City of Cambridge, Massachusetts

Comprehensive Annual Financial Report

July 1, 1986–June 30, 1987

CITY OF CAMBRIDGE, MASSACHUSETTS

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

For the Fiscal Year
July 1, 1986 through June 30, 1987

Robert W. Healy
City Manager

James P. Maloney, Jr.
Assistant City Manager for Fiscal Affairs
and
Treasurer/Collector

Prepared by:
Finance Department
City of Cambridge, Massachusetts

Cover Photograph: Aerial view of Cambridge, Massachusetts with Central Square in the foreground and the East Cambridge, Kendall Square areas in the background, with downtown Boston seen across the Charles River.

CITY OF CAMBRIDGE, MASSACHUSETTS

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 1987

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Introductory Section

CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139

(617) 498-9030

OFFICE OF
JAMES P. MALONEY, JR.
ASSISTANT CITY MANAGER
FISCAL AFFAIRS

January 29, 1988

Robert W. Healy
City Manager
City of Cambridge
Cambridge, Massachusetts

Dear Mr. Healy:

The Comprehensive Annual Financial Report of the City of Cambridge, Massachusetts for the Fiscal Year ended June 30, 1987 is presented for your review. The report was prepared by the City's Finance Department. The responsibility for the accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. I believe that the data presented is accurate in all material respects; that it is presented in a manner designed to show fairly the financial position and results of operations of the City as measured by the financial activities of its various funds; and that all disclosures deemed necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The financial information in this report is presented in conformance with Generally Accepted Accounting Principles (GAAP).

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Basis of Accounting

The accounting records of the City's general government operations, as reported in the General Fund, Special Revenue Fund, and Capital Projects Fund are maintained on a modified accrual basis. Accordingly, revenues are recorded when measurable and available and expenditures are recorded when the services or goods are received and the liabilities are incurred. The accrual basis of accounting is followed by the proprietary and fiduciary fund types.

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

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

Budgetary Control

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

THE REPORTING ENTITY AND ITS SERVICE

The general purpose financial statements present information on organizations and activities of the City of Cambridge, Massachusetts for which the Mayor and the City Council have oversight responsibility. The criteria, as defined by GASB codification 2100, for the inclusion of organizations and activities in the oversight entity's general purpose financial statements are: selection of governing authority; designation of management; ability to significantly influence operations; accountability over fiscal matters; and scope of public service. The inclusion of organizations and activities in the City's general purpose financial statements does not affect their separate legal standing. These organizations and activities include the Cambridge Hospital and its affiliated Neighborhood Health Centers, the City's Water Department, and the Cambridge Retirement System.

The financial statements of the Cambridge Retirement System are presented for the year ended December 31, 1986, which is its fiscal period for reporting to the Commissioner of Retirement of the Commonwealth of Massachusetts.

The operations of the Cambridge Housing Authority and the Cambridge Redevelopment Authority are not part of the defined reporting entity and therefore, are not included in the general purpose financial statements of the City. Both organizations are excluded because (1) neither falls within the oversight responsibility of the City, (2) they are not subject to financial controls of the City Manager or the budgetary controls of the Mayor and City Council, and (3) no financial interdependency exists.

ACKNOWLEDGEMENTS

The City continues to show strong financial gains through responsible management of financial operations and through improved accounting and financial reporting practices. The financial decisions made during the past fiscal year will continue to pay dividends in the years to come.

In closing, I would like to thank all employees of the City's Finance Department for their dedicated work and support during the past fiscal year. In particular, I would like to thank Mr. David Kale who recently resigned his position in the Finance Department. Mr. Kale has had principal responsibility for the preparation of this document in recent years.

Respectfully submitted,

James P. Maloney, Jr.
Assistant City Manager
for Fiscal Affairs

JPM/dls

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

January 29, 1988

To the Honorable, the City Council,

It is with great pleasure that the Comprehensive Annual Financial Report of the City of Cambridge, Massachusetts for the fiscal year ended June 30, 1987 is submitted herewith for your review. The annual report is divided into three sections: Introductory, Financial, and Statistical. The Introductory Section, which includes this letter, provides information about the organizational structure of the City, as well as its accounting and budgetary systems and fund structure. It also includes summarized data reflecting the financial condition of the City with an analysis of general government operations, year-end balances, and debt administration. The Financial Section contains the General Purpose Financial Statements presenting the combined statements as an overview of the City's entire financial operations. Next, combining and individual fund statements present details for the significant individual funds. Other schedules provide details of taxes receivable, bonds payable, and general fixed assets. The Statistical Section contains selected historical financial data, debt statistics, and miscellaneous social and economic data of the City.

Presented in this letter is a discussion of the Financial Summary, Independent Audit, Certificate of Achievement, Future Outlook, and Conclusion.

