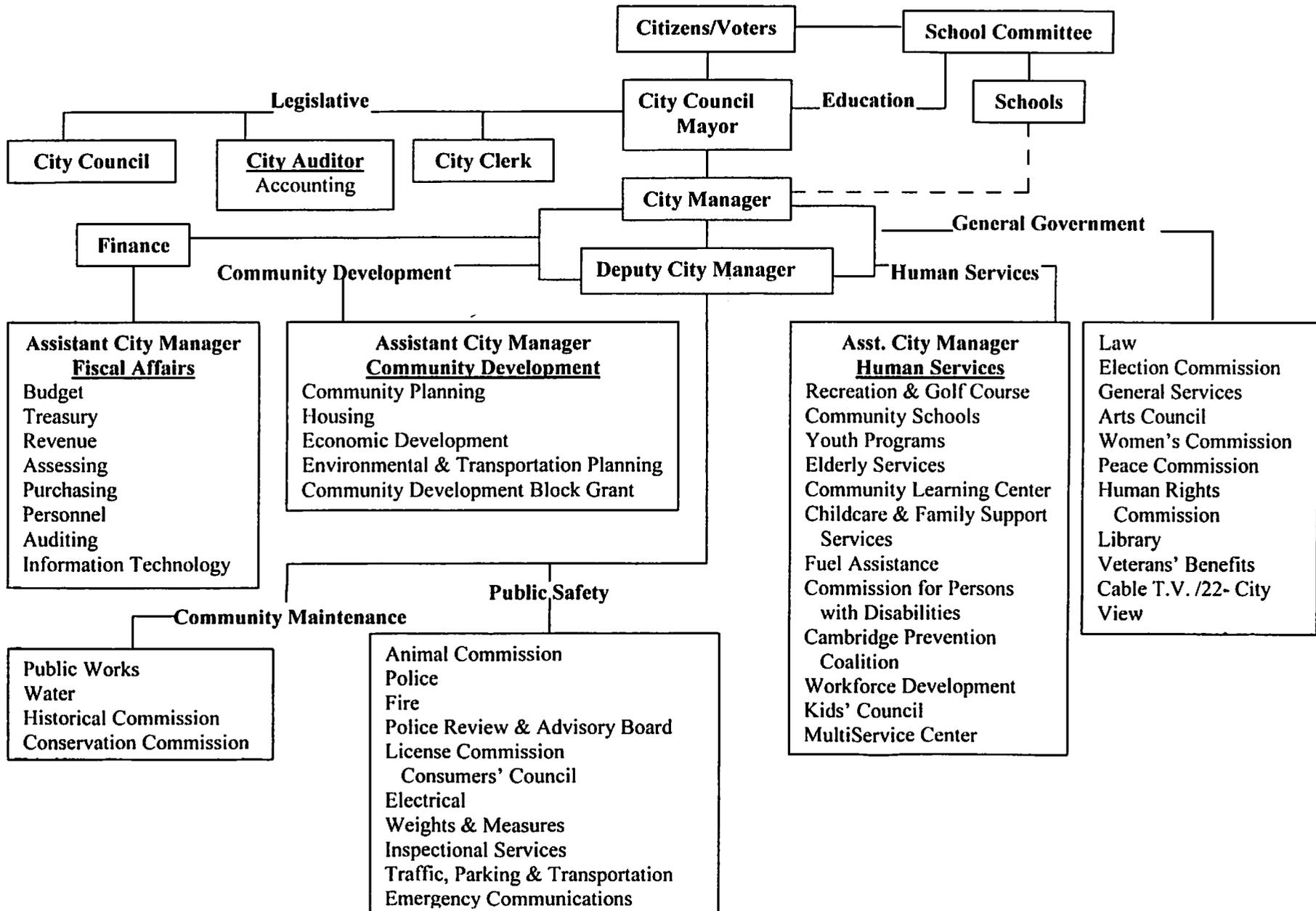
Fran Cronin	Kathleen Kelly
Alfred B. Fantini	Patricia M. Nolan
Richard Harding	Mervan F. Osborne

Principal Executive Officers

City Manager	Richard C. Rossi
Deputy City Manager	Lisa C. Peterson
Assistant City Manager for Fiscal Affairs and Treasurer/Collector	Louis A. DePasquale
Assistant City Manager for Community Development	Brian P. Murphy
Assistant City Manager for Human Services	Ellen M. Semonoff
City Auditor	James Monagle
City Solicitor	Nancy Glowa
City Clerk	Donna Lopez

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, 2013

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cambridge (the City), as of and for the year ended June 30, 2014, 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 unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for that entity, are based solely on the report 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 report 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cambridge, Massachusetts, as of June 30, 2014, 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 on pages 4–14, the schedules of funding progress on page 55, the schedules of employers' contributions on page 56, and the schedule of revenues and expenditures – budgetary basis on pages 57–58 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 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 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 17, 2014 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 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

December 17, 2014

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information Management's Discussion and Analysis

June 30, 2014

(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, 2014. 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 and liabilities, with the difference being reported as "net position". The amount of net position is widely considered a good measure of the City's financial health as increases and decreases in the City's net position serve as a useful indicator of whether the City's financial position is improving or deteriorating. The reader should consider other nonfinancial factors, such as the condition of the City's infrastructure and changes to the property tax base, to assess the overall health of the City.

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information Management's Discussion and Analysis

June 30, 2014

(Unaudited)

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

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

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

Discretely Presented Component Unit – Includes a separate legal entity for which the City has financial accountability and provides operating subsidies. This entity, The Cambridge Health Alliance, (CHA) 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.

Fund Financial Statements

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

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

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

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information Management's Discussion and Analysis

June 30, 2014

(Unaudited)

The reconciliations are presented on the page immediately following each respective governmental fund financial statement.

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

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

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

The City's fiduciary funds are the Employee Retirement System, the OPEB Trust Fund and the Agency funds, which are used to account for assets held in agency capacity.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the City's general fund – the only fund for which an annual budget is legally adopted. The budgetary comparison also includes a reconciliation of revenues and expenditures reported on the City's budgetary basis of accounting and the revenues and expenditures reported 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 15.

The City's combined net position (governmental and business-type activities) exceeded its liabilities at June 30, 2014 by \$876.7 million (presented as net position). Of this amount, \$142.2 million was reported as "unrestricted

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information
Management's Discussion and Analysis

June 30, 2014

(Unaudited)

net position". Unrestricted net position represents the amount available to be used to meet the City's ongoing obligations to citizens and creditors.

The components of net position are comprised of the following: 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 \$716.5 million indicating the amount of capital debt does not exceed the net book value of the City's capital assets. 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 \$420.9 million, up 10.5% from prior year; net receivables of \$32.1 million; and \$6.0 million due from the Cambridge Health Alliance.

Governmental activities long-term liabilities include \$366.7 million in general obligation bonds and notes payable; \$18.8 million in compensated absence liabilities for unused sick and vacation leave; and \$14.7 million in future year workers' compensation, health benefits and possible judgments. The major increase in the long-term liabilities is due to an increase in other postemployment benefit obligations of \$25.4 million.

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Business-type activity long-term liabilities include \$13.1 million in general obligation bonds, \$531 thousand in compensated absences and \$1.4 million in future year workers' compensation and health benefits. The net reduction of \$3.0 million in general obligation bonds compared to prior year is attributable to an aggressive ten-year repayment schedule for most debt.

Condensed Schedule of Net Position

June 30, 2014 and 2013

(In millions)

	Governmental activities		Business-type activity		Total primary government	
	June 30		June 30		June 30	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 460.8	422.2	13.3	11.3	474.1	433.5
Capital assets	901.8	849.1	130.7	130.9	1,032.5	980.0
Total assets	1,362.6	1,271.3	144.0	142.2	1,506.6	1,413.5
Deferred outflows	3.2	3.6	0.3	0.4	3.5	4.0
Total assets and deferred outflows	\$ 1,365.8	1,274.9	144.3	142.6	1,510.1	1,417.5
Long-term liabilities	\$ 514.7	485.7	11.9	14.8	526.6	500.5
Other liabilities	102.7	99.0	4.2	4.3	106.9	103.3
Total liabilities	\$ 617.4	584.7	16.1	19.1	633.5	603.8
Net position:						
Net investment in capital assets	\$ 598.5	553.7	118.0	114.8	716.5	668.5
Restricted	18.0	14.7	—	—	18.0	14.7
Unrestricted	132.0	121.8	10.2	8.6	142.2	130.4
Total net position	\$ 748.5	690.2	128.2	123.4	876.7	813.6

Statement of Changes in Net Position

The City's total net position increased by \$63.1 million in fiscal year 2014 of which the governmental activities net position increased \$58.3 million and the business-type activity increased \$4.8 million. The savings of \$1.1 million is attributable to the Water Treatment Plant being shut down for a six month period and not running at full capacity and the remaining is due to decreased debt service expenses.

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

Condensed Schedule of Changes in Net Position

June 30, 2014 and 2013

(In millions)

	Governmental activities		Business-type activity		Total primary government	
	June 30		June 30		June 30	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 100.4	97.3	18.5	18.3	118.9	115.6
Operating grants and contributions	25.5	23.2	—	—	25.5	23.2
Capital grants and contributions	21.7	23.8	—	—	21.7	23.8
General revenues:						
Taxes:						
Property taxes levied	326.7	315.2	—	—	326.7	315.2
Excises	23.5	22.9	—	—	23.5	22.9
Payment in lieu of taxes	7.7	7.6	—	—	7.7	7.6
Grants and contributions not restricted	58.6	31.0	—	—	58.6	31.0
Investment income	2.3	1.1	0.1	0.1	2.4	1.2
Miscellaneous	36.7	26.3	—	—	36.7	26.3
Total revenues	603.1	548.4	18.6	18.4	621.7	566.8
Expenses:						
General government	36.6	37.8	—	—	36.6	37.8
Public safety	134.2	127.8	—	—	134.2	127.8
Community maintenance and development	95.6	88.4	—	—	95.6	88.4
Human resource development	49.6	47.7	—	—	49.6	47.7
Education	220.0	185.5	—	—	220.0	185.5
Water department	—	—	13.1	14.7	13.1	14.7
Interest	9.5	9.1	—	—	9.5	9.1
Total expenses	545.5	496.3	13.1	14.7	558.6	511.0
Excess before transfers	57.6	52.1	5.5	3.7	63.1	55.8
Transfers	0.7	0.7	(0.7)	(0.7)	—	—
Change in net position	58.3	52.8	4.8	3.0	63.1	55.8
Net position – beginning	690.2	637.4	123.4	120.4	813.6	757.8
Net position – ending	\$ 748.5	690.2	128.2	123.4	876.7	813.6

CITY OF CAMBRIDGE, MASSACHUSETTS

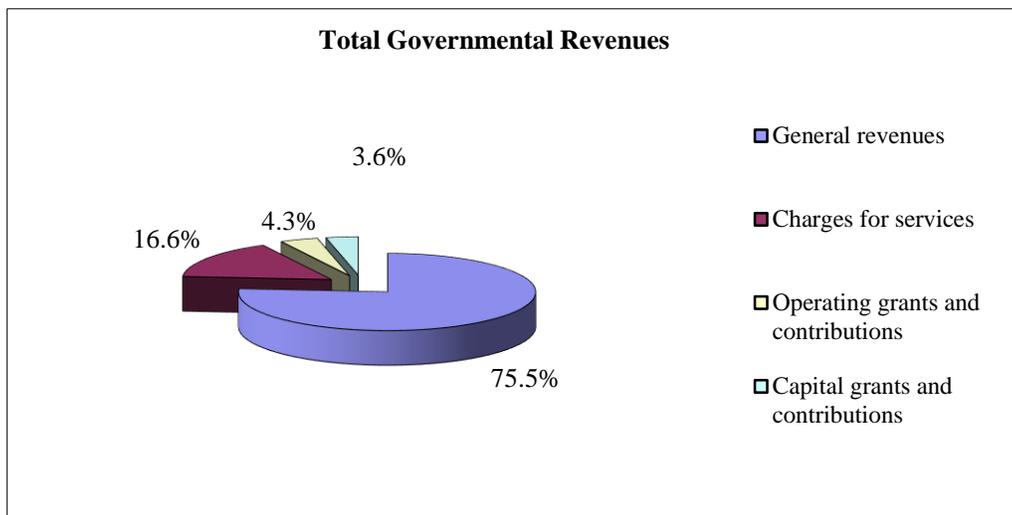
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Total Revenues

Total governmental activities revenues for the City are comprised of general revenues of \$455.7 million, charges for services \$100.4 million, operating grants and contributions \$25.5 million and capital grants and contributions of \$21.7 million.



General

Real estate tax revenues are the City's largest revenue source at \$326.7 million representing 71.7% of general revenues. The assessed tax valuation base is \$27.1 billion up from \$25.2 billion assessed in the prior year showing a 7.7% increase mainly due to an increase in new construction.

Grants and contributions not restricted to specific programs is \$58.6 million representing 12.9% of general revenues and include state cherry sheet revenues, Massachusetts Teachers Retirement contributions and other unrestricted contributions.

Program

Charges for services are \$100.4 million and represent a variety of department revenues. Charges for services increased \$3.1 million from the prior year. The public safety portion of \$50.0 million includes several types of permit revenues, traffic and moving violation revenues, and City garage revenues. The community maintenance and development portion of \$44.5 million includes sewer service revenues, community cable revenues, as well as, other public works type fees.

Operating grants and contributions of \$25.5 million represents several federal and state grants restricted to specific grant conditions. This amount accounts for approximately 4.3% of the total City revenues.

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Capital grants and contributions of \$21.7 million include community development capital grants, state revolving grants, state school construction grants, and other capital restricted revenues. The capital grants revenue decreased by \$2.1 million because in FY13 the City received additional MWRA funding.

Expenses

For the fiscal year ended June 30, 2014, expenses for government activities totaled \$545.6 million, which cover a range of services. On the whole, the City's expenditures increased by \$49.3 million or 9.9% over prior year. Of which \$27.3 million is attributed to the Massachusetts Teachers Retirement System (MTRS) payment made on behalf of the City by the Commonwealth. This is the first year the City has recorded these payments as education expenditures and as intergovernmental revenue which is required by GASB pronouncement 24. The remaining increase of \$22.0 million is due to increases in payroll and expenditure accruals as well as an increase in OPEB expenses.

Education continues to be one of the City's highest priorities and commitments, representing \$220.0 million or 40.3% (including MTRS expenditures) of the total governmental activities expenses.

Another important issue to the City is affordable housing and the preservation of open space. This is the twelfth year of the Community Preservation Act (CPA). This program fosters the investment into permanent affordable housing projects, preservation of historic locations, protection of open space and the restoration/creation of Parks and Recreation areas. Expenditures related to these initiatives are recorded in the Community Maintenance and Development category. During 2014, the City spent \$6.6 million from the Affordable Housing Trust to subsidize housing projects.

Business-Type Activity

Business-type activity increased net position by \$4.8 million. The main reason for the \$4.8 million increase is due to the drop off in debt service payments and the Plant shutdown for maintenance project reduced energy, supplies and salaries costs of approximately \$1.0 million.

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 \$386.4 million. Of this amount, \$4.0 million has been categorized as nonspendable which includes permanent funds and healthcare deposits. Another \$102.9 million was restricted because the funds include grants or bonded projects that are controlled by external sources. Finally, \$113.2 million has been committed for specific purposes such as stabilization funds, health claims trust fund, parking fund, etc., for which the movement of these funds must be approved by the highest legislative level at the City, which is the City Council. The remainder of the Fund balance \$166.2 million is considered "Unassigned".

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The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance was \$166.2 million, while the total fund balance was \$227.5 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 33.7% of total General Fund expenditures, while the total balance represents 46.1% of that same amount.

The capital fund is the fund that captures all the capital projects expenditures for the City. At the end of fiscal year 2014, the total fund balance was \$81.7 million. This reflects a slight decrease over the prior fiscal year of \$1.7 million. In FY14, the bond proceeds dropped by approximately 47% and capital outlays expenditures remained consistent with FY13. As a result, the capital fund balance will continue to decline as the larger projects like the MLK Elementary School progress to completion.

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 2014, the total fund balance was \$38.5 million. This fund was established in the 90'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 \$10.2 million and a net investment in capital assets of \$118.0 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 2014 actual revenues on a budgetary basis totaled \$473.3 million. This represents an increase of \$15.4 million or 3.4% from fiscal year 2013. Property taxes are the single largest revenue source, representing

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approximately 68.5% of general fund revenues, net of abatements. Sewer use receipts comprise the City's next largest revenue source, representing 8.8%.

Expenditures

During fiscal year 2014, total expenditures increased by \$17.3 million or 3.7% on a budgetary basis as compared to fiscal year 2013 at \$471.3 million which was mainly due to 2.5% cost of living increase, 5% increase in health insurance, and 5.85% increase in related to pensions.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2014, the City's capital assets of its governmental activities and business-type activity amounted to \$1.0 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 \$364.4 million in outstanding bonds and notes compared to \$371.8 million last year.

	Governmental activities		Business-type activity		Totals	
	2014	2013	2014	2013	2014	2013
	(In millions)					
General obligation bonds and notes payable \$	351.7	356.3	12.7	15.5	364.4	371.8

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.

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Economic Factors and Next Year's Budgets and Rates

The City's tax levy increased \$12.9 million, or 3.7%, to \$341.4 million in fiscal year 2015. Despite this increase, the City's excess tax capacity, an extremely important indication of the City's financial health, increased from \$117.5 million in FY 14 to \$134.0 million in FY 15, a 14.01% increase.

The FY 15 operating budget increased by 2.91% over the FY 14 adjusted budget. The increase is attributable to a 2.0% increase of employee salary costs, 4% increase in employee health insurance, and a 5.85% increase in employee pension costs. The capital budget of \$32.0 million is a planned decrease of approximately \$61 million from the prior year based upon the Five-Year Public Investment Plan.

Future Pronouncements

GASB has issued several new standards, which have future effective dates. The City is currently evaluating the impact of these statements on the City's financial statements.

Contacting the City's Financial Management

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Net Position

June 30, 2014

Assets and Deferred Outflows of Resources	Primary government			Component unit
	Governmental activities	Business-type activity	Total	
Cash and investments	\$ 420,257,232	8,219,866	428,477,098	252,234,682
Cash and investments held by trustees	600,000	—	600,000	17,376,837
Receivables, net:				
Property taxes	4,307,833	—	4,307,833	—
Motor vehicle excise	932,467	—	932,467	—
Tax title and possessions	3,322,878	—	3,322,878	—
Intergovernmental	7,853,841	—	7,853,841	—
Other	15,704,453	5,069,027	20,773,480	33,308,375
Other assets	1,886,542	—	1,886,542	32,791,839
Internal balances	(32,723)	32,723	—	—
Due from component unit	5,995,000	—	5,995,000	—
Capital assets:				
Nondepreciable	448,084,749	45,611,162	493,695,911	9,252,755
Depreciable, net	453,722,815	85,134,900	538,857,715	138,681,292
Total assets	1,362,635,087	144,067,678	1,506,702,765	483,645,780
Deferred outflows of resources:				
Related to debt refundings	3,186,825	294,312	3,481,137	—
Total assets and deferred outflows of resources	\$ 1,365,821,912	144,361,990	1,510,183,902	483,645,780
Liabilities				
Warrants and accounts payable	\$ 20,211,348	869,454	21,080,802	27,037,671
Accrued liabilities:				
Tax abatements	5,400,000	—	5,400,000	—
Accrued payroll	14,598,544	99,335	14,697,879	12,418,529
Accrued interest	4,687,480	238,858	4,926,338	—
Other	4,703,281	—	4,703,281	9,448,987
Unearned revenue	—	—	—	2,154,098
Due to primary government	—	—	—	5,995,000
Long-term liabilities:				
Due within one year:				
Bonds and notes payable	39,734,164	2,540,000	42,274,164	60,501
Capital leases	—	—	—	1,529,748
Due to third parties	—	—	—	35,234,711
Compensated absences	6,847,000	186,000	7,033,000	15,437,534
Landfill	25,000	—	25,000	—
Judgments and claims	6,476,000	311,000	6,787,000	—
Pollution remediation	—	—	—	—
Due in more than one year:				
Bonds and notes payable	326,933,521	10,514,735	337,448,256	501,856
Capital leases	—	—	—	2,088,868
Due to third parties	—	—	—	19,284,792
Compensated absences	11,961,000	345,000	12,306,000	—
Landfill	150,000	—	150,000	—
Judgments and claims	8,231,000	1,040,000	9,271,000	—
Other postemployment benefit obligation	161,338,998	—	161,338,998	46,612,337
Pollution remediation	6,060,300	—	6,060,300	—
Total liabilities	\$ 617,357,636	16,144,382	633,502,018	177,804,632
Net Position				
Net investment in capital assets	\$ 598,532,113	117,985,639	716,517,752	137,758,074
Restricted for:				
Community preservation	13,706,526	—	13,706,526	—
Expendable permanent funds	1,491,104	—	1,491,104	—
Nonexpendable permanent funds	2,170,328	—	2,170,328	—
Other purposes	600,000	—	600,000	4,361,535
Unrestricted	131,964,205	10,231,969	142,196,174	163,721,539
Total net position	\$ 748,464,276	128,217,608	876,681,884	305,841,148

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Activities

Year ended June 30, 2014

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position			Component unit
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government			
					Governmental activities	Business-type activity	Total	
Primary government:								
Governmental activities:								
General government	\$ 36,588,647	421,352	—	—	(36,167,295)	—	(36,167,295)	
Public safety	134,185,406	49,919,980	—	74,577	(84,190,849)	—	(84,190,849)	
Community maintenance and development	95,640,484	44,521,761	5,771,273	21,606,367	(23,741,083)	—	(23,741,083)	
Human resource development	49,606,417	4,578,908	8,834,605	—	(36,192,904)	—	(36,192,904)	
Education	220,006,395	945,028	10,869,967	—	(208,191,400)	—	(208,191,400)	
Interest on long-term debt	9,537,632	—	—	—	(9,537,632)	—	(9,537,632)	
Total governmental activities	<u>545,564,981</u>	<u>100,387,029</u>	<u>25,475,845</u>	<u>21,680,944</u>	<u>(398,021,163)</u>	<u>—</u>	<u>(398,021,163)</u>	
Business-type activity:								
Water	13,127,587	18,507,650	—	—	—	5,380,063	5,380,063	
Total business-type activity	<u>13,127,587</u>	<u>18,507,650</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,380,063</u>	<u>5,380,063</u>	
Total primary government	<u>\$ 558,692,568</u>	<u>118,894,679</u>	<u>25,475,845</u>	<u>21,680,944</u>	<u>(398,021,163)</u>	<u>5,380,063</u>	<u>(392,641,100)</u>	
Component unit:								
Cambridge Public Health Commission	\$ 556,271,550	290,982,152	245,936,781	33,249,815				13,897,198
Total component units	<u>\$ 556,271,550</u>	<u>290,982,152</u>	<u>245,936,781</u>	<u>33,249,815</u>				<u>13,897,198</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					\$ 326,755,052	—	326,755,052	—
Excises					23,510,611	—	23,510,611	—
Payments in lieu of taxes					7,759,252	—	7,759,252	—
Grants and contributions not restricted					58,572,275	—	58,572,275	—
Investment income					2,367,520	111,084	2,478,604	1,048,724
Miscellaneous					36,691,219	—	36,691,219	696,900
Transfers					705,575	(705,575)	—	—
Total general revenues and transfers					<u>456,361,504</u>	<u>(594,491)</u>	<u>455,767,013</u>	<u>1,745,624</u>
Change in net position					<u>58,340,341</u>	<u>4,785,572</u>	<u>63,125,913</u>	<u>15,642,822</u>
Net position – beginning					<u>690,123,935</u>	<u>123,432,036</u>	<u>813,555,971</u>	<u>290,198,326</u>
Net position – ending					<u>\$ 748,464,276</u>	<u>128,217,608</u>	<u>876,681,884</u>	<u>305,841,148</u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Balance Sheet – Governmental Funds

June 30, 2014

Assets	General	Capital fund	Affordable Housing Trust fund	Other governmental funds	Total governmental funds
Cash and investments	\$ 260,516,932	87,219,100	35,403,927	37,117,273	420,257,232
Cash and investments held by trustees	—	—	600,000	—	600,000
Receivables, net:					
Property taxes	4,307,833	—	—	—	4,307,833
Motor vehicle excise	932,467	—	—	—	932,467
Tax title and possessions	3,322,878	—	—	—	3,322,878
Intergovernmental	—	4,757,014	—	3,096,827	7,853,841
Departmental and other	12,453,076	—	2,758,093	493,284	15,704,453
Total receivables	21,016,254	4,757,014	2,758,093	3,590,111	32,121,472
Other assets	1,886,542	—	—	—	1,886,542
Due from other funds	—	739,969	—	—	739,969
Due from component unit	5,995,000	—	—	—	5,995,000
Total assets	<u>\$ 289,414,728</u>	<u>92,716,083</u>	<u>38,762,020</u>	<u>40,707,384</u>	<u>461,600,215</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Warrants and accounts payable	\$ 7,863,533	11,003,086	286,664	1,058,065	20,211,348
Accrued liabilities:					
Tax abatements	3,600,000	—	—	—	3,600,000
Judgments and claims	6,476,000	—	—	—	6,476,000
Accrued payroll	14,473,543	16,508	—	108,493	14,598,544
Other	4,658,546	—	—	44,735	4,703,281
Due to other funds	32,723	—	—	739,969	772,692
Total liabilities	37,104,345	11,019,594	286,664	1,951,262	50,361,865
Deferred Inflows of Resources:					
Unavailable revenue	24,812,319	—	—	70,651	24,882,970
Fund balances:					
Nonspendable	1,806,542	—	—	2,170,328	3,976,870
Restricted	—	81,696,489	600,000	20,649,199	102,945,688
Committed	59,468,937	—	37,875,356	15,865,944	113,210,237
Unassigned	166,222,585	—	—	—	166,222,585
Total fund balances	227,498,064	81,696,489	38,475,356	38,685,471	386,355,380
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 289,414,728</u>	<u>92,716,083</u>	<u>38,762,020</u>	<u>40,707,384</u>	<u>461,600,215</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, 2014

Total fund balance – governmental funds	\$ 386,355,380
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	901,807,564
Adjust deferred revenues to record revenues on an accrual basis	24,882,970
Capitalized loss on debt refunding in the government-wide statements that is not capitalized in the governmental funds	3,186,825
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	366,667,685
Accrued interest on bonds	4,687,480
Compensated absences	18,808,000
Landfill	175,000
Judgments and claims	8,231,000
Tax abatements	1,800,000
Other postemployment benefits	161,338,998
Pollution remediation	6,060,300
	<hr/>
	567,768,463
	<hr/>
Net position of governmental activities	\$ <u><u>748,464,276</u></u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Year ended June 30, 2014

	<u>General</u>	<u>Capital fund</u>	<u>Affordable Housing Trust fund</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
Revenues:					
Real and personal property taxes	\$ 327,998,703	—	—	—	327,998,703
Excises:					
Hotel/motel/meals	16,525,182	—	—	—	16,525,182
Motor vehicles	7,230,474	—	—	—	7,230,474
Payments in lieu of taxes	7,759,252	—	—	—	7,759,252
Intergovernmental	58,572,275	21,680,944	—	25,475,845	105,729,064
Investment income	1,621,623	25,397	630,735	89,765	2,367,520
Sewer use charges	41,690,417	—	—	—	41,690,417
Departmental and other	47,891,799	13,468,364	526,391	32,614,124	94,500,678
Total revenues	<u>509,289,725</u>	<u>35,174,705</u>	<u>1,157,126</u>	<u>58,179,734</u>	<u>603,801,290</u>
Expenditures:					
Current:					
General government	33,234,730	—	—	261,828	33,496,558
Public safety	112,495,641	—	—	1,472,578	113,968,219
Community maintenance and development	40,570,532	—	6,626,130	2,919,972	50,116,634
Human resource development	32,860,663	—	—	8,111,424	40,972,087
Education	176,930,223	—	—	12,318,772	189,248,995
Judgments and claims	52,394	—	—	—	52,394
State and district assessments	47,682,872	—	—	—	47,682,872
Capital outlays	—	82,643,958	—	—	82,643,958
Debt service	49,668,909	—	—	—	49,668,909
Total expenditures	<u>493,495,964</u>	<u>82,643,958</u>	<u>6,626,130</u>	<u>25,084,574</u>	<u>607,850,626</u>
Excess (deficiency) of revenues over expenditures	<u>15,793,761</u>	<u>(47,469,253)</u>	<u>(5,469,004)</u>	<u>33,095,160</u>	<u>(4,049,336)</u>
Other financing sources (uses):					
Premium on debt issuance	4,102,740	—	—	—	4,102,740
Issuance of debt	—	34,900,000	—	—	34,900,000
Transfers in	20,292,430	10,863,364	8,240,000	—	39,395,794
Transfers out	(8,672,225)	—	—	(30,017,994)	(38,690,219)
Total other financing (uses) sources	<u>15,722,945</u>	<u>45,763,364</u>	<u>8,240,000</u>	<u>(30,017,994)</u>	<u>39,708,315</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	31,516,706	(1,705,889)	2,770,996	3,077,166	35,658,979
Fund balance – beginning	195,981,358	83,402,378	35,704,360	35,608,305	350,696,401
Fund balance – ending	\$ <u>227,498,064</u>	<u>81,696,489</u>	<u>38,475,356</u>	<u>38,685,471</u>	<u>386,355,380</u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Year ended June 30, 2014

Net change in fund balances – total governmental funds	\$	35,658,979
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, (\$80,397,730) exceeded depreciation expense (\$27,739,909)		52,657,821
Revenues are recorded on an accrual basis		(601,543)
Proceeds of long-term debt (\$34,900,000) increase long-term liabilities in the statement of net position, but are included in the operating statement of the governmental funds. Repayment of bond principal, including amounts to defease long-term debt, (\$39,476,619) 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.		4,576,619
Premiums received are revenues in the governmental funds, but are increases to long-term liabilities, net of amortization, in the statement of net position		(2,492,592)
Deferred loss on refunding is amortized in the statement of activities and is not reported in the governmental funds		(380,711)
Other postemployment benefits expense 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		(25,410,000)
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) offset by the increase in pollution remediation (\$4,282,620), noncurrent claims (\$922,000), accrued interest (\$102,612) and compensated absences (\$386,000)		(5,668,232)
Change in net position of governmental activities	\$	<u><u>58,340,341</u></u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Net Position – Proprietary Fund

June 30, 2014

	Enterprise fund
	<u>Water fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 8,219,866
Receivables, net	5,069,027
Due from other funds	32,723
Total current assets	<u>13,321,616</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	45,611,162
Depreciable, net	85,134,900
Total noncurrent assets	<u>130,746,062</u>
Total assets	144,067,678
Deferred outflows of resources:	
Related to debt refundings	294,312
Total assets and deferred outflows of resources	<u>\$ 144,361,990</u>
Liabilities:	
Current liabilities:	
Warrants and accounts payable	\$ 869,454
Accrued liabilities:	
Claims	311,000
Compensated absences	186,000
Accrued payroll	99,335
Interest	238,858
Current portion of long-term debt	2,540,000
Total current liabilities	<u>4,244,647</u>
Noncurrent liabilities:	
Bonds payable	10,514,735
Accrued liabilities:	
Claims	1,040,000
Compensated absences	345,000
Total noncurrent liabilities	<u>11,899,735</u>
Total liabilities	<u>\$ 16,144,382</u>
Net position:	
Net investment in capital assets	\$ 117,985,639
Unrestricted	10,231,969
Total net position	<u>\$ 128,217,608</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, 2014

	Enterprise fund
	<u>Water fund</u>
Operating revenues:	
Charges for services	\$ 18,507,650
Total operating revenues	<u>18,507,650</u>
Operating expenses:	
Administration	3,148,462
Service and support programs	6,095,717
Depreciation	<u>3,325,714</u>
Total operating expenses	<u>12,569,893</u>
Operating income	<u>5,937,757</u>
Nonoperating revenue (expense):	
Investment earnings – other	111,084
Interest expense	<u>(557,694)</u>
Nonoperating expense	<u>(446,610)</u>
Income before transfers	5,491,147
Transfers to other funds	<u>(705,575)</u>
Change in net position	4,785,572
Total net position – beginning	<u>123,432,036</u>
Total net position – ending	<u>\$ 128,217,608</u>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Cash Flows – Proprietary Fund

Year ended June 30, 2014

	Enterprise fund
	<u>Water fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 17,792,655
Cash paid to vendors	(5,649,290)
Cash paid to employees	(3,403,903)
	<hr/>
Net cash provided by operating activities	8,739,462
	<hr/>
Cash flows from noncapital financing activities:	
Transfers	(705,575)
	<hr/>
Net cash used in noncapital financing activities	(705,575)
	<hr/>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(3,149,190)
Interest paid on debt	(806,104)
Repayment of long-term debt	(2,840,000)
	<hr/>
Net cash used in capital and related financing activities	(6,795,294)
	<hr/>
Cash flows from investing activities:	
Investment income	111,084
	<hr/>
Net cash provided by investing activities	111,084
	<hr/>
Increase in cash and cash equivalents	1,349,677
	<hr/>
Cash and cash equivalents, beginning of year	6,870,189
	<hr/>
Cash and cash equivalents, end of year	\$ 8,219,866
	<hr/> <hr/>
Reconciliation of operating income to cash provided by operating activities:	
Operating income	\$ 5,937,757
Reconciliation of operating income to net cash provided by operating activities:	
Depreciation	3,325,714
Amortization of deferred loss on refunding	98,104
Changes in operating assets and liabilities:	
Accounts receivable	(714,995)
Other liabilities	92,882
	<hr/>
Net cash provided by operating activities	\$ 8,739,462
	<hr/> <hr/>

See accompanying notes to basic financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

(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, 2013. The System does not issue stand alone financial statements. The System is included in the City's fiduciary fund financial statements.

(c) *Discretely Presented Component Unit*

The Cambridge Health Alliance (CHA) is reported in a separate column to emphasize that it is legally separate from the City, but is included 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. Unless otherwise indicated, the notes to the basic financial statements pertain only to the primary government because certain disclosures of the component unit are not significant relative to the primary government. A description of the component unit, criteria for inclusion and its relationship with the City are as follows:

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

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.

Complete financial statements for the CHA for its fiscal year ended June 30, 2014 are available from its offices on 101 Station Landing, 5th Floor, Medford, Massachusetts 02155.

(d) Related Organizations

The 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 unit. 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 unit* 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*.

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

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as *program revenues*. Likewise, general revenues include all taxes.

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 revenue.

The City applies the susceptible to accrual criteria to 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. 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 are recorded as revenue in the year for which the taxes have been levied, provided they are collected within 60 days after year-end. Investment income is recorded as earned. Other revenues are recorded when received in cash because they are generally not measurable until actually received.

Expenditures are recorded when the related fund liability is incurred except for (1) interest on general obligation debt, which is recorded when due; and (2) tax abatements and judgments and claims, all of which are recorded as expenditures to the extent that they have matured or are expected to be paid with expendable available financial resources.

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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

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 report assets held in a trustee or agency capacity for others.

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.

(c) *Cash Equivalents*

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

(d) *Basis of Investment Valuation*

Investments are presented in the accompanying basic financial statements at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments of the System, which are described in note 9. Further, income from investments is recognized in the same fund as the related investments.

(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."

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

(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*

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, respectively, to distinguish them from assets and liabilities. For fiscal year 2014, the City has reported deferred outflows pertaining to its debt refunding transactions in the government-wide statements and a deferred inflow 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 fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

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.

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.

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

The Unrestricted/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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

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

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 statutes which are passed by the City Council and approved by the Mayor.

Assigned: Amounts that are constrained by the City's intent for use for specific 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.

(l) *Securities Lending Transactions*

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

(m) *Landfill Postclosure Care Costs*

State and federal regulations required the City to place a final cover on its Danehy Park landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. At June 30, 2014, 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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

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.

(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.

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, 2014, the bank balances of uninsured and uncollateralized deposits are as follows:

Primary government	\$	167
Discretely presented component unit (CHA)		<u>22,550,484</u>
	\$	<u><u>22,550,651</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, a local investment pool for cities, towns, and other state and local agencies with the Commonwealth. The City's fair value of its investment in the MMDT represents their value of the pool's shares.

The City's investment portfolio for 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 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.

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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

(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.