FISCAL YEAR 1987 IN REVIEW

Fiscal Year 1987 was once again a year that saw several important financial accomplishments for Cambridge. The most significant of these are as follows:

- improved bond rating
- state certification of property revaluation
- continuation of strong capital improvement program
- decrease in property tax rates
- increase in the difference between the City's current property tax levy and the current legal tax levy limit
- selection of a new computer mainframe and accompanying financial software
- receipt of the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA)
- receipt of the Award for Distinguished Budget Presentation from the GFOA.

While each of these accomplishments is discussed in detail throughout the remainder of this report, perhaps what was most significant about fiscal year 1987 was that it was a year in which the City's ability to deal successfully with several unforeseen operational problems and cost increases clearly proved the soundness of recent City financial policies. Despite sharp increases in the hospital operating subsidy, employee health insurance costs, and solid waste disposal costs, as well as delays in the state certification of property values which resulted in second-half tax bills being due after the close of the fiscal year, Cambridge finished fiscal year 1987 in relatively strong financial condition. Financial indicators such as the unreserved fund balance and cash balance are down at year-end, however they are expected to improve in fiscal year 1988. Specifically, the unreserved fund balance should increase slightly while year-end cash balances are expected to increase sharply. As with the fiscal year 1987 accomplishments, the decreases in certain financial indicators are discussed in greater detail later in this report.

FINANCIAL SUMMARY

General Government Functions

In an effort to present a complete summary of the City's operations, the following exhibits are comprised of revenues and expenditures from the General, Hospital, and Water Funds. It should be noted that the revenues and expenditures shown in these exhibits are taken from the Statement of Revenues, Expenditures, and Encumbrances presented in the Financial Section of this report. This particular statement presents financial information on the budget basis of accounting which include Hospital and Water revenues and expenditures. Other statements in this report present the Hospital and Water Funds separately as enterprise funds, in accordance with generally accepted accounting principles as applicable to governmental units.

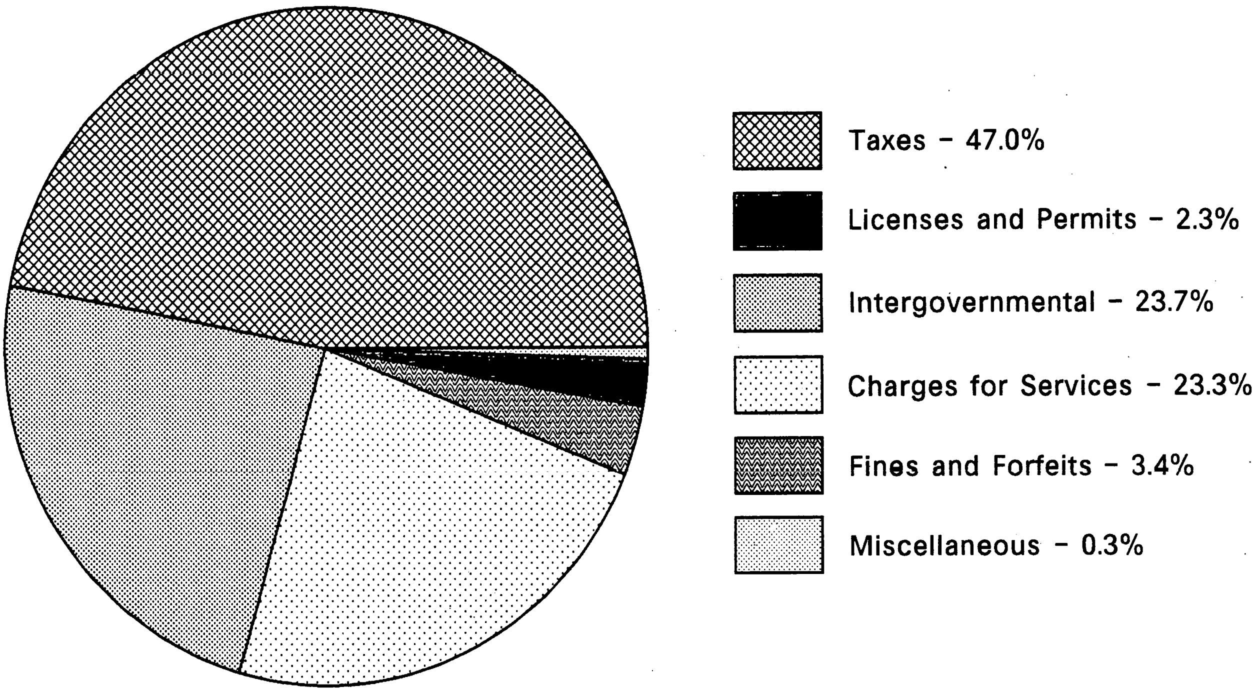
Revenues and other financing sources totalled $181,105,356 in fiscal year 1987, an increase of $8,066,025 or 4.7 percent over fiscal year 1986. Real and Personal Property Tax revenues totalled $80,310,585 representing 44.3 percent of General Fund revenues. This percentage represents an increase from fiscal year 1986, when the property tax comprised 41.8 percent of General Fund revenues. In recent years the trend has been towards a decreasing reliance on property taxes. However, in fiscal year 1987, unexpected increases in health insurance and waste disposal costs as well as a shortfall in hospital revenues resulted in an increase in the reliance on property taxes. Motor Vehicle Excise Tax revenues for fiscal year 1987 were $2,259,804, a 9.5 percent decrease from fiscal year 1986. Even though the City has an in-house receivable system for Motor Vehicle Excise Tax collection, the City is dependent on information supplied by the Massachusetts Registry of Motor Vehicles, which was in the midst of its own computer conversion. For this reason, several excise tax commitments exceeding $750,000 in total were not supplied on a normal schedule, thus reducing Excise Tax revenue in fiscal year 1987. As expected, with the first full year of implementation of a 4 percent Hotel/Motel Excise Tax, the City received $1,779,028 in revenue. Federal Revenue Sharing was severely reduced in fiscal year 1987, which accounted for the 38 percent reduction in the federal portion of Intergovernmental Revenue.