(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 consists of 48% equities (securities from approved state listing) and 52% Fixed securities and certificates of deposit.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

(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, 2014:

Investment type	Fair value	Less than 1	1 – 5	6 – 10	More than 10
City:					
Money market/MMDT	\$ 272,691,291	272,691,291	—	—	—
Certificates of deposit	82,140,047	56,947,531	19,077,162	5,078,928	1,036,426
Corporate fixed income	5,527,925	—	—	3,518,327	2,009,598
U.S. agencies	17,280,457	—	4,683,231	7,335,700	5,261,526
Subtotal city	<u>377,639,720</u>	<u>329,638,822</u>	<u>23,760,393</u>	<u>15,932,955</u>	<u>8,307,550</u>
System (as of December 31, 2013):					
Cash collateral pool	61,975,625	61,975,625	—	—	—
U.S. treasury notes and bonds	8,116,741	—	5,086,491	1,466,699	1,563,551
U.S. agencies	3,088,316	482,824	1,462,756	1,142,736	—
Domestic corporate	65,279,044	991,857	17,912,557	36,733,546	9,641,084
Asset-backed:					
CMOs	5,454,157	—	400,226	670,232	4,383,699
Other	7,959,476	—	2,770,370	685,000	4,504,106
Pooled fixed-income investments	<u>104,644,181</u>	<u>—</u>	<u>—</u>	<u>104,644,181</u>	<u>—</u>
Subtotal system	<u>256,517,540</u>	<u>63,450,306</u>	<u>27,632,400</u>	<u>145,342,394</u>	<u>20,092,440</u>
OPEB Trust:					
Money market	15,792	15,792	—	—	—
Certificates of deposit	1,685,935	—	1,079,791	239,127	367,017
Corporate fixed income	682,063	—	—	349,365	332,698
U.S. agencies	1,013,262	—	793,895	219,367	—
Subtotal OPEB Trust	<u>3,397,052</u>	<u>15,792</u>	<u>1,873,686</u>	<u>807,859</u>	<u>699,715</u>
Total	<u>\$ 637,554,312</u>	<u>393,104,920</u>	<u>53,266,479</u>	<u>162,083,208</u>	<u>29,099,705</u>
Discretely presented component unit (CHA):					
Money market	\$ 230,698,747	230,698,747	—	—	—
MMDT	17,814,282	17,814,282	—	—	—
Total discretely presented component unit (CHA)	<u>\$ 248,513,029</u>	<u>248,513,029</u>	<u>—</u>	<u>—</u>	<u>—</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

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

The primary government's fixed income investments as of June 30, 2014 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale:

Investment type	Fair value	AAA	AA	A	BBB	BB	Less than BB	Not rated
City:								
Money market/MMDT	\$ 272,691,291	—	—	—	—	—	—	272,691,291
Certificates of deposit	82,140,047	—	—	—	—	—	—	82,140,047
Corporate fixed income	5,527,925	1,396,389	3,518,327	100,250	—	512,959	—	—
U.S. agencies	17,280,457	17,280,457	—	—	—	—	—	—
Subtotal city	<u>377,639,720</u>	<u>18,676,846</u>	<u>3,518,327</u>	<u>100,250</u>	<u>—</u>	<u>512,959</u>	<u>—</u>	<u>354,831,338</u>
System (as of December 31, 2013):								
Cash collateral pool	61,975,625	—	—	—	—	—	—	61,975,625
U.S. Treasury notes and bonds	8,116,741	8,116,741	—	—	—	—	—	—
U.S. agencies	3,088,316	—	910,627	—	—	—	—	2,177,689
Domestic corporate	65,279,044	820,915	2,868,990	6,562,294	8,330,568	21,873,467	24,346,915	475,895
Asset-backed:								
CMOs	5,454,157	2,726,467	444,080	477,823	362,628	166,035	—	1,277,124
Other	7,959,476	3,455,370	—	508,494	—	—	—	3,995,612
Pooled fixed-income investments	104,644,181	—	—	—	—	—	—	104,644,181
Subtotal system	<u>256,517,540</u>	<u>15,119,493</u>	<u>4,223,697</u>	<u>7,548,611</u>	<u>8,693,196</u>	<u>22,039,502</u>	<u>24,346,915</u>	<u>174,546,126</u>
OPEB Trust:								
Money market	15,792	—	—	—	—	—	—	15,792
Certificates of deposit	1,685,935	—	—	—	—	—	—	1,685,935
Corporate fixed income	682,063	—	349,365	250,625	—	82,073	—	—
U.S. agencies	1,013,262	1,013,262	—	—	—	—	—	—
Subtotal OPEB Trust	<u>3,397,052</u>	<u>1,013,262</u>	<u>349,365</u>	<u>250,625</u>	<u>—</u>	<u>82,073</u>	<u>—</u>	<u>1,701,727</u>
Total	<u>\$ 637,554,312</u>	<u>34,809,601</u>	<u>8,091,389</u>	<u>7,899,486</u>	<u>8,693,196</u>	<u>22,634,534</u>	<u>24,346,915</u>	<u>531,079,191</u>
Discretely presented component unit (CHA):								
Money market	\$ 230,698,747	Not rated						
MMDT	<u>17,814,282</u>	Not rated						
Total discretely presented component unit (CHA)	<u>\$ 248,513,029</u>							

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

(v) Concentration Risk

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, 2013.

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, 2012, 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)	\$ 185,804,956
International fixed income pooled funds (various currencies)	50,239,335
	<u>\$ 236,044,291</u>

(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. Property tax revenues have been recorded using the modified accrual basis of accounting, described in note 2.

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. Leaning 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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

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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.

(5) Capital Assets

Capital asset activity for the year ended June 30, 2014 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	\$ 165,407,775	—	—	165,407,775
Construction in progress	<u>244,188,978</u>	<u>74,266,029</u>	<u>(35,778,033)</u>	<u>282,676,974</u>
Total capital assets not being depreciated	<u>409,596,753</u>	<u>74,266,029</u>	<u>(35,778,033)</u>	<u>448,084,749</u>
Capital assets being depreciated:				
Buildings and improvements	378,233,956	18,727,316	—	396,961,272
Improvements – nonbuilding	99,171,809	622,041	—	99,793,850
Furniture and equipment	63,742,167	15,642,916	—	79,385,083
Infrastructure	<u>281,296,046</u>	<u>6,917,461</u>	<u>—</u>	<u>288,213,507</u>
Total capital assets being depreciated	<u>822,443,978</u>	<u>41,909,734</u>	<u>—</u>	<u>864,353,712</u>
Less accumulated depreciation for:				
Buildings and improvements	(127,941,760)	(11,162,176)	—	(139,103,936)
Improvements – nonbuilding	(27,683,183)	(3,952,145)	—	(31,635,328)
Furniture and equipment	(47,155,528)	(3,839,156)	—	(50,994,684)
Infrastructure	<u>(180,110,517)</u>	<u>(8,786,432)</u>	<u>—</u>	<u>(188,896,949)</u>
Total accumulated depreciation	<u>(382,890,988)</u>	<u>(27,739,909)</u>	<u>—</u>	<u>(410,630,897)</u>
Total capital assets being depreciated, net	<u>439,552,990</u>	<u>14,169,825</u>	<u>—</u>	<u>453,722,815</u>
Governmental activities capital assets, net	<u>\$ 849,149,743</u>	<u>88,435,854</u>	<u>(35,778,033)</u>	<u>901,807,564</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

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

Governmental activities:		
General government		\$ 714,871
Public safety		4,119,231
Community maintenance and development		14,702,740
Human resource development		2,057,942
Education		<u>6,145,125</u>
Total depreciation expense – governmental activities		<u>\$ 27,739,909</u>

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activity:				
Capital assets not being depreciated:				
Land	\$ 39,764,325	—	—	39,764,325
Construction in progress	<u>5,099,681</u>	<u>3,011,813</u>	<u>(2,264,657)</u>	<u>5,846,837</u>
Total capital assets not being depreciated	<u>44,864,006</u>	<u>3,011,813</u>	<u>(2,264,657)</u>	<u>45,611,162</u>
Capital assets being depreciated:				
Buildings and improvements	81,252,878	—	—	81,252,878
Furniture and equipment	6,706,464	137,377	—	6,843,841
Infrastructure	<u>39,531,366</u>	<u>2,264,657</u>	—	<u>41,796,023</u>
Total capital assets being depreciated	<u>127,490,708</u>	<u>2,402,034</u>	—	<u>129,892,742</u>
Less accumulated depreciation for:				
Buildings and improvements	(24,120,737)	(2,059,156)	—	(26,179,893)
Furniture and equipment	(2,059,407)	(462,646)	—	(2,522,053)
Infrastructure	<u>(15,251,984)</u>	<u>(803,912)</u>	—	<u>(16,055,896)</u>
Total accumulated depreciation	<u>(41,432,128)</u>	<u>(3,325,714)</u>	—	<u>(44,757,842)</u>
Total capital assets being depreciated, net	<u>86,058,580</u>	<u>(923,680)</u>	—	<u>85,134,900</u>
Business-type activity capital assets, net	<u>\$ 130,922,586</u>	<u>2,088,133</u>	<u>(2,264,657)</u>	<u>130,746,062</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

(6) Receivables and Unearned Revenue

(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					Enterprise fund
	General	Capital fund	Affordable Housing Trust fund	Other governmental funds	Total governmental funds	Water fund
Receivables:						
Property taxes	\$ 4,585,923	—	—	—	4,585,923	—
Motor vehicle taxes	3,441,943	—	—	—	3,441,943	—
Other taxes	3,692,087	—	—	—	3,692,087	—
Intergovernmental	—	7,326,529	—	3,096,827	10,423,356	—
Other	12,733,296	—	6,140,149	493,284	19,366,729	5,120,229
Gross receivables	24,453,249	7,326,529	6,140,149	3,590,111	41,510,038	5,120,229
Less allowance for uncollectibles	3,436,995	2,569,515	3,382,056	—	9,388,566	51,202
Net total receivables	\$ 21,016,254	4,757,014	2,758,093	3,590,111	32,121,472	5,069,027

(b) Unearned Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Delinquent taxes receivable (General Fund)	\$ 11,968,638	—	11,968,638
Due from component units	5,995,000	—	5,995,000
Other	6,919,332	—	6,919,332
Total unavailable/unearned revenue for governmental funds	\$ 24,882,970	—	24,882,970

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

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

Individual fund receivable and payable balances at June 30, 2014, are as follows:

<u>Interfund balances</u>	<u>Receivable</u>	<u>Payable</u>
General fund – payable to water fund – for bond premium transfer	\$ —	32,723
Capital fund – receivable from other governmental funds – for capital items	739,969	—
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	—	739,969
Balance at June 30, 2014	<u>\$ 772,692</u>	<u>772,692</u>

Receivable and payable balances between the primary government and CHA at June 30, 2014 are as follows:

<u>Discrete component unit balances</u>	<u>Receivable</u>	<u>Payable</u>
Primary government:		
General	\$ 5,995,000	—
Discretely presented component unit:		
CHA	—	5,995,000
Balance at June 30, 2014	<u>\$ 5,995,000</u>	<u>5,995,000</u>

In 1998, the City issued \$30 million of general obligation hospital bonds. The proceeds were provided to the CHA for the construction of an ambulatory care center. CHA has assumed responsibility for paying to the City an amount equal to current debt service on all outstanding general obligation bonds of the City issued for public health and hospital purposes. In 2007, the City refunded a portion of the original general obligation hospital bond. As of June 30, 2014, the amount outstanding on hospital related debt is \$5,995,000.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

(8) Long-Term Obligations

Following is a summary of the governmental activities long-term obligations of the City as of June 30, 2014:

	<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, 2034	1/15/04 to 2/18/14	2.0%–5.0%	\$ 240,984,868	18,500,000	19,447,252	240,037,616	20,047,252
Urban redevelopment, serial maturities through February 15, 2024	1/15/04 to 2/18/14	2.0%–5.0%	17,705,500	3,500,000	4,480,000	16,725,500	3,625,500
Schools, serial maturities through February 1, 2018	2/1/08	3.0%–3.25%	2,360,835	—	472,167	1,888,668	472,167
Sewer, serial maturities through February 25, 2024	1/15/04 to 2/18/14	2.0%–5.0%	82,814,247	12,900,000	12,967,573	82,746,674	13,333,021
Hospital, serial maturities through February 1, 2018	3/15/07	4.0%	7,495,000	—	1,500,000	5,995,000	1,500,000
Sub-total general obligation bonds			<u>351,360,450</u>	<u>34,900,000</u>	<u>38,866,992</u>	<u>347,393,458</u>	<u>38,977,940</u>
Notes payable:							
Section 108 HUD notes payable, serial maturities through August 1, 2014	9/14/06	5.07%	205,000	—	35,000	170,000	170,000
Note payable serial maturities through July 1, 2021	4/20/00 to 6/30/01	2.00%	4,703,302	—	574,627	4,128,675	586,224
Sub-total notes payable			<u>4,908,302</u>	<u>—</u>	<u>609,627</u>	<u>4,298,675</u>	<u>756,224</u>
Total governmental obligation bonds and notes payable			<u>\$ 356,268,752</u>	<u>34,900,000</u>	<u>39,476,619</u>	<u>351,692,133</u>	<u>39,734,164</u>
Add (deduct):							
Unamortized bond premium						14,975,552	
Current portion of long-term debt						(39,734,164)	
						<u>326,933,521</u>	
Other long-term obligations:							
Judgments and claims			\$ 13,795,000	39,377,400	38,465,400	14,707,000	6,476,000
Compensated absences			18,422,000	19,475,400	19,089,400	18,808,000	6,847,000
Landfill postclosure care costs			200,000	—	25,000	175,000	25,000
Other postemployment benefits			135,928,998	47,621,000	22,211,000	161,338,998	—
Pollution remediation			1,777,680	7,971,712	3,689,092	6,060,300	—
Total other governmental long-term obligations			<u>\$ 170,123,678</u>	<u>114,445,512</u>	<u>83,479,892</u>	<u>201,089,298</u>	<u>13,348,000</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

Following is a summary of the business-type activity long-term obligations of the City as of June 30, 2014:

	<u>Date of issue</u>	<u>Interest rates</u>	<u>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	1/15/04 to 3/15/07	2.5% – 5.0%	\$ 15,520,000	—	2,840,000	12,680,000	2,540,000
Total business-type bonds payable			<u>\$ 15,520,000</u>	<u>—</u>	<u>2,840,000</u>	12,680,000	<u>2,540,000</u>
Add (deduct):							
Unamortized bond premium						374,735	
Current portion of long-term debt						<u>(2,540,000)</u>	
						<u>10,514,735</u>	
Other long-term obligations:							
Judgments and claims			\$ 1,634,000	3,759,455	4,042,455	1,351,000	311,000
Compensated absences			<u>524,000</u>	<u>438,000</u>	<u>431,000</u>	<u>531,000</u>	<u>186,000</u>
Total other long-term obligations			<u>\$ 2,158,000</u>	<u>4,197,455</u>	<u>4,473,455</u>	<u>1,882,000</u>	<u>497,000</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

The payment of liabilities for judgments and claims, compensated absences 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, 2014, are as follows:

	Principal		Interest		Total	
	G/O bonds	Notes	G/O bonds	Notes	G/O bonds	Notes
Year ending June 30:						
2015	\$ 38,977,940	756,224	11,639,350	80,581	50,617,290	836,805
2016	35,377,228	598,057	10,466,204	64,440	45,843,432	662,497
2017	33,693,736	610,130	9,400,061	52,369	43,093,797	662,499
2018	31,565,246	622,445	8,371,517	40,053	39,936,763	662,498
2019	26,963,758	635,010	7,397,185	27,489	34,360,943	662,499
2020 – 2024	109,650,550	1,076,809	23,797,602	27,348	133,448,152	1,104,157
2025 – 2029	54,305,000	—	8,277,407	—	62,582,407	—
2030 – 2034	16,860,000	—	1,311,738	—	18,171,738	—
	<u>\$ 347,393,458</u>	<u>4,298,675</u>	<u>80,661,064</u>	<u>292,280</u>	<u>428,054,522</u>	<u>4,590,955</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. At June 30, 2014, the principal and interest amount outstanding is \$4,128,675 and \$287,970 respectively.

Principal retirement of governmental funds has been reflected in the basic financial statements as debt service expenditures of approximately \$38.4 million and education expenditures of approximately \$0.5 million totaling \$38.9 million of principal costs.

In February 2014, the City issued \$34,900,000 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 2034.

The City enters into loan agreements with the Massachusetts Water Pollution Abatement Trust (MWPAT) to provide funding for sewer separation and drinking water projects. According to the loan agreements, the City will be subsidized on a periodic basis for debt and interest costs. The City received approximately \$123,500 in subsidies during 2014 and expects to receive subsidies totaling approximately \$467,400 through fiscal 2023. Loan payments commenced on February 1, 2005 and end on July 15, 2022, with interest rates ranging from 0% to 4.0%.

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

As of June 30, 2014, the City may issue approximately \$1.0 billion additional general obligation debt under the normal debt limit. The City has approximately \$17.0 million of debt exempt from the debt limit.

The annual debt service requirements of the City's water enterprise fund as of June 30, 2014 are as follows:

	Principal	Interest	Total
Year ending June 30:			
2015	\$ 2,540,000	572,301	3,112,301
2016	2,420,000	446,501	2,866,501
2017	2,420,000	325,501	2,745,501
2018	2,420,000	204,501	2,624,501
2019	2,420,000	83,501	2,503,501
2020	460,000	11,501	471,501
	\$ 12,680,000	1,643,806	14,323,806

The City's commitment under operating leases is not significant.

In 2012, the CHA purchased space for \$850,000 which was previously rented through an operating lease agreement. Of the total purchase price, \$680,000 was financed through a note payable to the seller. The note is to be amortized over 10 years with monthly payments of \$7,047 at an interest rate of 4.5%. The balance on this note payable at June 30, 2014 is \$562,357.

(9) Retirement Plan

(a) Plan Description

The City contributes to the System, a cost sharing, multi employer public employee retirement system. The System provides retirement, disability, and death benefits to plan members and beneficiaries of the following governmental units:

- (i) City of Cambridge
- (ii) Cambridge Redevelopment Authority
- (iii) Cambridge Housing Authority
- (iv) 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 is administered by a five-person Board of Retirement consisting of the City Auditor who serves as a member *ex officio*, two members who are elected by the participants, in or retired from

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

the service of the System, a fourth member appointed by the Manager and a fifth member chosen by the other members.

(b) Basis of Accounting

The System's financial statements are prepared using the full accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investments of the System are stated as follows:

- (i) Fixed income securities are stated at quoted market value.
- (ii) Equity securities are stated at quoted market value.
- (iii) Real estate funds are stated at partner's account value based upon the appraised value of the underlying investments.
- (iv) Venture capital funds are stated at the lower of contributed cost or fair value.
- (v) International investments are stated at quoted market value and are included in equities and fixed income categories.
- (vi) Alternative investments are stated at partner's account or unit value.

(c) Membership

Membership in the System consisted of the following at January 1, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,893
Terminated plan members entitled to, but not receiving benefits	1,041
Terminated plan members with a vested right to a deferred or immediate benefit	113
Active plan members	<u>3,332</u>
Total membership	<u><u>6,379</u></u>
Total number of participating employers	4

(d) 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

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

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, 2014, 2013, and 2012, were \$26,244,963, \$24,765,692, and \$25,125,788, respectively, and \$5,931,321, \$5,603,515, and \$5,293,826, respectively.

The Commonwealth reimburses the System for a portion of the benefits payments for cost of living increases granted before July 1998.

(e) Legally Required Reserve Accounts

The balances in the System's legally required reserves (on the statutory basis of accounting) at December 31, 2013 are as follows:

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity savings fund	\$ 237,535,292	Active members' contribution balance
Annuity reserve fund	61,085,992	Retired members' contribution account
Military service credit fund	4,592	Members' contribution account while on military leave
Pension reserve fund	733,436,600	Amounts appropriated to fund future retirement benefits
Pension fund	<u>14,643,647</u>	Remaining net position
	<u>\$ 1,046,706,123</u>	

All reserve accounts are funded at levels required by State statute.

(f) 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. These transactions are conducted by the System's custodian, which lends certain securities owned by the System to other broker dealers and banks pursuant to a form of loan agreement. The System and the borrowers maintain the right to terminate all securities lending transactions on demand.

At the System's direction, the custodian lends the System's securities and receives cash (including both U.S. and foreign currency), U.S. government securities, sovereign debt of foreign countries, and irrevocable bank letters of credit as collateral. The custodian does not have the ability to pledge or sell collateral unless the borrower defaults. Borrowers are required to deliver cash collateral in amounts equal to not less than 100% of the market value of the loaned securities.

The System does not impose any restrictions on the amount of securities lent on its behalf by the custodian. There were no failures by any borrowers to return loaned securities or pay distributions thereon and there were no losses from a default of the borrowers or the custodian for the year ended December 31, 2013. The cash collateral received by the custodian on each loan was invested, together with the cash collateral of other qualified tax exempt plan lenders, in a collective investment pool. The relationship between the average maturities of the investment pool and loans was affected

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

by the maturities of the loans made by other plans that invested cash collateral in the collective investment pool, which the System could not determine. At December 31, 2013, the System had no credit risk exposure to borrowers because the amounts the System owed the borrowers exceeded the amounts owed to the System. Borrower rebates and fees paid to the custodian for the year ended December 31, 2013 were \$268,556.

At December 31, 2013, the fair value of securities loaned by the System amounted to \$60,608,750 against which was held cash collateral of \$61,975,625.

For loans having collateral other than cash, the related collateral securities are not recorded as assets in the statement of fiduciary net position, and a corresponding liability is not recorded, since the System cannot pledge or sell the collateral securities except in the event of a borrower's default.

(g) Massachusetts Teachers' Retirement System

In addition, teachers, certain administrators, and other professionals of the School Department participate in a contributory defined benefit plan administered by the Massachusetts Teachers' Retirement System. The City has no obligation to contribute to this plan. The Commonwealth funds plan benefits to the extent that funding is not provided through employee contributions. The Commonwealth paid \$27.3 million and \$26.7 million on behalf of the City in fiscal year 2014 and 2013 respectively. The 2014 amount is reported as intergovernmental revenue and education expense in the General Fund.

(h) Administrative Costs

The System's administrative costs are funded from investment earnings.

(i) Funded Status and Funding Progress

The funded status of the System as of January 1, 2012, the most recent actuarial valuation, is as follows:

Actuarially accrued liability (AAL)	\$ 1,070,070,414
Actuarial value of plan assets	<u>832,296,715</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 237,773,699</u>
Funded ratio (actuarial value of plan assets/AAL)	77.8%
Covered payroll (active plan members)	\$ 217,086,299
UAAL as a percentage of covered payroll	109.5%

In the January 1, 2012 actuarial valuation, the individual entry age normal actuarial cost method was used. The actuarial assumptions included an 8% investment rate of return, projected salary increases of 4% per year in 2012 and 2013 and 4.75% per year thereafter, and cost of living adjustments of 3% of first \$14,000 of retirement income. The actuarial value of assets was determined using the difference between the expected return and the actual investment return on a market value basis is

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

recognized over a five-year period. The System's unfunded actuarial accrued liability is being amortized as increasing amortization for remaining unfunded liability. The remaining amortization period is 17 years from July 1, 2012 for remaining unfunded liability.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about termination rates, retirement rates, mortality and salary increases. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(10) Other Postemployment Benefit Disclosures

In addition to the pension benefits described in note 9, the City provides postemployment healthcare and life insurance benefits, in accordance with state statute and City ordinance, to participating retirees and their beneficiaries. As of the valuation date, approximately 2,356 retirees and 2,823 active members meet the eligibility requirements as put forth in Chapter 32B of MGL. The City sponsors and participates in an agent multi-employer defined benefit OPEB plan. The OPEB plan is administered by the City and does not issue a stand-alone financial report.

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 for retirement at age 55 or they may retire after a total of 20 years creditable service regardless of age. Retirees on ordinary or accidental disability retirement are eligible at any age while ordinary disability requires 10 years of creditable service. The surviving spouse is eligible to receive both pre – and post-retirement death benefits, as well as medical and prescription drug coverage.

(a) Funding Policy

Employer and employee contribution rates are governed by the respective collective bargaining agreements. The City currently funds the plan on a pay-as-you-go basis. The City and plan members share the cost of benefits. As of the valuation date, the plan members contribute 10% 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.

(b) Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2014, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of July 1, 2012 rolled forward to July 1, 2013:

Annual Required Contribution (ARC)	\$ 47,638,000
Interest on net OPEB obligation	6,117,000
Adjustment to ARC	<u>(6,134,000)</u>
Annual OPEB cost	47,621,000
Contributions made	<u>(22,211,000)</u>
Change in net OPEB obligation	25,410,000
Net OPEB obligation – beginning of year	<u>135,928,998</u>
Net OPEB obligation – end of year	\$ <u><u>161,338,998</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB cost</u>	<u>Percentage of OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2014	\$ 47,621,000	46.64%	\$ 161,338,998
2013	45,097,000	50.33	135,928,998
2012	49,369,000	45.67	113,529,824
2011	46,624,000	47.73	86,709,262
2010	44,892,610	53.20	62,340,427

(c) Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of July 1, 2012 and rolled forward to July 1, 2013, as of June 30, 2014 was as follows:

Actuarially accrued liability (AAL)	\$ 579,645,000
Actuarial value of plan assets	<u>5,535,713</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u><u>574,109,287</u></u>
Funded ratio (actuarial value of plan assets/AAL)	1.0%
Covered payroll (active plan members)	\$ 177,411,993
UAAL as a percentage of covered payroll	323.6%

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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. On December 21, 2009, the City Council approved the establishment of an irrevocable OPEB trust fund and \$2 million was transferred to the fund. During fiscal years 2014 and 2013, the City transferred an additional \$2 million and \$1 million to the trust fund respectively. The City Council has approved a \$2 million transfer to the trust fund in the fiscal year 2015 budget and has committed to that funding level for future years out.

(d) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation rolled forward to July 1, 2013, the projected unit credit cost method was used and the actuarial accrued liability is being amortized over a period of 25 years on a closed basis and is calculated assuming a level percentage of projected payroll.

As of July 1, 2012 valuation rolled forward to July 1, 2013, the discount rate was 4.5%. In general, the discount rate is to be equal to the long term rate of return of the assets paying retiree costs.

As of July 1, 2012 valuation rolled forward to July 1, 2013, the healthcare cost trend rates begin with 8.5% and decrease 0.5% annually to an ultimate rate of 5.0%. The healthcare cost trend rates as of July 1, 2012 rolled forward to July 1, 2013 are based on current market conditions and updated normative trend data and studies.

As of July 1, 2012 valuation rolled forward to July 1, 2013, the payroll growth rate was 3.5%. This assumption should represent long-term expectations of the City's payroll growth. Therefore, recent salary increase rates, current economic environment, and the prior increases were considered. In addition, 3.5% appears to be a reasonable long-term rate of return for the City. This assumption does not affect the liability of the plan, but does affect the amortization of the unfunded actuarial accrued liability and, consequently, the annual costs.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

As of July 1, 2012 valuation rolled forward to July 1, 2013, the inflation rate was 3%. This assumption should represent long-term increases in salary rates and healthcare costs.

As of July 1, 2012 valuation rolled forward to July 1, 2013, future retirees electing spouse coverage is based on the employees' current coverage election. In other words, employees in the current census data with spouse coverage are assumed to have spouse coverage at retirement.

As of July 1, 2012 valuation rolled forward to July 1, 2013, the percent of participants assumed to not be Medicare eligible at 65 was 7%.

Current and future retirees contribute an amount based on the costs or premiums of the plan they elect.

(11) Transfers

Transfers and their purposes during the year ended June 30, 2014 were as follows:

	Governmental funds				
	General	Capital	Affordable Housing Trust fund	Other	Enterprise fund water
Capital – to fund capital expenditures	\$ (8,672,225)	8,672,225	—	—	—
Parking – reimbursement of administrative costs and other eligible City expenditures	19,546,855	2,125,000	—	(21,671,855)	—
Cemetery – reimbursement of operational costs to fund renovations of administration, buildings and grounds	40,000	—	—	(40,000)	—
Capital – reimbursement of eligible CDBG program costs	—	66,139	—	(66,139)	—
Water – reimbursement of administrative costs	705,575	—	—	—	(705,575)
Affordable housing fund – from CPA Fund	—	—	8,240,000	—	—
CPA Fund – to affordable housing fund	—	—	—	(8,240,000)	—
Total	\$ 11,620,205	10,863,364	8,240,000	(30,017,994)	(705,575)

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

(12) Fund Balance Classification Details

The components of fund balance for the City's governmental funds as of June 30, 2014 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	\$ 1,806,542	—	—	—
Nonexpendable permanent funds	—	—	—	2,170,328
Restricted:				
Property and Development	—	23,376,122	—	9,784,550
Streets and Sidewalks	—	7,431,230	—	—
Parks and Recreation	—	3,125,573	—	3,851,325
Sewer Projects	—	14,981,930	—	—
Library	—	62,615	—	—
Schools	—	30,075,683	—	—
General Government	—	2,639,499	—	—
Affordable Housing	—	—	600,000	—
Community Preservation	—	—	—	—
CDBG Funds	—	—	—	—
Other City Grants Fund:				
Parks and Recreation	—	—	—	—
General Government	—	—	—	315,233
Human Services	—	3,837	—	1,612,673
School Grants Fund Federal/State	—	—	—	3,594,314
Expendable permanent funds	—	—	—	1,491,104
Committed:				
Parking Fund	—	—	—	15,865,944
Health Claims	19,206,514	—	—	—
Budget Stabilization	25,612,423	—	—	—
Affordable Housing	—	—	37,875,356	—
Subsequent year's expenditures	14,650,000	—	—	—
Unassigned	166,222,585	—	—	—
Total fund balances	<u>\$ 227,498,064</u>	<u>81,696,489</u>	<u>38,475,356</u>	<u>38,685,471</u>

Commitments and Contingencies

The City has \$5.1 million in encumbrances for purchase orders and contracts in the General Fund, \$78.9 million in the Capital Fund, \$3.1 million in the Affordable Housing Trust Fund, and \$2.9 million in the Other Governmental Funds. Encumbrances in the Proprietary Fund are not material.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Basic Financial Statements

June 30, 2014

(13) 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, 2014, 2013, and 2012.

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, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Judgments and accrued claims, beginning of year	\$ 15,429,000	12,621,000
Incurred claims	43,136,855	44,925,702
Less payments of claims attributable to events of both current and prior fiscal years	<u>(42,507,855)</u>	<u>(42,117,702)</u>
Judgments and accrued claims, end of year	<u>\$ 16,058,000</u>	<u>15,429,000</u>

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

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

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

June 30, 2014

(Unaudited)

Schedules of Funding Progress
(Dollars in thousands)

Pension						
Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
January 1, 2012	\$ 832,297	1,070,070	237,773	77.8%	\$ 217,086	109.5%
January 1, 2010	796,016	949,908	153,892	83.8	232,842	66.1
January 1, 2008	766,031	833,034	67,003	92.0	231,770	28.9
January 1, 2006	632,059	740,320	108,261	85.4	201,088	53.8
January 1, 2004	569,500	655,107	85,607	86.9	184,254	46.5
January 1, 2002	516,947	578,050	61,103	89.4	167,303	36.5
January 1, 2000	424,606	510,973	86,367	83.1	140,489	61.5
OPEB						
Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
July 1, 2013	\$ 5,535	579,645	574,110	1.0%	\$ 177,412	323.6%
July 1, 2012	3,330	556,593	553,263	0.6	170,517	324.5
July 1, 2011	2,177	613,189	611,012	0.4	166,594	366.8
July 1, 2010	2,099	588,268	586,169	0.4	162,473	360.8
January 1, 2009 (1)	1,986	624,815	622,829	0.3	156,520	397.9
January 1, 2009	—	598,995	598,995	—	152,151	393.7
December 31, 2006	—	602,697	602,697	—	155,456	387.7

(1) The January 1, 2009 actuarial valuation included a projection as of June 30, 2010. The actuarial value of assets represents the fair value of OPEB assets as of June 30, 2010.

Future cost of living increase assumed by the City.

See independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Required Supplementary Information

June 30, 2014

(Unaudited)

Schedule of Employers' Contributions – Pension

(Dollars in thousands)

	<u>Annual required contribution</u>	<u>Percentage contributed</u>
Year ended December 31:		
2013	\$ 33,815	100 %
2012	31,963	100
2011	32,213	100
2010	28,554	100
2009	27,728	100
2008	26,891	100
2007	28,067	100
2006	25,220	100
2005	24,577	100
2004	23,978	100

Schedule of Employers' Contributions – OPEB

(Dollars in thousands)

	<u>Annual required contribution</u>	<u>Percentage contributed</u>
Year ended June 30:		
2014	\$ 47,638	46.6 %
2013	44,937	50.5
2012	49,096	45.9
2011	46,346	48.0
2010	44,704	53.4
2009	39,272	53.4
2008	37,486	45.7

See 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, 2014
(Unaudited)
(with comparative actual amounts for 2013)

	2014 Original budget	2014 Final budget	2014 Actual	Variance favorable (unfavorable)	2013 Actual
Revenues:					
Property taxes	\$ 328,544,945	328,544,945	328,544,945	—	316,947,770
Provisions for tax abatements and adj.	(4,544,945)	(4,544,945)	(4,544,945)	—	(4,447,770)
Payments in lieu of tax receipts	6,700,000	6,700,000	7,759,252	1,059,252	7,553,728
Hotel/motel/meals excise tax	14,605,730	14,605,730	16,525,182	1,919,452	15,909,648
Intergovernmental	31,899,472	31,899,472	31,264,954	(634,518)	31,035,786
Sewer use	40,620,700	40,620,700	41,690,417	1,069,717	40,019,569
Motor vehicle excise	6,355,981	6,355,981	7,230,474	874,493	6,833,482
Investment income	500,000	500,000	655,691	155,691	602,337
Other	23,385,793	23,316,168	44,148,161	20,831,993	43,429,852
Total revenues	<u>448,067,676</u>	<u>447,998,051</u>	<u>473,274,131</u>	<u>25,276,080</u>	<u>457,884,402</u>
Expenditures:					
Current:					
General government	50,464,999	48,411,184	34,003,093	14,408,091	35,066,184
Public safety	113,169,635	114,851,383	113,514,462	1,336,921	107,621,265
Community maintenance and development	40,872,675	43,321,183	42,037,825	1,283,358	40,880,958
Human resource development	33,691,170	34,232,185	33,450,978	781,207	32,763,418
Education	150,989,445	151,064,445	150,885,765	178,680	144,616,558
Judgments and claims	200,000	200,000	52,394	147,606	75,633
State and district assessments	49,351,777	49,351,786	47,682,872	1,668,914	46,660,306
Debt service:					
Principal	38,429,825	38,429,825	38,429,825	—	35,925,892
Interest	11,286,425	11,286,425	11,246,334	40,091	10,402,622
Total expenditures	<u>488,455,951</u>	<u>491,148,416</u>	<u>471,303,548</u>	<u>19,844,868</u>	<u>454,012,836</u>
Excess (deficiency) of revenues over expenditures	<u>(40,388,275)</u>	<u>(43,150,365)</u>	<u>1,970,583</u>	<u>45,120,948</u>	<u>3,871,566</u>
Other financing sources (uses):					
Operating transfers in (out):					
Special revenue funds	21,011,020	21,034,520	19,546,855	(1,487,665)	19,203,155
Capital projects funds	(2,508,000)	(2,708,000)	(8,672,225)	(5,964,225)	(6,223,000)
Trust funds	(1,773,330)	(1,773,330)	(1,773,330)	—	(850,430)
Enterprise fund	705,575	705,575	705,575	—	705,575
Total other financing sources (uses)	<u>17,435,265</u>	<u>17,258,765</u>	<u>9,806,875</u>	<u>(7,451,890)</u>	<u>12,835,300</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(22,953,010)</u>	<u>(25,891,600)</u>	<u>11,777,458</u>	<u>37,669,058</u>	<u>16,706,866</u>
Other budget items:					
Free cash appropriations	21,000,000	23,938,590			
Prior year deficits raised	(46,990)	(46,990)			
Overlay surplus	2,000,000	2,000,000			
Total other budget items	<u>22,953,010</u>	<u>25,891,600</u>			
Net budget and actual	<u>\$ —</u>	<u>—</u>			

See accompanying independent auditors' report.

See accompanying notes to required supplementary information.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to Required Supplementary Information – Schedule of Revenues and Expenditures

Year ended June 30, 2014

(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, which are recorded as the equivalent of expenditures (budget), as opposed to a reservation of fund balance (GAAP).