As one indicator of the City's continued strong economy, full market assessment for real and personal property reached the $5,975,031,747 mark, a 65.2 percent increase over the last certification year. At the same time, residential tax rates decreased $4.48 to $9.81 and the commercial tax rate dropped to $20.76, a reduction of $10.07 from fiscal year 1986. The City Council continued the adoption of a residential exemption, which translated into an average $24,628 reduction in assessed values for each owner occupied residential property.

The following table and chart presents the dollar amount in thousands received from various sources of revenue for fiscal year 1987 and the variance from fiscal year 1986. It should be noted that the significant decrease in the Miscellaneous category is due primarily to the reclassification of certain revenues to the other categories.

GENERAL FUND REVENUES

Revenue Source	Amount	Percent	Increase (Decrease) From FY 1986 Amount	Increase (Decrease) From FY 1986 Percent
Taxes	$ 85,140	47.0%	$ 9,549	12.6%
Licenses and Permits	4,147	2.3	1,044	33.6
Intergovernmental				
State	40,882	22.6	2,217	5.7
Federal	1,941	1.1	(1,192)	(38.0)
Charges for Services	42,208	23.3	(638)	(1.5)
Fines and Forfeits	6,261	3.4	(32)	(.5)
Miscellaneous	526	.3	(2,882)	(84.6)
Total	$ 181,105	100.0%	$ 8,066	4.7%



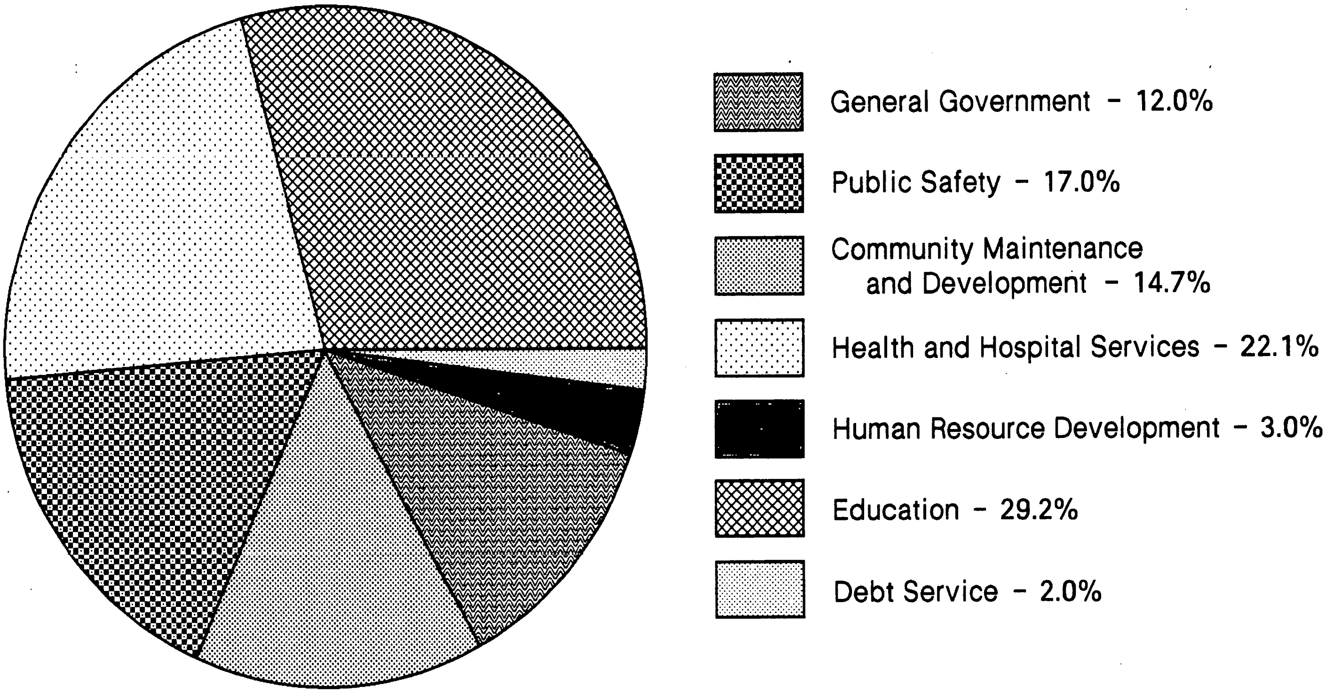
Expenditures totalled $179,465,415 in fiscal year 1987, an increase of $9,556,327 or 5.6 percent over fiscal year 1986.

General Government expenditures increased sharply over fiscal year 1986 levels due primarily to a $1.7 million increase in employee health insurance costs. While these costs were originally budgeted in individual departmental budgets, a supplementary appropriation of $1.7 million was placed in the employee benefit category within the General Government expenditure function to cover the unanticipated cost increase. The other category which experienced a large increase over the previous year was Community Maintenance and Development. The increase was due in large part to the $1.0 million increase in solid waste disposal fees.

The following table and chart presents dollar expenditures in thousands by function for fiscal year 1987 and the variance from fiscal year 1986.

GENERAL FUND EXPENDITURES AND ENCUMBRANCES

			Increase (Decrease) From FY 1986	
Expenditure Function	Amount	Percent	Amount	Percent
General Government	$21,430	12.0%	$3,024	16.4
Public Safety	30,522	17.0	(61)	(.2)
Community Maintenance and Development	26,528	14.7	2,527	10.5
Health and Hospital Services	39,685	22.1	467	1.2
Human Resource Development	5,447	3.0	511	10.4
Education	52,272	29.2	2,986	6.1
Debt Service	3,581	2.0	102	2.9
Total	$179,465	100.0%	$9,556	5.6%



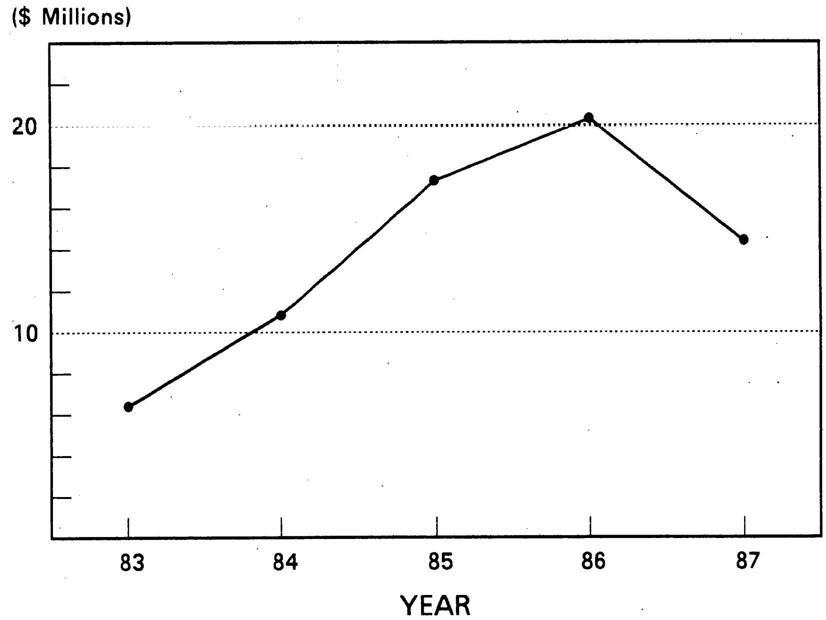
General Fund Balances

The City ended fiscal year 1987 with a total General Fund fund balance of $20,918,706, which represents 11.6 percent of General Fund revenues. A total of $6,628,291 of the fund balance is allocated to reserve accounts, leaving an unreserved fund balance of $14,290,415. This reflects a 29.3 percent decrease in unreserved fund balances from the prior year, which is mainly attributable to lower revenue recognition due to the late issuance of tax bills and a use of unreserved fund balance to reduce the tax rate. It is expected that timely fiscal year 1988 tax bills and the collection of fiscal year 1987 commitments during fiscal year 1988 will increase the unreserved fund balance at the close of fiscal year 1988.

The following table and graph presents the changes in the City's unreserved General Fund fund balance between fiscal year 1983 and fiscal year 1987.