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, 2014:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses), net</u>
As reported on a budgetary basis:	\$ 473,274,131	471,303,548	9,806,875
Adjustments:			
Revenues to modified accrual basis	8,708,273	—	—
Expenditures, encumbrances and accruals, net	—	(5,114,905)	—
On-behalf contribution for teachers pension	27,307,321	27,307,321	—
Reclassification:			
Premium on debt issuance	—	—	4,102,740
Transfers not reported on a Budgetary/GAAP basis	—	—	1,813,330
As reported on a GAAP basis	<u>\$ 509,289,725</u>	<u>493,495,964</u>	<u>15,722,945</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2014

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

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
General government:			
Mayor:			
Salaries and wages	\$ 418,155	388,641	29,514
Other ordinary maintenance	111,130	110,543	587
Travel and training	29,500	28,009	1,491
Total Mayor	<u>558,785</u>	<u>527,193</u>	<u>31,592</u>
City Manager:			
Salaries and wages	1,849,200	1,849,064	136
Other ordinary maintenance	517,650	494,043	23,607
Travel and training	38,700	30,159	8,541
Total City Manager	<u>2,405,550</u>	<u>2,373,266</u>	<u>32,284</u>
City Council:			
Salaries and wages	1,585,970	1,585,950	20
Other ordinary maintenance	41,900	40,742	1,158
Travel and training	59,855	31,871	27,984
Total City Council	<u>1,687,725</u>	<u>1,658,563</u>	<u>29,162</u>
City Clerk:			
Salaries and wages	1,059,235	965,610	93,625
Other ordinary maintenance	56,110	42,277	13,833
Travel and training	4,420	375	4,045
Total City Clerk	<u>1,119,765</u>	<u>1,008,262</u>	<u>111,503</u>
Law:			
Salaries and wages	1,507,695	1,460,653	47,042
Other ordinary maintenance	443,300	407,606	35,694
Travel and training	12,245	9,551	2,694
Total law	<u>1,963,240</u>	<u>1,877,810</u>	<u>85,430</u>
Finance:			
Salaries and wages	10,018,570	9,473,314	545,256
Other ordinary maintenance	2,965,010	2,786,082	178,928
Travel and training	245,970	182,512	63,458
Extraordinary expenditures	62,800	60,000	2,800
Total finance	<u>13,292,350</u>	<u>12,501,908</u>	<u>790,442</u>
Employment benefits:			
Salaries and wages	23,333,389	10,393,591	12,939,798
Other ordinary maintenance	844,755	663,742	181,013
Travel and training	30,000	14,331	15,669

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2014

	Budget	Actual	Variance positive (negative)
Total employment benefits	24,208,144	11,071,664	13,136,480
General services:			
Salaries and wages	\$ 231,440	225,632	5,808
Other ordinary maintenance	501,255	391,457	109,798
Total general services	732,695	617,089	115,606
Election commission:			
Salaries and wages	992,260	961,663	30,597
Other ordinary maintenance	214,255	214,019	236
Travel and training	2,270	60	2,210
Total election commission	1,208,785	1,175,742	33,043
Public celebrations:			
Salaries and wages	491,740	491,699	41
Other ordinary maintenance	405,280	387,849	17,431
Travel and training	1,125	630	495
Total public celebrations	898,145	880,178	17,967
Reserve:			
Other ordinary maintenance	24,500	—	24,500
Total reserve	24,500	—	24,500
Animal commission:			
Salaries and wages	296,845	296,810	35
Other ordinary maintenance	14,505	14,458	47
Travel and training	150	150	—
Total animal commission	311,500	311,418	82
Total general government	48,411,184	34,003,093	14,408,091
Public safety:			
Fire:			
Salaries and wages	41,313,915	40,883,663	430,252
Other ordinary maintenance	1,913,860	1,859,682	54,178
Travel and training	954,500	938,218	16,282
Extraordinary expenditures	110,000	109,994	6
Total fire	44,292,275	43,791,557	500,718
Police:			
Salaries and wages	44,504,565	44,501,602	2,963
Other ordinary maintenance	2,682,850	2,632,638	50,212
Travel and training	291,500	241,494	50,006
Extraordinary expenditures	432,048	395,188	36,860

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2014

	Budget	Actual	Variance positive (negative)
Total police	47,910,963	47,770,922	140,041
Traffic and parking:			
Salaries and wages	\$ 7,507,475	7,314,727	192,748
Other ordinary maintenance	3,303,040	3,283,833	19,207
Travel and training	42,500	37,698	4,802
Extraordinary expenditures	82,000	61,623	20,377
Total traffic and parking	10,935,015	10,697,881	237,134
Police review and advisory board:			
Salaries and wages	72,540	72,450	90
Other ordinary maintenance	700	519	181
Travel and training	3,000	2,623	377
Total police review and advisory board	76,240	75,592	648
Inspectional services:			
Salaries and wages	3,029,540	3,029,476	64
Other ordinary maintenance	140,680	92,591	48,089
Travel and training	10,425	8,588	1,837
Extraordinary expenditures	10,000	—	10,000
Total inspectional services	3,190,645	3,130,655	59,990
License:			
Salaries and wages	968,810	909,936	58,874
Other ordinary maintenance	57,435	53,237	4,198
Travel and training	4,725	3,726	999
Total license	1,030,970	966,899	64,071
Weights and measures:			
Salaries and wages	129,915	129,884	31
Other ordinary maintenance	7,280	7,279	1
Travel and training	2,745	2,736	9
Extraordinary expenditures	—	—	—
Total weights and measures	139,940	139,899	41
Electrical:			
Salaries and wages	1,537,780	1,452,519	85,261
Other ordinary maintenance	1,276,460	1,135,861	140,599
Travel and training	1,670	1,394	276
Extraordinary expenditures	25,000	24,531	469
Total electrical	2,840,910	2,614,305	226,605

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Emergency communications:			
Salaries and wages	\$ 4,266,365	4,169,277	97,088
Other ordinary maintenance	148,210	141,201	7,009
Travel and training	15,850	14,503	1,347
Extraordinary expenditures	4,000	1,771	2,229
Total emergency communications	<u>4,434,425</u>	<u>4,326,752</u>	<u>107,673</u>
Total public safety	<u>114,851,383</u>	<u>113,514,462</u>	<u>1,336,921</u>
Community maintenance and development:			
Public works:			
Salaries and wages	21,363,635	20,988,831	374,804
Other ordinary maintenance	12,984,815	12,272,101	712,714
Travel and training	329,030	186,607	142,423
Extraordinary expenditures	675,000	674,152	848
Total public works	<u>35,352,480</u>	<u>34,121,691</u>	<u>1,230,789</u>
Community development:			
Salaries and wages	5,176,228	5,155,066	21,162
Other ordinary maintenance	423,284	421,510	1,774
Travel and training	36,428	36,063	365
Extraordinary expenditures	—	—	—
Total community development	<u>5,635,940</u>	<u>5,612,639</u>	<u>23,301</u>
Historical commission:			
Salaries and wages	577,710	568,064	9,646
Other ordinary maintenance	54,430	53,779	651
Travel and training	800	699	101
Total historical commission	<u>632,940</u>	<u>622,542</u>	<u>10,398</u>
Conservation commission:			
Salaries and wages	122,670	122,617	53
Other ordinary maintenance	1,000	812	188
Travel and training	900	660	240
Total conservation commission	<u>124,570</u>	<u>124,089</u>	<u>481</u>
Peace commission:			
Salaries and wages	132,665	132,647	18
Other ordinary maintenance	10,325	6,995	3,330
Travel and training	1,850	—	1,850
Total peace commission	<u>144,840</u>	<u>139,642</u>	<u>5,198</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2014

	Budget	Actual	Variance positive (negative)
Cable television:			
Salaries and wages	\$ 521,790	521,775	15
Other ordinary maintenance	905,173	893,292	11,881
Travel and training	3,450	2,155	1,295
Total cable television	<u>1,430,413</u>	<u>1,417,222</u>	<u>13,191</u>
Total community maintenance and development	<u>43,321,183</u>	<u>42,037,825</u>	<u>1,283,358</u>
Human resource development:			
Library:			
Salaries and wages	6,966,630	6,966,230	400
Other ordinary maintenance	2,178,115	2,159,608	18,507
Travel and training	51,650	51,369	281
Total library	<u>9,196,395</u>	<u>9,177,207</u>	<u>19,188</u>
Human services:			
Salaries and wages	20,332,423	19,998,037	334,386
Other ordinary maintenance	2,989,397	2,762,450	226,947
Travel and training	78,100	69,207	8,893
Extraordinary expenditures	25,000	23,908	1,092
Total human services	<u>23,424,920</u>	<u>22,853,602</u>	<u>571,318</u>
Women's commission:			
Salaries and wages	222,555	157,628	64,927
Other ordinary maintenance	9,535	9,535	—
Travel and training	1,025	731	294
Total women's commission	<u>233,115</u>	<u>167,894</u>	<u>65,221</u>
Human rights commission:			
Salaries and wages	245,180	215,008	30,172
Other ordinary maintenance	3,000	1,522	1,478
Travel and training	1,200	928	272
Total human rights commission	<u>249,380</u>	<u>217,458</u>	<u>31,922</u>
Veterans benefits:			
Salaries and wages	271,975	233,801	38,174
Other ordinary maintenance	54,900	50,193	4,707
Travel and training	801,500	750,823	50,677
Total veterans benefits	<u>1,128,375</u>	<u>1,034,817</u>	<u>93,558</u>
Total human resource development	<u>34,232,185</u>	<u>33,450,978</u>	<u>781,207</u>

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures – Budgetary Basis

Year ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Education:			
Salaries and wages	\$ 123,167,661	123,044,420	123,241
Other ordinary maintenance	25,937,325	25,905,363	31,962
Travel and training	1,109,979	1,087,098	22,881
Extraordinary expenditures	262,813	262,217	596
Debt:			
Principal payments	472,167	472,167	—
Interest payments	114,500	114,500	—
Total education	<u>151,064,445</u>	<u>150,885,765</u>	<u>178,680</u>
Judgments and claims	<u>200,000</u>	<u>52,394</u>	<u>147,606</u>
Debt retirement:			
Principal payments	38,429,825	38,429,825	—
Interest payments	11,286,425	11,246,334	40,091
Total debt retirement	<u>49,716,250</u>	<u>49,676,159</u>	<u>40,091</u>
State and district assessments:			
MBTA assessment	8,988,060	8,988,055	5
MWRA assessment	21,346,815	21,224,419	122,396
Other State assessments	12,516,911	10,970,398	1,546,513
Cambridge Health Alliance	6,500,000	6,500,000	—
Total state and district assessments	<u>49,351,786</u>	<u>47,682,872</u>	<u>1,668,914</u>
Total general fund expenditures	<u>\$ 491,148,416</u>	<u>471,303,548</u>	<u>19,844,868</u>

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Other Governmental Funds

June 30, 2014

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, 2014

Assets	Special revenue					Permanent funds	Total
	Community development block grant	School grants	Parking fund	Community preservation act	Other grants		
Cash and short-term investments	\$ 452,675	1,423,648	15,613,434	13,749,255	2,216,829	3,661,432	37,117,273
Accounts receivable	170,000	—	252,510	70,651	123	—	493,284
Due from other governments	190,294	2,579,671	—	—	326,862	—	3,096,827
Total assets	\$ 812,969	4,003,319	15,865,944	13,819,906	2,543,814	3,661,432	40,707,384
Liabilities, Deferred Inflows of Resources and Fund Balances							
Warrants payable	\$ 52,832	371,602	—	74,298	559,333	—	1,058,065
Accrued liabilities	20,168	37,403	—	39,082	56,575	—	153,228
Due to other funds	739,969	—	—	—	—	—	739,969
Total liabilities	812,969	409,005	—	113,380	615,908	—	1,951,262
Deferred Inflows of Resources:							
Unavailable revenue	—	—	—	70,651	—	—	70,651
Fund balances:							
Nonspendable	—	—	—	—	—	2,170,328	2,170,328
Restricted	—	3,594,314	—	13,635,875	1,927,906	1,491,104	20,649,199
Committed	—	—	15,865,944	—	—	—	15,865,944
Total fund balances	—	3,594,314	15,865,944	13,635,875	1,927,906	3,661,432	38,685,471
Total liabilities, deferred inflows of resources, and fund balances	\$ 812,969	4,003,319	15,865,944	13,819,906	2,543,814	3,661,432	40,707,384

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, 2014

	Special revenue						Total
	Community development block grant	School grants	Parking fund	Community preservation act	Other grants	Permanent funds	
Revenues:							
Intergovernmental	\$ 1,424,104	10,869,967	—	4,347,169	8,834,605	—	25,475,845
Investment income	—	—	51,465	16,482	3,181	18,637	89,765
Other:							
Permits	—	—	672,627	—	—	—	672,627
Fines	—	—	10,385,456	—	—	—	10,385,456
Charges for services	—	—	10,472,519	—	—	—	10,472,519
Miscellaneous	—	1,579,162	101,975	8,581,278	580,065	241,042	11,083,522
Total revenues	<u>1,424,104</u>	<u>12,449,129</u>	<u>21,684,042</u>	<u>12,944,929</u>	<u>9,417,851</u>	<u>259,679</u>	<u>58,179,734</u>
Expenditures:							
General government	—	—	—	12,677	81,241	167,910	261,828
Public safety	—	—	—	—	1,472,578	—	1,472,578
Community maintenance and development	895,947	—	—	1,419,827	604,198	—	2,919,972
Human services	462,018	—	—	—	7,649,406	—	8,111,424
Education	—	12,318,772	—	—	—	—	12,318,772
Total expenditures	<u>1,357,965</u>	<u>12,318,772</u>	<u>—</u>	<u>1,432,504</u>	<u>9,807,423</u>	<u>167,910</u>	<u>25,084,574</u>
Excess (deficiency) of revenues over expenditures	66,139	130,357	21,684,042	11,512,425	(389,572)	91,769	33,095,160
Other financing sources (uses):							
Transfers from other funds	—	—	—	—	—	—	—
Transfers to other funds	(66,139)	—	(21,671,855)	(8,240,000)	—	(40,000)	(30,017,994)
Excess of revenues over expenditures and transfers	—	130,357	12,187	3,272,425	(389,572)	51,769	3,077,166
Fund balances at beginning of year	—	3,463,957	15,853,757	10,363,450	2,317,478	3,609,663	35,608,305
Fund balances at end of year	\$ <u>—</u>	<u>3,594,314</u>	<u>15,865,944</u>	<u>13,635,875</u>	<u>1,927,906</u>	<u>3,661,432</u>	<u>38,685,471</u>

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2014

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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Assets and Liabilities – Agency Funds

Year ended June 30, 2014

Assets	Balance at June 30, 2013	Additions	Deductions	Balance at June 30, 2014
Contract Bids	\$ 113,214	—	—	113,214
Plans	2,065	—	—	2,065
Tree Removals	485	—	—	485
Driveways	229,119	254,214	195,605	287,728
Sidewalk Openings	150	—	—	150
In Lieu of Bond	70,945	—	—	70,945
License Commission	10,149	—	—	10,149
Cambridge Police Detail	140,465	5,203,929	5,349,045	(4,651)
Cambridge Fire Detail	86,236	1,248,362	1,252,583	82,015
Dog Licenses	10,657	—	—	10,657
Sporting Licenses	2,390	—	—	2,390
Constable Fees	216,652	141,848	144,451	214,049
Meal Tax Agency	36,619	—	—	36,619
Senior Cab	4,279	—	—	4,279
Water Service Renewal	17,422	—	—	17,422
Undistributed Interest	3,808	—	—	3,808
Purchase of Trees	13,631	64,248	—	77,879
Accident and life Insurance	978,920	325,433	295,097	1,009,256
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	716,146	515,709	625,990	605,865
Continental Casualty	12,407	—	—	12,407
Teacher Insurance Reimbursement	4,940	—	—	4,940
Teachers Retirement	925,593	824,428	663,778	1,086,243
Excise Registry Fees	13,857	—	—	13,857
3 Bigelow Contingency Fund	87,512	7,432	7,319	87,625
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	—	—	265,329
Stop Payments	22,667	—	—	22,667
Sewer Abatement Appraisal Fee	10,495	—	—	10,495
Water Department Deposits	474,160	108,600	41,275	541,485
Salem State Reading Spec. Prog	501	—	—	501
Citizens Bank Cks June 2012	299,267	4,547,291	4,147,431	699,127
Parking Garage Deposits	—	22,400	4,000	18,400
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 – Recovered Cash	442	—	—	442
Police – Found Cash	3,098	—	—	3,098
Firearms Recordkeeping Fund	14,658	10,787	9,200	16,245
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	(66,204)	—	2,283	(68,487)
Robert Chambers Settlement	7,799	—	—	7,799
Total	\$ <u>5,155,422</u>	<u>13,274,681</u>	<u>12,738,057</u>	<u>5,692,046</u>

CITY OF CAMBRIDGE, MASSACHUSETTS
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year ended June 30, 2014

Liabilities	Balance at June 30, 2013	Additions	Deductions	Balance at June 30, 2014
Guarantee deposits and amounts due other:				
Contract Bids	\$ 113,214	—	—	113,214
Plans	2,065	—	—	2,065
Tree Removals	485	—	—	485
Driveways	229,119	254,214	195,605	287,728
Sidewalk Openings	150	—	—	150
In Lieu of Bond	70,945	—	—	70,945
License Commission	10,149	—	—	10,149
Cambridge Police Detail	140,465	5,203,929	5,349,045	(4,651)
Cambridge Fire Detail	86,236	1,248,362	1,252,583	82,015
Dog Licenses	10,657	—	—	10,657
Sporting Licenses	2,390	—	—	2,390
Constable Fees	216,652	141,848	144,451	214,049
Meal Tax Agency	36,619	—	—	36,619
Senior Cab	4,279	—	—	4,279
Water Service Renewal	17,422	—	—	17,422
Undistributed Interest	3,808	—	—	3,808
Purchase of Trees	13,631	64,248	—	77,879
Accident and life Insurance	978,920	325,433	295,097	1,009,256
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	716,146	515,709	625,990	605,865
Continental Casualty	12,407	—	—	12,407
Teacher Insurance Reimbursement	4,940	—	—	4,940
Teachers Retirement	925,593	824,428	663,778	1,086,243
Excise Registry Fees	13,857	—	—	13,857
3 Bigelow Contingency Fund	87,512	7,432	7,319	87,625
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	—	—	265,329
Stop Payments	22,667	—	—	22,667
Sewer Abatement Appraisal Fee	10,495	—	—	10,495
Water Department Deposits	474,160	108,600	41,275	541,485
Salem State Reading Spec. Prog	501	—	—	501
Citizens Bank Cks June 2012	299,267	4,547,291	4,147,431	699,127
Parking Garage Deposits	—	22,400	4,000	18,400
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 – Recovered Cash	442	—	—	442
Police – Found Cash	3,098	—	—	3,098
Firearms Recordkeeping Cash	14,658	10,787	9,200	16,245
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	(66,204)	—	2,283	(68,487)
Robert Chambers Settlement	7,799	—	—	7,799
Total	\$ 5,155,422	13,274,681	12,738,057	5,692,046

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Supplemental Statements and Schedules

June 30, 2014

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, 2014.