Fiscal Year	Unreserved General Fund Balance
1983	$ 6,318,375
1984	10,943,460
1985	17,659,719
1986	20,226,662
1987	14,290,415

UNRESERVED GENERAL FUND BALANCE



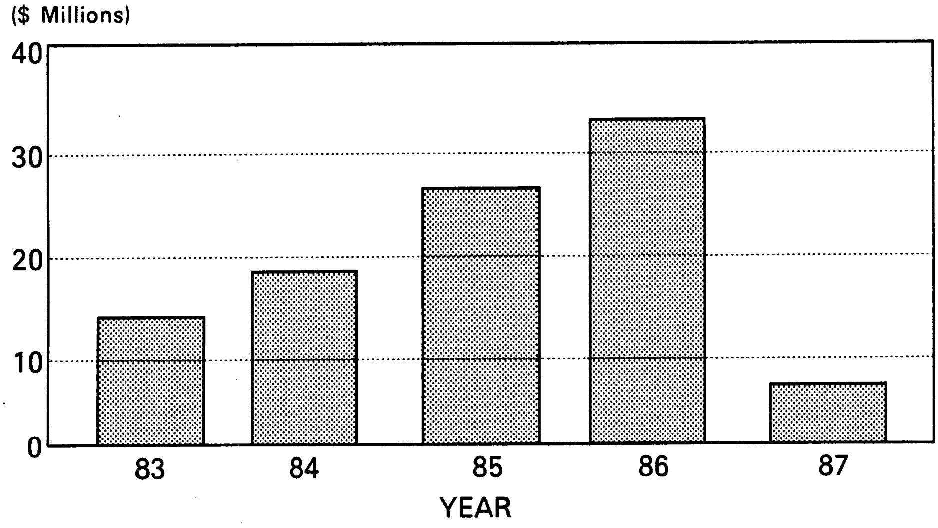
Cash Management

As with the unreserved General Fund fund balance, the delay in the tax bills sharply affected both the City's year-end General Fund cash balance and the City's short term borrowing. After a steady five-year increase, year-end General Fund cash fell from $33,240,193 in fiscal year 1986 to $7,136,088 at the close of fiscal year 1987. The issuance of Tax Anticipation Notes (TANS), which had decreased annually for the previous three years, increased from $10,000,000 in fiscal year 1986 to $23,900,000 in fiscal year 1987. This increase in short-term borrowing activity was primarily due to the late issuance of tax bills. As discussed earlier, the late issuance of tax bills resulted from the property revaluation during fiscal year 1987. This will not be a factor in fiscal year 1988 and should decrease short-term borrowing activity.

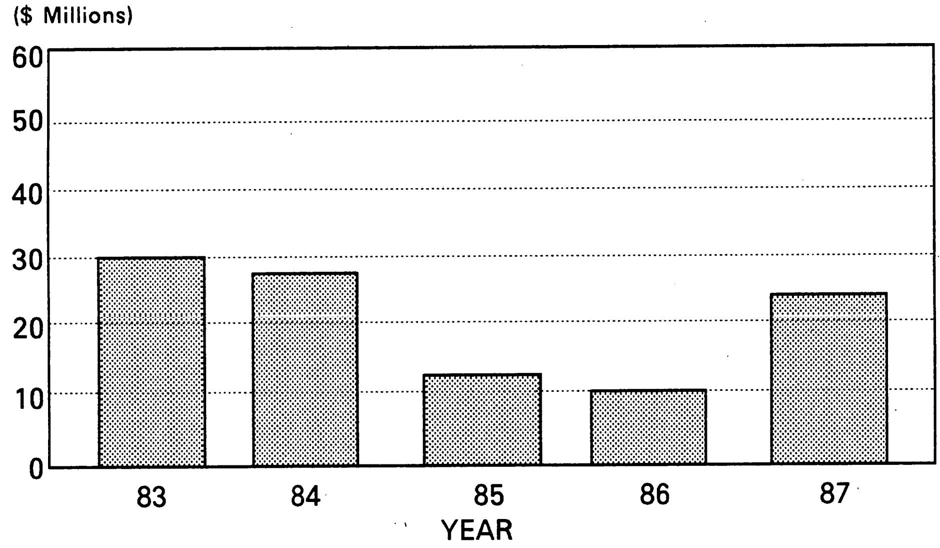
The following table and chart represent the changes in year end General Fund cash and short-term borrowing for the past five fiscal years.

Fiscal Year	Year-End Cash Balance General Fund	Tax Anticipation Borrowing
1983	$14,720,042	$30,000,000
1984	19,246,920	27,500,000
1985	27,321,024	12,500,000
1986	33,240,193	10,000,000
1987	7,136,088	23,900,000

GENERAL FUND YEAR-END CASH

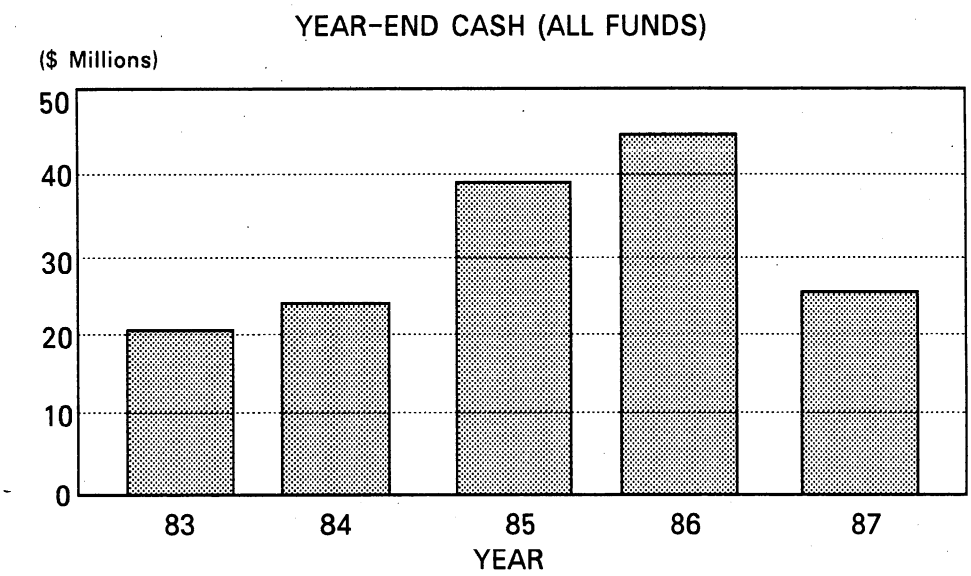


TAX ANTICIPATION BORROWING



The following table and chart represents the City's total cash position for all funds over the last five fiscal years.

Fiscal Year	Year-End Cash Balance All Funds
1983	$20,243,869
1984	24,120,018
1985	39,788,922
1986	44,408,609
1987	28,094,160



Debt Management

For the fourth year in a row, the City received an upgrading of the City's bond rating from the major New York rating agencies.

Moody's Investors Service raised the City's bond rating from A to Aa. The increase represents the third consecutive year that this agency has increased the City's credit rating. The other major credit rating agency, Standard and Poor's Corporation, increased its rating from A to A+ after previously granting rating increases in 1984 and 1985.

The current rating increase occurred as a result of the City's application for a rating on $11,400,000 of general obligation bonds sold on June 10, 1987. The proceeds have been used for street and sidewalk renovations, renovations to the Cambridge Hospital, the acquisition of medical equipment for the Hospital, the acquisition of a building to be used for administrative offices, renovations to various school buildings, and the purchase of a city-wide radio communications system. The higher bond rating and favorable market conditions resulted in a 5.64 percent effective interest rate for the bond issue.

The upgrades in the City's bond rating are reflective of both the City's strong economy and the City Government's strong financial position.

Outstanding general obligation bonds as of June 30, 1987 totalled $57,665,000. The ratios of Gross Direct Bonded General Obligation Debt to assessed valuation, as well as per capita debt, are useful indicators of the City's debt position to municipal management, citizens and investors. The Gross Direct Bonded General Obligation Debt figure shown does not take into account any applicable reimbursement and/or available funds. The ratios for the City at the end of fiscal year 1987 are as follows:

KEY DEBT RATIOS

	Amount (in thousands)	Ratio of Bonded Debt to Assessed Value	Per Capita
Gross Direct Bonded General Obligation Debt	$57,665	1.0%	$644.00

Capital Improvement Program

The Capital Improvement Program for the five year period from fiscal year 1987 through fiscal year 1991 was approved by the City Council in May 1986, totalled $79,860,000 including $17,692,000 in funds for projects expected to commence during fiscal year 1987. In May 1987, the City Council revised the five year program for the fiscal years 1988 through fiscal year 1991 to $66,875,500.

Since fiscal year 1985, the City has funded a portion of its Capital Improvement Program on a "pay-as-you-go" basis out of current revenues. Current year revenues of $8,442,000 were allocated for capital improvements for fiscal year 1987. This reflects the City's commitment to utilize funds generated from a growing revenue base in the area of infrastructure improvements rather than expanding operating programs.

Revaluation Process

During fiscal year 1987, the Finance Department completed the second state-certified property revaluation program (the first occurred in fiscal year 1984). This achievement is noteworthy because it represents the culmination of a two-year effort to bring the valuation process in-house. State-of-the-art valuation hardware and software systems were installed to expedite the revaluation process, and personnel were trained in their use. In a parallel program, the personal property data base and valuation system was also computerized. With the capability to manage a complete assessment program with City personnel and resources, the Department can ensure both an efficient and equitable property tax system.