CITY OF CAMBRIDGE, MASSACHUSETTS
 Schedule of Gross Real Estate, Personal Property, and Motor Vehicle Excise Taxes
 June 30, 2014

	Uncollected June 30, 2013	Commitments	Abatements	Transfers to tax title	Refunds	Collections	Adjustments increase (decrease)	Uncollected June 30, 2014
Real estate taxes:								
2006	\$ —	—	—	—	—	—	—	—
2007	—	—	—	—	—	—	—	—
2008	—	—	—	—	—	—	—	—
2009	1,447	—	—	—	—	—	—	1,447
2010	—	—	(1,665)	—	110,334	(108,802)	133	—
2011	8,527	—	(51,480)	—	55,847	(4,495)	128	8,527
2012	13,526	—	(75,010)	(8,054)	113,595	(46,863)	2,806	—
2013	2,397,975	—	(292,840)	(708,474)	540,438	(1,933,702)	(395)	3,002
2014	—	307,107,291	(1,216,809)	—	483,383	(303,176,102)	(88,012)	3,109,751
Total real estate	\$ 2,421,475	307,107,291	(1,637,804)	(716,528)	1,303,597	(305,269,964)	(85,340)	3,122,727

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, 2014

	Uncollected June 30, 2013	Commitments	Abatements	Transfers to tax title	Refunds	Collections	Adjustments increase (decrease)	Uncollected June 30, 2014
Personal property taxes:								
1998	\$ 25	—	(25)	—	—	—	—	—
2002	38	—	(25)	—	—	—	—	13
2003	24,146	—	(4,945)	—	—	—	1	19,202
2004	15,623	—	(3,170)	—	—	—	—	12,453
2005	44,242	—	(22,230)	—	—	—	34	22,046
2006	87,612	—	(73,483)	—	—	(126)	—	14,003
2007	63,409	—	(47,272)	—	—	(30)	—	16,107
2008	83,585	—	(59,445)	—	—	(771)	1,043	24,412
2009	94,264	—	(67,986)	—	—	(873)	6,255	31,660
2010	121,885	—	(80,393)	—	—	(353)	(1)	41,138
2011	141,561	—	(380)	—	—	(6,953)	1	134,229
2012	340,735	—	(365)	—	760	(59,930)	(34)	281,166
2013	442,318	—	(440)	—	12,558	(116,860)	(60)	337,516
2014	—	22,077,895	(202,196)	—	371	(21,481,289)	(41,534)	353,247
Total personal property	1,459,443	22,077,895	(562,355)	—	13,689	(21,667,185)	(34,295)	1,287,192
Other	107,475	—	—	—	—	—	68,529	176,004
Property taxes	\$ 3,988,393	329,185,186	(2,200,159)	(716,528)	1,317,286	(326,937,149)	(51,106)	4,585,923

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, 2014

	Uncollected June 30, 2013	Commitments	Abatements	Transfers to tax title	Refunds	Collections	Adjustments increase (decrease)	Uncollected June 30, 2014
Motor vehicle excise taxes:								
1986	\$ 2,648	—	—	—	—	(5)	(1)	2,642
1987	57,357	—	—	—	—	(43)	—	57,314
1988	71,856	—	—	—	—	(51)	—	71,805
1989	76,386	—	—	—	—	(42)	1	76,345
1990	68,056	—	—	—	—	(64)	1	67,993
1991	51,225	—	—	—	—	(55)	—	51,170
1992	51,681	—	—	—	—	(51)	—	51,630
1993	48,851	—	—	—	—	(39)	—	48,812
1994	51,648	—	—	—	—	(39)	—	51,609
1995	56,056	—	(128)	—	128	(194)	1	55,863
1996	55,346	—	—	—	—	(55)	—	55,291
1997	47,588	—	—	—	—	(16)	—	47,572
1998	62,675	—	—	—	—	(433)	—	62,242
1999	109,545	—	—	—	—	(214)	1	109,332
2000	170,663	—	(25)	—	—	(257)	1	170,382
2001	212,669	—	(84)	—	—	(645)	—	211,940
2002	194,400	—	(78)	—	—	(1,497)	1	192,826
2003	172,708	—	(34)	—	—	(772)	(2)	171,900
2004	143,854	—	—	—	—	(788)	(461)	142,605
2005	118,481	—	(45)	—	—	(1,714)	125	116,847
2006	107,596	—	(713)	—	—	(1,826)	29	105,086
2007	143,067	—	(166)	—	33	(4,389)	68	138,613
2008	128,049	—	(537)	—	13	(6,603)	(4)	120,918
2009	113,220	—	(463)	—	148	(9,052)	(1)	103,852
2010	137,420	—	(2,025)	—	2,296	(16,416)	4	121,279
2011	155,388	53	(2,811)	—	2,049	(22,454)	(3)	132,222
2012	218,770	57	(9,383)	—	6,627	(76,805)	(271)	138,995
2013	796,769	652,394	(67,071)	—	62,864	(1,198,064)	(408)	246,484
2014	—	6,387,960	(164,191)	—	41,880	(5,747,836)	561	518,374
Total motor vehicle	\$ 3,623,972	7,040,464	(247,754)	—	116,038	(7,090,419)	(358)	3,441,943

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, 2014

	Interest rates	Issue dates	Final maturity date	Balance June 30, 2013	Additions	Retired	Balance June 30, 2014
Inside debt limit:							
Hospital Series B 2007 Bonds	3.65	3/15/2007	2/1/2018	\$ 7,495,000	—	1,500,000	5,995,000
Fiber Optic Network Infrastructure	2.5%–3.3%	1/15/2004	1/1/2014	35,000	—	35,000	—
Fire Station Renovations	2.5%–3.3%	1/15/2004	1/1/2014	15,000	—	15,000	—
War Memorial Renovations	2.5%–3.3%	1/15/2004	1/1/2014	120,000	—	120,000	—
Building Renovations	2.5%–3.3%	1/15/2004	1/1/2014	50,000	—	50,000	—
Library Construction	2.5%–4.25%	1/15/2004	1/1/2024	435,000	—	435,000	—
Russell Donnelly Field Improvements	2.5%–3.3%	1/15/2004	1/1/2014	910,000	—	910,000	—
Yerxa Road Underpass	2.5%–3.3%	1/15/2004	1/1/2014	125,000	—	125,000	—
Cambridge Street Improvements	2.5%–3.3%	1/15/2004	1/1/2014	150,000	—	150,000	—
Sewer Reconstruction	2.5%–3.3%	1/15/2004	1/1/2014	940,000	—	940,000	—
Harvard Square Enhancements	3%–4%	2/1/2005	1/1/2015	400,000	—	200,000	200,000
Gold Star Pool Improvements	3%–4%	2/1/2005	1/1/2015	220,000	—	110,000	110,000
Library Construction	3%–4%	2/1/2005	1/1/2025	2,100,000	—	700,000	1,400,000
Area 4 Park Improvements	3%–4%	2/1/2005	1/1/2015	400,000	—	200,000	200,000
Russell Field Improvements	3%–4%	2/1/2005	1/1/2015	670,500	—	345,000	325,500
Cambridge Street Improvements	3%–4%	2/1/2005	1/1/2015	470,000	—	235,000	235,000
Porter Square Enhancements	3%–4%	2/1/2005	1/1/2015	460,000	—	230,000	230,000
Yerxa Road Underpass	3%–4%	2/1/2005	1/1/2015	440,000	—	220,000	220,000
MWPAT Loan	N/A	11/23/2004	8/1/2014	553,158	—	273,874	279,284
MWPAT Loan	N/A	11/23/2004	8/1/2014	422,801	—	209,515	213,286
MWPAT Loan	N/A	11/23/2004	8/1/2014	29,033	—	14,385	14,648
Sewer Reconstruction	3%–4%	2/1/2005	1/1/2015	3,104,500	—	1,545,000	1,559,500
Police Station Acquisition/Renovations	3.50%–4.25%	2/1/2006	1/1/2026	12,250,000	—	1,750,000	10,500,000
Library Construction	3.50%–4.25%	2/1/2006	1/1/2026	5,600,000	—	800,000	4,800,000
West Cambridge Youth Center	3.50%–4.25%	2/1/2006	1/1/2016	900,000	—	300,000	600,000
Building Renovations	3.50%–4.25%	2/1/2006	1/1/2016	300,000	—	100,000	200,000
Yerxa Road Underpass	3.50%–4.25%	2/1/2006	1/1/2016	300,000	—	100,000	200,000
Open Space Improvements	3.50%–4.25%	2/1/2006	1/1/2016	150,000	—	50,000	100,000
Porter Square Enhancements	3.50%–4.25%	2/1/2006	1/1/2016	240,000	—	80,000	160,000
Sewer Reconstruction	3.50%–4.25%	2/1/2006	1/1/2016	3,060,000	—	1,020,000	2,040,000
Building Renovations	4.0%	2/15/2007	2/1/2017	260,000	—	65,000	195,000
Police Station Acquisition/Renovations	4.0%	2/15/2007	2/1/2027	11,900,000	—	850,000	11,050,000
West Cambridge Youth Center	4.0%	2/15/2007	2/1/2017	3,200,000	—	800,000	2,400,000
Area 4 Park Improvements	4.0%	2/15/2007	2/1/2017	200,000	—	50,000	150,000
Yerxa Road Underpass	4.0%	2/15/2007	2/1/2017	440,000	—	110,000	330,000
Harvard Square Enhancements	4.0%	2/15/2007	2/1/2017	600,000	—	150,000	450,000
Sewer Reconstruction	4.0%	2/15/2007	2/1/2017	1,360,000	—	340,000	1,020,000
CRLS Renovations	3.0%–4.0%	2/1/2008	2/1/2028	3,750,000	—	250,000	3,500,000
War Memorial Renovations	3.0%–3.25%	2/1/2008	2/1/2018	6,112,982	—	1,222,598	4,890,384
Police Station Acquisition/Renovations	3.0%–4.0%	2/1/2008	2/1/2028	6,070,000	—	400,000	5,670,000
West Cambridge Youth Center	3.0%–3.25%	2/1/2008	2/1/2018	2,940,000	—	590,000	2,350,000
Library Construction	3.0%–4.0%	2/1/2008	2/1/2028	20,335,000	—	1,360,000	18,975,000
War Memorial Renovations	3.0%–3.25%	2/1/2008	2/1/2018	2,360,835	—	472,167	1,888,668
Harvard Square Enhancements	3.0%–3.25%	2/1/2008	2/1/2018	300,000	—	60,000	240,000
Sewer Reconstruction	3.0%–3.25%	2/1/2008	2/1/2018	3,106,183	—	625,235	2,480,948
Fire Station Renovations	2.0%–4.0%	3/15/2009	3/15/2019	600,000	—	100,000	500,000
Library Construction	2.0%–4.375%	3/15/2009	3/15/2029	8,455,000	—	530,000	7,925,000
Building Renovations	2.0%–4.0%	3/15/2009	3/15/2019	300,000	—	50,000	250,000
CRLS Renovations	2.0%–4.375%	3/15/2009	3/15/2029	24,000,000	—	1,500,000	22,500,000
Replacement of Radio System	2.0%–4.0%	3/15/2009	3/15/2019	300,000	—	50,000	250,000
Sewer Reconstruction	2.0%–4.0%	3/15/2009	3/15/2019	2,880,000	—	480,000	2,400,000
War Memorial Renovations (MSBA)	2.0%	6/25/2009	11/1/2019	1,470,000	—	210,000	1,260,000
CRLS Renovations	2.0%–3.0%	2/15/2010	2/15/2030	21,250,000	—	1,250,000	20,000,000
Sewer Reconstruction	2.0%–3.5%	2/15/2010	2/15/2020	4,840,000	—	695,000	4,145,000
Yerxa Road Underpass Construction	2.0%–3.75%	2/15/2010	2/15/2020	210,000	—	30,000	180,000
War Memorial Renovations	2.0%–4.0%	2/15/2011	2/15/2021	135,000	—	20,000	115,000
Building Renovations	2.0%–4.0%	2/15/2011	2/15/2021	1,200,000	—	150,000	1,050,000
Replacement of Radio System	2.0%–4.0%	2/15/2011	2/15/2021	4,960,000	—	620,000	4,340,000
Old Police Station Renovation	2.0%–4.5%	2/15/2011	2/15/2031	3,600,000	—	200,000	3,400,000
CRLS Renovations	2.0%–4.5%	2/15/2011	2/15/2031	14,525,000	—	810,000	13,715,000
Harvard Square Enhancements	2.0%–4.0%	2/15/2011	2/15/2021	1,700,000	—	150,000	1,550,000
Danehy Park Improvements	2.0%–4.0%	2/15/2011	2/15/2021	560,000	—	70,000	490,000
Kendall Square Improvements	2.0%	2/15/2011	2/15/2016	300,000	—	100,000	200,000

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds and Notes Payable

Year ended June 30, 2014

	<u>Interest rates</u>	<u>Issue dates</u>	<u>Final maturity date</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance June 30, 2014</u>
Sewer Reconstruction	2.0%–4.0%	2/15/2011	2/15/2021	\$ 12,000,000	—	1,500,000	10,500,000
CRLS Renovations (MSBA)	2.0%	7/12/2011	11/1/2021	5,351,886	—	594,654	4,757,232
Building Renovations	2.0%	2/15/2012	2/15/2022	1,800,000	—	200,000	1,600,000
Old Police Station Renovation	2.0%–3.0%	2/15/2012	2/15/2032	10,005,000	—	530,000	9,475,000
Elementary School Renovations (Design)	2.0%	2/15/2012	2/15/2022	2,400,000	—	600,000	1,800,000
Refinancing Bonds (2004, 2005, 2006)	1.9%	3/22/2012	1/1/2024	24,725,000	—	—	24,725,000
Street / Sidewalk Reconstruction	2.0%	2/15/2012	2/15/2022	900,000	—	100,000	800,000
Open Space Improvements	2.0%	2/15/2012	2/15/2022	1,170,000	—	130,000	1,040,000
Kendall Square Improvements	2.0%	2/15/2012	2/15/2022	270,000	—	30,000	240,000
Harvard Square Tunnel Improvements	2.0%	2/15/2012	2/15/2022	1,800,000	—	200,000	1,600,000
Sewer Reconstruction	2.0%	2/15/2012	2/15/2022	18,315,000	—	2,035,000	16,280,000
MWPAT Loan (Gross Pay) CW-10-04)	—	6/13/2012	7/15/2022	10,083,572	—	1,001,564	9,082,008
King School Renovations	2.0%–3.0%	2/19/2013	2/15/2033	33,000,000	—	1,650,000	31,350,000
Old Police Station Renovations	2.0%–3.0%	2/19/2013	2/15/2033	4,070,000	—	205,000	3,865,000
Acquisitions of Fire Vehicles	2.0%–3.0%	2/19/2013	2/15/2033	1,245,000	—	125,000	1,120,000
City Hall Roof Replacement	2.0%–3.0%	2/19/2013	2/15/2033	1,000,000	—	100,000	900,000
Street / Sidewalk Reconstruction	2.0%–3.0%	2/19/2013	2/15/2023	1,000,000	—	100,000	900,000
Harvard Square Tunnel Improvements	2.0%–3.0%	2/19/2013	2/15/2023	1,500,000	—	150,000	1,350,000
Danehy Park Improvements	2.0%–3.0%	2/19/2013	2/15/2023	1,540,000	—	155,000	1,385,000
Kendall Square Improvements	2.0%–3.0%	2/19/2013	2/15/2023	500,000	—	50,000	450,000
Sewer Reconstruction	2.0%–3.0%	2/19/2013	2/15/2023	21,405,000	—	2,145,000	19,260,000
MWRA Loan	—	2/25/2013	2/25/2018	715,000	—	143,000	572,000
King School Renovations	3.125–5.0%	2/18/2014	2/25/1934	—	18,500,000	—	18,500,000
Kendall Square Improvements	5.0%	2/18/2014	2/15/2024	—	1,000,000	—	1,000,000
Street / Sidewalk Reconstruction	5.0%	2/18/2014	2/15/2024	—	1,000,000	—	1,000,000
Harvard Square Tunnel Improvements	5.0%	2/18/2014	2/15/2024	—	1,000,000	—	1,000,000
Cambridge Common Improvements	5.0%	2/18/2014	2/15/2024	—	500,000	—	500,000
Sewer Reconstruction	5.0%	2/18/2014	2/25/2024	—	12,900,000	—	12,900,000
Total inside debt limit				351,360,450	34,900,000	38,866,992	347,393,458
Outside debt limit:							
Water:							
Automated Meter Reading System	2.5%–3.3%	1/15/2004	1/1/2014	300,000	—	300,000	—
Automated Meter Reading System	3%–4%	2/1/2005	1/1/2015	240,000	—	120,000	120,000
Water Series C 2007 Bonds	4%–5.0%	3/15/2007	8/1/2019	14,980,000	—	2,420,000	12,560,000
Total water				15,520,000	—	2,840,000	12,680,000
HUD Sec 108 Notes	5.07%	9/14/2006	8/1/2014	205,000	—	35,000	170,000
Housing Trust Fund:							
Note payable	2.00%	6/30/2007	7/1/2021	4,703,302	—	574,627	4,128,675
Total outside debt limit				20,428,302	—	3,449,627	16,978,675
Total debt outstanding				\$ 371,788,752	34,900,000	42,316,619	364,372,133

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

June 30, 2014

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.