During the fiscal year 1987 revaluation program, the Department reinspected over 30 percent of the one, two and three family residential properties, as well as the majority of commercial properties. The Department plans to continue inspections at a level which will ensure that all properties are reinspected every three to four years.

PROPERTY VALUATIONS

	FY87	FY86
Commercial Value	$ 2,247,007,600	$ 1,374,294,176
Personal/Property Value	149,534,722	111,000,000
Residential Value	3,578,489,420	2,130,917,311
Total Value	$ 5,975,031,742	$ 3,616,211,487

Tax Levy Limit Increases

As a result of the high level of commercial and residential construction within the City limits, Cambridge has continued to increase the difference between the actual tax levy the legal tax levy limit. The table below compares the actual annual tax levy with the legal tax levy limit which the City may raise if necessary.

	FY84	FY85	FY86	FY87
Actual Levy *	$69,617,211	$72,370,022	$74,326,924	$82,682,769
Levy Limit	72,540,767	77,085,475	83,197,368	92,533,177

* As certified by The Massachusetts Department of Revenue.

It is important that a comfortable margin exist between the tax levy and the tax levy limit if the City is to maintain the flexibility required to respond to unforeseen expenditure increases such as those that occurred during the past year.

Data Processing

During fiscal year 1987, the Data Processing Department underwent an extensive evaluation concerning the selection of the next generation of mainframe computers for the City. After the current and future needs of the City's departments were analyzed, a Request for Proposal (RFP) was issued in September 1986 for the purchase of a central computer that would meet current and future needs. An indepth evaluation of the various responses to the RFP was undertaken and the City's new central computer was selected in January 1987.

Digital Equipment Corporation was selected to provide the computer hardware, while Management Information Systems and Training, Inc. (MISTI) was selected to provide the application software and support. MISTI, a New England based company, specializes in municipal applications and has implemented systems in over fifty governmental sites. The application software provided, is written in a fourth generation programming language called ADMINS/V32, which was developed by ADMINS, Inc., a Cambridge based firm. In general, the approach of fourth generation languages is to provide tools which allow programmers and non-technical personnel to make maximum use of the latest technology while eliminating the difficult and time-consuming programming usually associated with technological advancements. ADMINS/V32 is installed locally, nationally, and internationally in the private sector as well as the public sector. Financial applications will be implemented during fiscal year 1988 and fiscal year 1989.

Award for Distinguished Budget Presentation

The City is committed to improve the professional quality of presentation of its financial documents. As an example of these efforts, the Government Finance Officers Association presented the award for Distinguished Budget Presentation to the City of Cambridge for its annual budget for the fiscal year beginning July 1, 1986, one of only a few municipalities in Massachusetts to receive the award.

Health Claims Trust Fund

The City is self-insured for its primary coverage health insurance costs. The possibility exists of experiencing a substantially higher number of claims than expected in any given year. To provide for the possibility of such excess claims and avoid the need for expensive insurance coverage, the City established a Health Claims Trust Fund in fiscal year 1985. The balance in this fund as of June 30, 1987 was $1,132,334. It is expected that the trust fund will be added to in future years through appropriations.

INDEPENDENT AUDIT

The City's financial records, books of accounts, and financial transactions are audited each year by an independent firm of certified public accountants. The City's annual audits since fiscal year 1979 have been performed by the independent public accounting firm of Peat Marwick Main & Co. The auditors' report on the financial statements for the year ended June 30, 1987 is included herein.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) sponsors a Certificate of Achievement for Excellence in Financial Reporting Program. The City of Cambridge, Massachusetts was awarded the Certificate of Achievement for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1986, the first municipality to receive this award in the state.

In order to be awarded the Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. I believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility.

FUTURE OUTLOOK

As I stated earlier in this report, the most significant achievement during fiscal year 1987 was the City's ability to deal successfully with several unforeseen cost increases. Had the financial decisions of recent years not placed Cambridge in a position to respond to these cost increases, City services would have had to have been curtailed. Not only was Cambridge able to respond to these increased costs, but due to continued expansion of the commercial and residential tax base, the difference between the tax levy and the legal tax levy limit increased.

By following the same successful practices and policies of recent years, I firmly believe that Cambridge will remain financially strong in the years to come. Development projects under construction or planned should generate continued expansion of the City's tax base. There are three major areas that need our continued fiscal attention. First, we must continue our aggressive Capital Improvement Program; second, the City must accelerate its funding of the unfunded employee pension liability; and third, we must address the rapidly increasing cost of employee health insurance. By addressing these issues now when the City has the financial resources, we will help to ensure continued financial strength and stability if and when the local economy should slow down.