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<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	
Demographic and economic information:	92
<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 Nine Years Ago	
Operating information:	94
<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	

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		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government	\$	33,235	34,894	35,852	35,892	40,101	31,765	32,572	34,284	30,533	27,402
Percentage of total		6.7%	7.8%	8.1%	8.2%	9.6%	8.0%	8.6%	9.4%	8.7%	8.5%
Percentage change		(4.8)	(2.7)	(0.1)	(10.5)	26.2	(2.5)	(5.0)	12.3	11.4	14.2
Public safety	\$	112,496	106,985	103,389	100,414	95,717	95,817	89,514	85,160	82,619	77,756
Percentage of total		22.8%	23.8%	23.4%	23.0%	22.9%	24.0%	23.7%	23.3%	23.6%	24.0%
Percentage change		5.2	3.5	3.0	4.9	0.1	7.0	5.1	3.1	6.3	4.6
Community maintenance and development	\$	40,570	39,175	36,683	36,459	34,127	35,040	33,331	30,527	31,404	28,551
Percentage of total		8.2%	8.7%	8.3%	8.4%	8.2%	8.8%	8.8%	8.4%	9.0%	8.8%
Percentage change		3.6	6.8	0.6	6.8	2.6	5.1	9.2	(2.8)	10.0	5.7
Human resource	\$	32,861	32,143	30,919	29,586	28,133	25,464	23,944	22,426	20,835	20,668
Percentage of total		6.7%	7.1%	7.0%	6.8%	6.7%	6.4%	6.3%	6.1%	5.9%	6.4%
Percentage change		2.2	4.0	4.5	5.2	10.5	6.3	6.8	7.6	0.8	8.1
Education	\$	176,930	143,788	139,276	134,078	132,652	129,031	124,531	121,868	120,688	111,213
Percentage of total		35.9%	32.0%	31.6%	30.8%	31.8%	32.4%	33.0%	33.4%	34.4%	34.3%
Percentage change		23.0	3.2	3.9	1.1	2.8	3.6	2.2	1.0	8.5	(2.9)
Judgments and claims	\$	52	76	4,113	9,029	925	171	115	213	346	225
Percentage of total		—%	—%	0.9%	2.1%	0.2%	—%	—%	0.1%	0.1%	0.1%
Percentage change		(31.6)	(98.2)	(54.4)		440.9	48.7	(46.0)	(38.4)	53.8	(57.8)
State assessments	\$	47,683	46,660	46,147	44,892	42,448	41,020	39,567	37,294	35,890	33,888
Percentage of total		9.7%	10.4%	10.5%	10.3%	10.2%	10.3%	10.5%	10.2%	10.2%	10.5%
Percentage change		2.2	1.1	2.8	5.8	3.5	3.7	6.1	3.9	5.9	0.8
Debt service	\$	49,669	46,305	44,562	45,248	43,215	40,169	34,124	32,942	28,184	24,076
Percentage of total		10.1%	10.3%	10.1%	10.3%	10.4%	10.1%	9.0%	9.0%	8.0%	7.4%
Percentage change		7.3	3.9	(1.5)	4.7	7.6	17.7	3.6	16.9	17.1	12.4
Total expenditures	\$	493,496	450,026	440,941	435,598	417,318	398,477	377,698	364,714	350,499	323,779
Percentage of total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage change		9.7	2.1	1.2	4.4	4.7	5.5	3.6	4.1	8.3	2.9

(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)

<u>Source</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Property taxes	\$ 327,999	315,777	297,724	281,812	266,862	251,256	238,747	231,875	222,987	220,910
Percentage of total	64.4%	68.0%	67.1%	67.6%	68.4%	66.9%	62.2%	61.8%	62.8%	65.3%
Percentage change	3.9	6.1	5.6	5.6	6.2	5.2	3.0	4.0	0.9	7.1
Motor vehicle excises	\$ 7,230	6,833	6,239	6,453	6,182	6,140	6,650	5,942	6,146	6,452
Percentage of total	1.4%	1.5%	1.4%	1.5%	1.6%	1.6%	1.7%	1.6%	1.7%	1.9%
Percentage change	5.8	9.5	(3.3)	4.4	0.7	(7.7)	11.9	(3.3)	(4.7)	6.0
Hotel/motel/meals	\$ 16,525	15,910	14,954	13,573	9,362	6,803	6,863	6,751	5,801	5,461
Percentage of total	3.2%	3.4%	3.4%	3.3%	2.4%	1.8%	1.8%	1.8%	1.6%	1.6%
Percentage change	3.9	6.4	10.2	45.0	38.0	(0.9)	1.7	16.4	6.2	27.4
Fines	\$ 500	608	599	637	633	629	767	726	922	352
Percentage of total	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.1%
Percentage change	(17.8)	1.5	(6.0)	0.6	0.6	(18.0)	5.6	(21.3)	161.9	(34.7)
Intergovernmental	\$ 58,572	31,036	31,954	31,796	32,139	37,235	47,575	44,658	44,143	43,802
Percentage of total	11.5%	6.7%	7.2%	7.6%	8.2%	9.9%	12.4%	11.9%	12.4%	13.0%
Percentage change	88.7	(2.9)	0.5	(1.1)	(13.7)	(21.7)	6.5	1.2	0.8	2.8
Licenses and permits	\$ 23,329	25,213	20,832	14,273	10,305	8,053	12,390	11,701	12,508	8,976
Percentage of total	4.6%	5.4%	4.7%	3.4%	2.6%	2.1%	3.2%	3.1%	3.5%	2.7%
Percentage change	(7.5)	21.0	46.0	38.5	28.0	(35.0)	5.9	(6.5)	39.3	15.2
Payment in lieu of taxes	\$ 7,759	7,554	7,586	7,345	7,106	7,012	7,319	6,939	6,579	6,839
Percentage of total	1.5%	1.6%	1.7%	1.8%	1.8%	1.9%	1.9%	1.8%	1.9%	2.0%
Percentage change	2.7	(0.4)	3.3	3.4	1.3	(4.2)	5.5	5.5	(3.8)	8.1
Investment income	\$ 1,622	616	864	1,064	1,274	4,257	9,295	11,119	7,410	2,888
Percentage of total	0.3%	0.1%	0.2%	0.3%	0.3%	1.1%	2.4%	3.0%	2.1%	0.9%
Percentage change	163.3	(28.7)	(18.8)	(16.5)	(70.1)	(54.2)	(16.4)	50.1	156.6	144.5
Charges for services	\$ 41,690	40,020	40,579	40,347	36,825	36,058	36,874	38,761	33,835	28,661
Percentage of total	8.2%	8.6%	9.2%	9.7%	9.4%	9.6%	9.6%	10.3%	9.5%	8.5%
Percentage change	4.2	(1.4)	0.6	9.6	2.1	(2.2)	(4.9)	14.6	18.1	8.0
Departmental/other	\$ 24,064	20,654	22,126	19,652	19,132	18,205	17,564	16,650	14,491	13,841
Percentage of total	4.7%	4.4%	5.0%	4.7%	4.9%	4.8%	4.6%	4.4%	4.1%	4.1%
Percentage change	16.5	(6.7)	12.6	2.7	5.1	3.6	5.5	14.9	4.7	(1.5)
Total revenues	\$ 509,290	464,221	443,457	416,951	389,820	375,648	384,044	375,122	354,822	338,182
Percentage of total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage change	9.7	4.7	6.4	7.0	3.8	(2.2)	2.4	5.7	4.9	7.1

(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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	\$ 315,270,305	336,878,930	357,453,373	381,832,841	415,315,555	454,771,570	497,650,641	524,201,859	553,655,888	598,532,113
Restricted	3,690,934	4,062,960	5,369,954	9,990,382	11,646,310	10,167,149	13,631,945	14,457,153	14,628,412	17,967,958
Unrestricted	185,379,626	216,871,591	231,012,594	224,490,592	177,054,725	165,339,378	115,221,403	100,571,712	121,839,635	131,964,205
Total governmental activities net position	504,340,865	557,813,481	593,835,921	616,313,815	604,016,590	630,278,097	626,503,989	639,230,724	690,123,935	748,464,276
Business-type activities:										
Net investment in capital assets	79,061,585	86,100,235	90,562,284	94,430,046	99,633,725	105,516,517	109,176,777	112,708,862	114,837,208	117,985,639
Unrestricted	7,203,272	5,379,501	5,966,312	6,772,116	5,654,829	4,907,314	6,276,508	7,765,682	8,594,828	10,231,969
Total business-type activities net position	86,264,857	91,479,736	96,528,596	101,202,162	105,288,554	110,423,831	115,453,285	120,474,544	123,432,036	128,217,608
Primary government:										
Net investment in capital assets	394,331,890	422,979,165	448,015,657	476,262,887	514,949,280	560,288,087	606,827,418	636,910,721	668,493,096	716,517,752
Restricted	3,690,934	4,062,960	5,369,954	9,990,382	11,646,310	10,167,149	13,631,945	14,457,153	14,628,412	17,967,958
Unrestricted	192,582,898	222,251,092	236,978,906	231,262,708	182,709,554	170,246,692	121,497,911	108,337,394	130,434,463	142,196,174
Total primary government net position	\$ 590,605,722	649,293,217	690,364,517	717,515,977	709,305,144	740,701,928	741,957,274	759,705,268	813,555,971	876,681,884

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	\$ 27,614,108	31,690,819	36,373,427	35,225,912	39,085,426	44,027,730	46,676,807	39,836,031	37,777,409	36,588,647
Public safety	81,863,575	84,796,098	88,299,052	100,538,293	106,362,564	119,538,796	122,033,751	124,013,170	127,768,163	134,185,406
Community maintenance and development	41,674,280	55,766,148	56,672,106	61,727,373	70,461,598	73,990,003	90,907,773	103,733,414	88,401,456	95,640,484
Human resource development	32,883,356	33,453,013	33,728,004	37,432,501	40,393,841	43,737,742	45,752,191	46,689,220	47,732,541	49,606,417
Education	126,177,359	133,952,334	138,673,636	150,992,375	156,458,805	165,216,021	171,283,824	181,180,963	185,466,794	220,006,395
State and district assessments (1)	27,386,544	29,640,415	31,294,026	33,567,157	35,020,229	—	—	—	—	—
Interest on long-term debt	6,184,656	8,007,458	8,336,823	9,303,724	9,503,428	10,039,003	9,756,666	8,253,614	9,142,323	9,537,632
Total governmental activities	343,783,878	377,306,285	393,377,074	428,787,335	457,285,891	456,549,295	486,411,012	503,706,412	496,288,686	545,564,918
Business-type activities:										
Water	14,456,090	14,118,060	13,657,590	14,411,374	14,620,020	13,721,172	13,544,425	13,223,002	14,701,032	13,127,587
Total business-type activities expenses	14,456,090	14,118,060	13,657,590	14,411,374	14,620,020	13,721,172	13,544,425	13,223,002	14,701,032	13,127,587
Total primary government expenses	358,239,968	391,424,345	407,034,664	443,198,709	471,905,911	470,270,467	499,955,437	516,929,414	510,989,718	558,692,568
Program revenues:										
Governmental activities:										
Charges for services:										
Public safety	26,731,634	33,739,682	31,606,231	34,640,573	29,786,501	33,174,134	37,946,079	45,572,456	50,486,221	49,919,980
Community maintenance and development	31,311,866	36,633,238	38,689,798	38,967,973	37,767,491	39,685,063	42,168,021	42,296,774	40,660,130	44,521,761
Human resource and development	4,786,376	2,800,184	2,856,637	3,142,447	3,397,736	3,554,633	3,606,526	3,883,114	4,083,383	4,578,908
Other activities	503,519	503,010	414,844	493,643	499,322	1,863,149	1,978,164	2,254,981	2,088,454	1,366,380
Operating grants and contributions	24,521,234	28,125,429	26,210,631	27,238,759	28,910,186	35,953,873	25,562,766	23,137,698	23,168,113	25,475,845
Capital grants and contributions	4,556,870	15,366,641	6,541,460	16,129,811	10,191,408	38,367,032	9,091,275	13,093,858	23,794,638	21,680,944
Total governmental activities program revenues	92,411,499	117,168,184	106,319,601	120,613,206	110,552,644	152,597,884	120,352,831	130,238,881	144,280,939	147,543,818
Business-type activities:										
Charges for services:										
Water	18,153,081	19,629,812	19,016,582	19,597,687	19,070,169	19,396,031	19,130,204	18,824,741	18,318,827	18,507,650
Total business-type program revenues	18,153,081	19,629,812	19,016,582	19,597,687	19,070,169	19,396,031	19,130,204	18,824,741	18,318,827	18,507,650
Total primary government program revenues	110,564,580	136,797,996	125,336,183	140,210,893	129,622,813	171,993,915	139,483,035	149,063,622	162,599,766	166,051,468
Net (expense) revenue:										
Governmental activities	(251,372,379)	(260,138,101)	(287,057,473)	(308,174,129)	(346,733,247)	(303,951,411)	(366,058,181)	(373,467,531)	(352,007,747)	(398,021,163)
Business-type activities	3,696,991	5,511,752	5,358,992	5,186,313	4,450,149	5,674,859	5,585,779	5,601,739	3,617,795	5,380,063
Total primary government net expense	\$ (247,675,388)	(254,626,349)	(281,698,481)	(302,987,816)	(342,283,098)	(298,276,552)	(360,472,402)	(367,865,792)	(348,389,952)	(392,641,100)

(1) State and district assessments were allocated to appropriate functions beginning in fiscal 2010

CITY OF CAMBRIDGE, MASSACHUSETTS

Changes in Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 214,906,034	227,024,672	230,740,742	238,400,940	252,948,784	265,565,126	282,244,351	297,981,301	315,153,860	326,755,052
Excise taxes	11,753,246	12,555,704	12,516,776	13,676,112	12,801,715	15,526,734	19,977,226	21,289,347	22,877,579	23,510,611
Unrestricted grants and contributions	43,801,641	39,553,164	41,338,603	40,149,251	36,085,639	21,853,897	31,795,812	31,954,472	31,035,786	58,572,275
Payments in lieu of taxes	6,839,369	6,579,380	6,939,046	7,318,567	7,011,953	7,105,643	7,344,911	7,586,219	7,553,728	7,759,252
Investment income	3,873,379	9,699,805	14,434,985	12,467,474	5,865,388	1,894,610	1,255,842	1,458,430	1,101,514	2,367,520
Miscellaneous	12,480,304	17,662,993	16,571,631	17,961,549	20,038,690	17,581,978	18,978,421	25,230,542	26,339,352	36,691,219
Special item	22,293,549	—	—	—	—	—	—	—	—	—
Transfers	531,835	535,000	538,130	678,130	482,585	684,930	687,510	693,955	705,575	705,575
Total governmental activities	<u>316,479,357</u>	<u>313,610,718</u>	<u>323,079,913</u>	<u>330,652,023</u>	<u>335,234,754</u>	<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>
Business-type activities:										
Investment income	135,426	238,127	227,998	165,383	118,828	145,348	131,185	113,475	100,337	111,084
Transfers	(531,835)	(535,000)	(538,130)	(678,130)	(482,585)	(684,930)	(687,510)	(693,955)	(705,575)	(705,575)
Total business-type activities	<u>(396,409)</u>	<u>(296,873)</u>	<u>(310,132)</u>	<u>(512,747)</u>	<u>(363,757)</u>	<u>(539,582)</u>	<u>(556,325)</u>	<u>(580,480)</u>	<u>(605,238)</u>	<u>(594,491)</u>
Total primary government	<u>\$ 316,082,948</u>	<u>313,313,845</u>	<u>322,769,781</u>	<u>330,139,276</u>	<u>334,870,997</u>	<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>
Change in net position:										
Governmental activities	\$ 65,106,978	53,472,617	36,022,440	22,477,894	(11,498,493)	26,261,507	(3,774,108)	12,726,735	52,759,647	58,340,341
Business-type activities	3,300,582	5,214,879	5,048,860	4,673,566	4,086,392	5,135,277	5,029,454	5,021,259	3,012,557	4,785,572
Total primary government	<u>\$ 68,407,560</u>	<u>58,687,496</u>	<u>41,071,300</u>	<u>27,151,460</u>	<u>(7,412,101)</u>	<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>

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund:										
Reserved	\$ 24,203,862	16,428,333	17,791,512	17,206,706	14,900,082	16,802,030	—	—	—	—
Unreserved	100,050,320	120,245,450	134,869,147	150,312,018	141,595,256	129,495,866	—	—	—	—
Nonspendable (2)	—	—	—	—	—	—	1,668,986	2,186,162	2,279,193	1,806,542
Restricted (2)	—	—	—	—	—	—	—	—	—	—
Committed (2)	—	—	—	—	—	—	42,061,955	34,256,986	43,762,124	59,468,937
Unassigned (2)	—	—	—	—	—	—	99,698,895	126,726,779	149,940,041	166,222,585
Total general fund	\$ <u>124,254,182</u>	<u>136,673,783</u>	<u>152,660,659</u>	<u>167,518,724</u>	<u>156,495,338</u>	<u>146,297,896</u>	<u>143,429,836</u>	<u>163,169,927</u>	<u>195,981,358</u>	<u>227,498,064</u>
All other governmental funds:										
Reserved	\$ 28,515,541	28,660,330	12,687,274	76,741,409	31,315,543	79,650,408	—	—	—	—
Unreserved, reported in:										
Special revenue funds and permanent funds	38,696,151	50,256,273	87,098,510	52,687,083	48,691,005	21,007,217	—	—	—	—
Affordable Housing Trust fund (1)	—	—	—	—	—	38,205,509	—	—	—	—
Capital funds	41,596,488	62,252,680	50,831,905	30,946,966	59,319,015	4,499,536	—	—	—	—
Nonspendable (2)	—	—	—	—	—	—	2,075,173	2,106,473	2,136,928	2,170,328
Restricted (2)	—	—	—	—	—	—	70,523,371	84,361,676	101,619,998	102,945,688
Committed (2)	—	—	—	—	—	—	56,302,807	47,105,139	50,958,117	53,741,300
Unassigned (2)	—	—	—	—	—	—	—	—	—	—
Total all other governmental funds	\$ <u>108,808,180</u>	<u>141,169,283</u>	<u>150,617,689</u>	<u>160,375,458</u>	<u>139,325,563</u>	<u>143,362,670</u>	<u>128,901,351</u>	<u>133,573,288</u>	<u>154,715,043</u>	<u>158,857,316</u>

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

(2) The City, in 2011, 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Real and personal property taxes	\$ 220,910,263	222,986,633	231,875,724	238,747,275	251,255,629	266,861,794	281,812,153	297,723,747	315,776,734	327,998,703
Excises:										
Hotel/motel/meals (2)	5,461,027	5,800,992	6,751,419	6,862,581	6,802,768	9,361,688	13,573,132	14,954,425	15,909,648	16,525,182
Motor vehicles	6,452,475	6,146,422	5,942,196	6,649,769	6,139,573	6,182,561	6,452,602	6,238,835	6,833,482	7,230,474
Payments in lieu of taxes	6,839,369	6,579,380	6,939,046	7,318,567	7,011,953	7,105,643	7,344,911	7,586,219	7,553,728	7,759,252
Intergovernmental	72,879,748	87,635,346	77,410,419	90,943,960	76,336,094	96,174,802	66,449,853	68,186,028	77,998,537	105,729,064
Investment income	3,877,381	9,699,805	14,434,985	12,467,474	5,865,388	1,894,609	1,255,842	1,458,430	1,101,514	2,367,520
Sewer use charges	28,661,479	33,834,690	38,761,289	36,874,045	36,058,033	36,825,469	40,346,895	44,541,076	40,019,569	41,690,417
Departmental and other	52,913,882	57,676,624	54,554,968	59,358,026	55,799,892	60,882,792	65,720,424	76,147,745	85,552,428	94,500,678
Total revenues	397,995,624	430,359,892	436,670,046	459,221,697	445,269,330	485,289,358	482,955,812	516,836,505	550,745,640	603,801,290
Expenditures:										
General government	27,558,970	30,661,962	34,465,493	32,828,519	31,916,657	40,319,061	36,409,755	36,208,277	35,314,267	33,666,421
Public safety	78,453,371	83,255,981	86,275,482	90,299,577	97,140,430	96,824,874	101,853,345	104,715,922	108,274,572	113,968,219
Community maintenance and development	35,224,167	44,595,033	44,557,472	45,478,865	55,510,022	38,032,205	51,507,080	61,281,315	50,603,919	52,362,862
Human resource development	27,129,994	28,081,349	29,664,774	31,372,419	33,766,144	36,852,936	38,368,426	39,148,273	39,884,217	40,972,087
Education (1)	120,973,010	129,073,427	132,655,957	135,144,165	143,381,070	144,306,482	146,220,378	152,550,364	157,451,132	188,662,328
Judgments and claims	224,964	346,008	212,729	114,641	170,865	924,862	9,029,151	4,112,551	75,633	52,394
State and district assessments	33,886,544	35,890,415	37,294,026	39,567,157	41,020,229	42,447,468	44,892,107	46,146,725	46,660,306	47,682,872
Capital outlays	74,043,756	38,509,574	42,079,595	94,264,563	85,028,601	79,574,710	73,656,249	62,132,657	83,432,261	80,397,730
Debt service:										
Interest (1)	6,621,664	7,958,766	8,719,761	9,273,441	9,503,428	10,704,491	10,418,972	10,598,471	10,269,653	11,183,721
Principal (1)	23,570,424	24,822,015	28,407,064	28,953,226	30,665,746	35,287,743	35,868,095	34,411,621	36,398,061	38,901,992
Total expenditures	427,686,864	423,194,530	444,332,353	507,296,573	528,103,192	525,274,832	548,223,558	551,306,176	568,364,021	607,850,626
Excess of revenues over (under) expenditures	(29,691,240)	7,165,362	(7,662,307)	(48,074,876)	(82,833,862)	(39,985,474)	(65,267,746)	(34,469,671)	(17,618,381)	(4,049,336)
Other financing sources (uses):										
Premium on bond issue	1,768,923	370,092	708,969	411,360	792,996	915,209	1,030,857	5,851,746	4,890,992	4,102,740
Bond proceeds	80,749,786	36,710,250	45,670,000	71,601,220	49,485,000	32,225,000	46,220,000	81,365,115	65,975,000	34,900,000
Transfer in	25,738,992	37,875,917	28,978,763	38,229,302	35,441,124	29,106,459	31,693,559	33,038,864	36,278,854	39,395,794
Transfer out	(25,207,157)	(37,340,917)	(42,260,143)	(37,551,172)	(34,958,539)	(28,421,529)	(31,006,049)	(32,344,909)	(35,573,279)	(38,690,219)
Transfer (out) to Fiscal Escrow Agent	—	—	—	—	—	—	—	(29,029,117)	—	—
Total other financing sources (uses)	83,050,544	37,615,342	33,097,589	72,690,710	50,760,581	33,825,139	47,938,367	58,881,699	71,571,567	39,708,315
Net change in fund balances	\$ 53,359,304	44,780,704	25,435,282	24,615,834	(32,073,281)	(6,160,335)	(17,329,379)	24,412,028	53,953,186	35,658,979
Debt service as a percentage of noncapital expenditures	8.54%	8.52%	9.23%	9.26%	9.07%	10.30%	9.75%	9.29%	9.62%	9.50%

(1) Adjusted to reflect reclassification of debt service payments that are included in education in basic financial statements.

(2) The City started charging Meals Tax in 2010 and has added it to the Hotel/Motel/Meals category since then.

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
2005	\$ 13,871	4,980	2,030	467	21,348	7.78	18.28	11.46
2006	13,962	4,930	2,350	605	21,847	7.38	17.86	11.16
2007	14,136	4,929	2,443	659	22,167	7.48	18.30	11.40
2008	14,427	5,541	2,836	737	23,541	7.36	17.24	11.19
2009	14,651	5,606	2,851	768	23,876	7.56	17.97	11.58
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

(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 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
2005	\$	7.78	18.28	18.28	25.00
2006		7.38	17.86	17.86	25.00
2007		7.48	18.30	18.30	25.00
2008		7.36	17.24	17.24	25.00
2009		7.56	17.97	17.97	25.00
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

- (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 Nine Years Ago

Taxpayer	2014			Taxpayer	2005		
	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)	\$ 2,051,720,900	39,790,002	12.11%	Massachusetts Institute of Technology (1)	\$ 1,357,675,100	23,322,837	10.46%
BioMed Realty Trust	1,014,742,900	20,650,287	6.29	Lyme Properties	438,954,800	7,804,685	3.50
Equity Partners	759,766,500	18,003,462	5.48	Boston Properties	380,353,900	6,952,869	3.12
Boston Properties	652,771,700	13,342,654	4.06	Equity Partners	212,021,600	4,221,040	1.89
Presidents & Fellows of Harvard College (1)	405,801,000	5,584,719	1.70	New England Development	203,047,200	3,711,703	1.66
New England Development	234,975,500	4,802,899	1.46	Presidents and Fellows of Harvard College (1)	260,194,600	3,383,210	1.52
Novartis Pharmaceuticals	233,908,600	4,781,092	1.46	Riverfront LLC	180,000,400	3,290,407	1.48
PREEF American Reit II Corp.	209,200,900	4,276,066	1.30	One Kendall LLC	177,489,400	3,221,426	1.44
RB Kendall Fee LLC	202,797,500	4,130,001	1.26	The Bullfinch Company	130,205,900	2,380,164	1.07
Alexandria Real Estate	180,324,100	3,619,744	1.10	G.E. Capital Investment Advisors	112,527,700	2,057,006	0.92
Total	\$ 5,946,009,600	118,980,926	36.22%		\$ 3,452,470,600	60,345,347	27.06%

(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
2005	\$ 223.10	214.10	95.97	1.40	215.50	96.59
2006	223.20	217.50	97.45	0.80	218.30	97.80
2007	233.30	227.10	97.34	0.20	227.30	97.43
2008	243.00	237.90	97.90	—	237.90	97.90
2009	258.50	250.20	96.79	2.60	252.80	97.79
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	1.60	296.20	98.96
2013	317.70	313.60	98.71	1.50	315.10	99.18
2014	329.20	324.20	98.48	N/A	324.20	98.48

(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	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	School equipment notes payable	Notes payable	General obligation bonds				
2005	\$ 217,066,282	385,000	1,305,269	6,000,000	58,745,699	283,502,250	8.98	2,797	1.33
2006	229,348,765	375,000	921,021	6,000,000	52,478,366	289,123,152	9.16	2,853	1.32
2007	233,541,396	355,000	510,082	6,000,000	45,689,363	286,095,841	9.06	2,823	1.29
2008	276,540,915	335,000	—	6,000,000	39,485,690	322,361,605	10.21	3,181	1.37
2009	293,330,855	315,000	—	6,000,000	33,200,861	332,846,716	10.54	3,284	1.39
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

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

- a. See page 92 for per capita income and population data. These ratios are calculated using per capita income and population from prior calendar year.
- b. See page 84 for the taxable assessed valuation figures.

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)
2005	\$	275,811,981	21,348,000,000	2,721	1.29
2006		281,827,131	21,847,000,000	2,781	1.29
2007		279,230,759	22,167,000,000	2,755	1.26
2008		316,026,605	23,541,000,000	3,118	1.34
2009		326,531,716	23,876,000,000	3,222	1.37
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

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

- a. See page 92 for median family income and population data. These ratios are calculated using median family income and population from prior calendar year.
- b. See page 84 for the taxable assessed valuation figures.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Direct and Overlapping Governmental Activities Debt

June 30, 2014

Name of unit	Direct debt (1)	Outstanding overlapping debt	Percentage applicable to City of Cambridge	Total City of Cambridge direct and overlapping debt
City of Cambridge	\$ 347,393,458	—	100.00%	347,393,458
Massachusetts Water Resources Authority	—	3,898,585	4.67	188,329,487
Total direct and overlapping debt	\$ 347,393,458	3,898,585		535,722,945

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

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Legal Debt Margin Information

Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2014:

Fiscal year 2012 equalized valuation (1)	\$ 26,640,125,400
Debt limit (5% of assessed value) (2)	<u>1,332,006,270</u>
Debt applicable to limit:	
General obligation bonds	360,073,458
Total authorized/unissued	<u>116,483,890</u>
Total debt outstanding plus authorized/unissued	476,557,348
Less general obligation bonds exempted by authority of the State legislature	<u>12,680,000</u>
Amount within debt limit	<u>463,877,348</u>
Legal debt margin	\$ <u><u>868,128,922</u></u>

	Fiscal year (dollars in thousands)									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 1,064,126	1,064,126	1,226,473	1,226,473	1,306,216	1,306,216	1,408,101	1,408,101	1,332,006	1,332,006
Total net debt applicable to limit	<u>363,536</u>	<u>340,956</u>	<u>365,939</u>	<u>388,105</u>	<u>402,855</u>	<u>382,057</u>	<u>405,608</u>	<u>373,969</u>	<u>478,154</u>	<u>463,877</u>
Legal debt margin	\$ <u><u>700,590</u></u>	<u><u>723,170</u></u>	<u><u>860,534</u></u>	<u><u>838,368</u></u>	<u><u>903,361</u></u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	34.16%	32.04%	29.84%	31.64%	30.84%	29.25%	28.81%	26.56%	35.90%	34.83%

(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, 2012.

(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)
2005	101,355	\$ 59,423	31,156	30.4	6,450	3.40
2006	101,355	59,423	31,156	30.4	6,001	3.70
2007	101,355	59,423	31,156	30.4	5,797	3.20
2008	101,355	59,423	31,156	30.4	5,861	3.80
2009	101,355	59,423	31,156	30.4	5,950	6.60
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

(1) Source 2005–2010: U.S. Department of Commerce, Bureau of Census, Decennial Census, 2000
 Source 2011–2014: U.S. Department of Commerce, Bureau of Census, Decennial Census, 2010

(2) Source: Cambridge School Department

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

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Principal Employers (1)

Current Year and Nine Years Ago

2014				2005			
Employer	Employees	Rank	Percentage of total city employment	Employer	Employees	Rank	Percentage of total city employment
Harvard University	11,298	1	10.43%	Harvard University	10,142	1	9.60%
MIT	8,960	2	8.27	MIT	7,114	2	6.73
City of Cambridge (2)	2,869	3	2.65	City of Cambridge (2)	3,196	3	3.02
Novartis Institute	2,472	4	2.28	Cambridge Public Health Commission	1,796	4	1.70
Sanofi/Genzyme	2,000	5	1.85	Mt. Auburn Hospital	1,790	5	1.69
Biogen Idec	1,815	6	1.68	Federal Government	1,614	6	1.53
Cambridge Health Alliance	1,797	7	1.66	Biogen Inc	1,597	7	1.51
Mt. Auburn Hospital	1,785	8	1.65	Millennium Pharmaceuticals	1,475	8	1.40
Cambridge Innovation Center	1,472	9	1.36	Genzyme Corporation	1,100	9	1.04
Vertex Pharmaceuticals	1,298	10	1.20	Draper Laboratory Inc	970	10	0.92
	<u>35,766</u>		<u>33.03%</u>		<u>30,794</u>		<u>29.14%</u>
Total average employed	<u>108,329</u>				<u>105,662</u>		

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

(2) Includes the Cambridge School Department

Source: Cambridge Community Development Department and cited employers

Source: Massachusetts Division of Employment and Training.

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Full-Time Equivalent Positions by Function/Program

Last Ten Fiscal Years

Function/program	Full-time equivalent positions as of June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government:										
Executive management	15	15	16	16	16	16	16	16	16	18
Clerk	10	10	10	10	10	10	10	10	10	11
Law	11	11	11	11	11	11	11	11	11	11
Finance	83	83	83	83	83	80	81	81	83	85
Other	20	19	19	19	15	15	15	15	14	14
Subtotal	139	138	139	139	135	132	133	133	134	139
Public safety:										
Fire	284	284	284	284	284	284	285	285	285	285
Police	309	307	307	307	313	311	311	311	311	317
Traffic	81	80	80	80	80	81	81	81	81	81
Inspectional	28	28	27	27	27	27	27	27	27	27
Emergency communication	39	39	39	39	39	38	38	38	38	38
Other	31	30	30	30	30	28	27	27	27	26
Subtotal	772	768	767	767	773	769	769	769	769	774
Community maintenance:										
Public works	219	215	213	211	214	213	213	213	213	213
Community development	45	45	45	45	45	44	44	44	43	43
Other	13	13	13	13	13	13	12	12	12	12
Subtotal	277	273	271	269	272	270	269	269	268	268
Human resource development:										
Library	60	60	60	60	60	64	65	65	66	68
Human services	129	127	128	128	130	135	136	136	139	141
Other	7	7	7	7	7	7	7	7	6	6
Subtotal	196	194	195	195	197	206	208	208	211	215
Education	1,229	1,197	1,218	1,238	1,244	1,264	1,274	1,257	1,334	1,438
Water	65	63	63	63	63	60	55	55	55	55
Grand total	2,678	2,633	2,653	2,671	2,684	2,701	2,708	2,691	2,771	2,889

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/program	Fiscal year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire:										
Emergency responses	28,920	30,278	32,436	33,207	33,223	31,907	32,396	30,289	30,197	29,928
Fires extinguished	388	574	585	859	904	995	933	951	967	947
Hazardous materials emergency	250	248	287	206	232	206	198	219	207	200
Police:										
Physical arrests	1,185	1,234	1,385	1,740	1,605	1,534	2,200	1,418	1,327	1,334
Traffic violations	24,973	22,745	22,231	24,853	27,127	21,408	18,426	15,338	15,521	16,508
Traffic:										
Number of meters on street	2,770	2,815	3,157	3,075	2,909	3,035	3,067	3,101	3,121	3,140
Meter violations	192,462	200,000	187,797	191,583	194,001	201,959	206,101	208,145	198,706	204,427
Overtime meter violations	33,957	34,000	21,771	25,718	25,718	26,012	28,263	32,885	33,070	31,281
Inspectional:										
Major permits issued	109	143	285	89	45	343	82	110	118	—
Short form permits issued	2,824	2,910	2,818	2,796	2,866	2,737	2,957	2,218	2,551	2,664
Compliance inspections	6,044	5,946	6,942	6,797	5,224	4,809	5,359	5,268	5,325	4,852
Emergency communications:										
Total 911 Incidents dispatched	89,739	92,375	101,766	107,620	103,671	102,669	118,577	117,221	115,588	111,033
Medical	7,668	8,373	9,531	10,723	10,326	10,978	11,104	10,931	11,391	11,263
Traffic/MV-Related	25,319	27,219	23,772	22,066	21,443	17,754	15,726	13,330	13,804	14,454
Crime and Directed Patrol	28,700	28,796	38,232	44,402	43,588	45,536	60,392	62,359	58,821	54,578
Public works:										
Street Resurfacing (miles)	22.5	12.4	6.5	7.5	11.9	7.4	9.4	14.0	8.6	6.5
Sidewalk replaced (miles)	5.8	3.5	4.8	3.0	8.0	12.8	6.8	7.0	7.2	3.8
Rubbish collected (tons)	23,993	23,425	20,230	18,592	18,171	16,963	16,066	15,548	14,984	14,932
Recycling collected (tons)	12,742	12,600	12,710	13,166	12,954	12,685	13,300	14,016	13,900	9,290
New stormwater drains installed (linear feet)	1,200	525	750	3,190	1,595	3,257	4,099	6,363	6,363	14,811
New sanitary sewer installed (linear feet)	850	290	590	1,559	247	2,293	2,617	3,411	3,411	19,993
Community development:										
Number of affordable multi-family rental units	6	26	70	51	80	155	125	380	14	94
Number of affordable homeownership units developed	28	26	42	17	2	2	14	8	14	15
Human resource development:										
Library system circulation	986,501	940,330	1,015,073	1,064,743	1,035,135	1,087,466	1,397,593	1,517,178	1,458,167	1,403,807
Library acquisitions for collection	24,822	34,508	34,813	28,827	40,166	45,145	48,046	49,261	46,566	50,596
Number of clients served in youth and family services programs	2,172	2,173	2,536	942	1,101	1,010	970	906	1,009	2,500
Number of clients served through homelessness prevention programs	4,843	5,142	5,492	4,882	5,019	6,094	6,675	5,552	5,329	4,805
Total number of golf rounds annually	38,590	41,400	41,178	41,809	42,569	40,266	40,953	40,541	40,479	44,078
Water:										
Number of accounts transitioned to AMR system	6,750	7,900	425	N/A	—	—	—	—	—	—
Total water quality tests performed	56,718	60,313	63,039	61,267	62,925	63,702	62,078	62,616	62,933	63,290
Water treatment plant tests performed	49,564	52,513	54,760	53,378	55,199	54,789	53,343	53,961	54,140	54,320
Install, clean and line, and/or replace water mains; (linear feet)	5,180	1,380	5,650	1,890	1,850	3,045	4,611	11,470	14,509	10,805
Elimination of parallel old 6" cast iron pipe (linear feet)	5,200	4,410	2,950	1,940	4,450	3,220	5,298	11,350	15,339	6,230
Education:										
Total enrollment	6,450	6,001	5,797	5,861	5,950	6,137	6,202	6,224	6,393	6,518

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/program	Fiscal year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire:										
Fire stations	8	8	8	8	8	8	8	8	8	8
Emergency vehicles	21	21	25	26	26	27	28	28	29	30
Maintenance facility	1	1	1	1	1	1	1	1	1	1
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	79	79	84	80	80	79	79	79	77	83
Traffic:										
Garages	2	2	2	2	2	2	2	2	2	2
Public works:										
Collection trucks	18	18	15	15	15	15	15	15	15	15
Streets (miles)	125	125	125	125	125	125	125	125	125	125
Electric:										
Streetlights	7,017	7,264	7,285	7,383	7,604	7,615	7,649	7,667	7,371	7,374
Traffic signals	196	195	189	188	187	187	185	185	185	184
Sewer:										
Sanitary sewers (miles)	148	149	147	147	147	147	150	149	150	151
Storm sewers (miles)	97	88	90	92	92	92	94	96	96	95
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	496	496	496	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	190	190	190	190	190	185	185	185	185
Fire hydrants	1,750	1,750	1,750	1,750	1,750	1,750	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

See accompanying independent auditors' report.

CITY OF CAMBRIDGE, MASSACHUSETTS

Comprehensive Annual Financial Report

Year ended June 30, 2014

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