CONCLUSION

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the Department who assisted and contributed to its preparation. I would also like to thank the members of the City Council for their concern and support in planning and constructing the financial operations of the City in a responsible and progressive manner. Finally, I would like to thank the City's delegation to the State Legislature, who have continually offered strong support on state fiscal matters that impact the City.

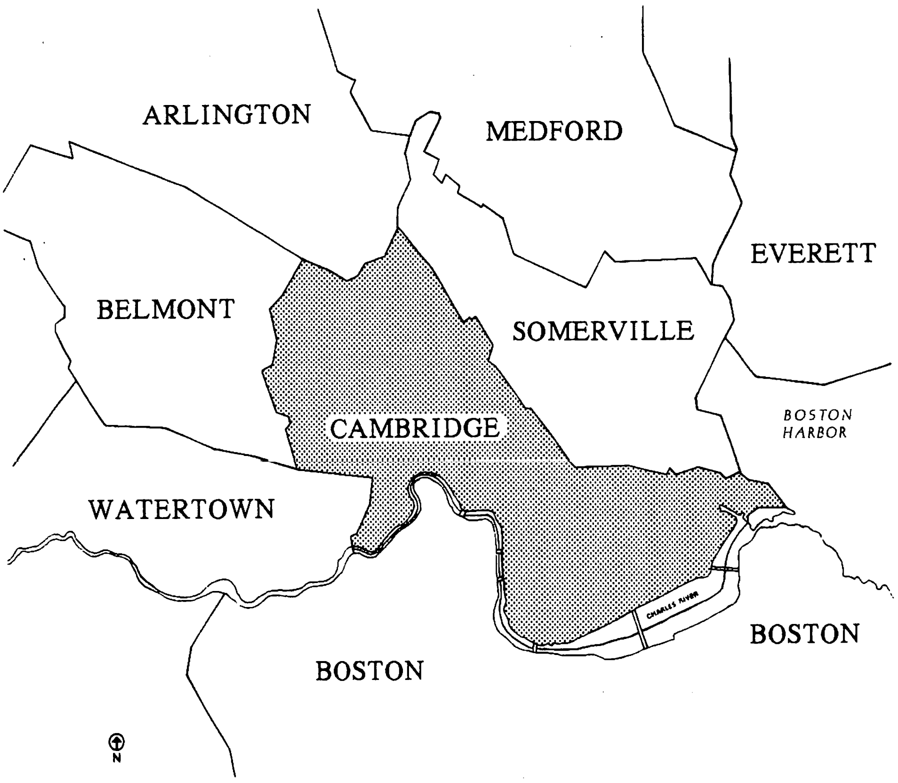
The City of Cambridge, its employees, its citizens, and its elected officials can be proud that not only is Cambridge financially strong today, but also that this strength should continue into the next decade and beyond.

Very truly yours,

Robert W. Healy,
City Manager

RWH/dls

A FEW WORDS ABOUT CAMBRIDGE



The City of Cambridge, Massachusetts is located in southeast Middlesex County across the Charles River from the City of Boston. The City is bordered by the Towns of Watertown and Belmont on the West, and the Town of Arlington and the City of Somerville on the north, and occupies a land area of 6.26 square miles. The City's estimated population was 86,868 in 1987.

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. The City has a Council-Manager form of government. The legislative and policy making body of the City is the nine-member City Council, whose members are elected at-large for two-year terms. The City Council elects a Mayor and Vice-Mayor from among its members with the Mayor also serving as Chairman 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 Manager coordinates the functions of 41 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, 1990.

The City Council also appoints members to certain boards and commissions as it deems necessary to assist in the operation of the City.

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.

Cambridge has experienced strong growth in taxable valuations and job opportunities due to the construction of new commercial and industrial property, as well as through reconstruction and rehabilitation of existing property throughout the City. This growth is expected to continue over the next several years. Developers find the City attractive due to its close proximity to Boston, extensive public transportation and excellent network of roads, and the City's commitment to encouraging planned development. The location of two major universities, Harvard and the Massachusetts Institute of Technology, within the City's borders contributes significantly to its vitality and growth.

Based on valuations of all real and personal property as of January 1, 1986, the total value of all property in the City is $5,975,031,742. Of that total, approximately $2,400,000,000 consists of industrial/commercial and personal property. New properties now under construction, those to be started within the next few years, and those being planned are expected to add approximately $927,000,000 to the taxable valuation base of the City. Fiscal year 1988 assessments indicate an increase of approximately $172,000,000 due to new construction from fiscal year 1987 assessments.

DIRECTORY OF OFFICIALS

CITY COUNCIL

Walter J. Sullivan, Mayor

Alfred E. Vellucci, Vice Mayor *	Sheila T. Russell
Thomas W. Danehy	David E. Sullivan
Francis H. Duehay	William H. Walsh
Saundra Graham	Alice K. Wolf

SCHOOL COMMITTEE

Walter J. Sullivan, Chairman

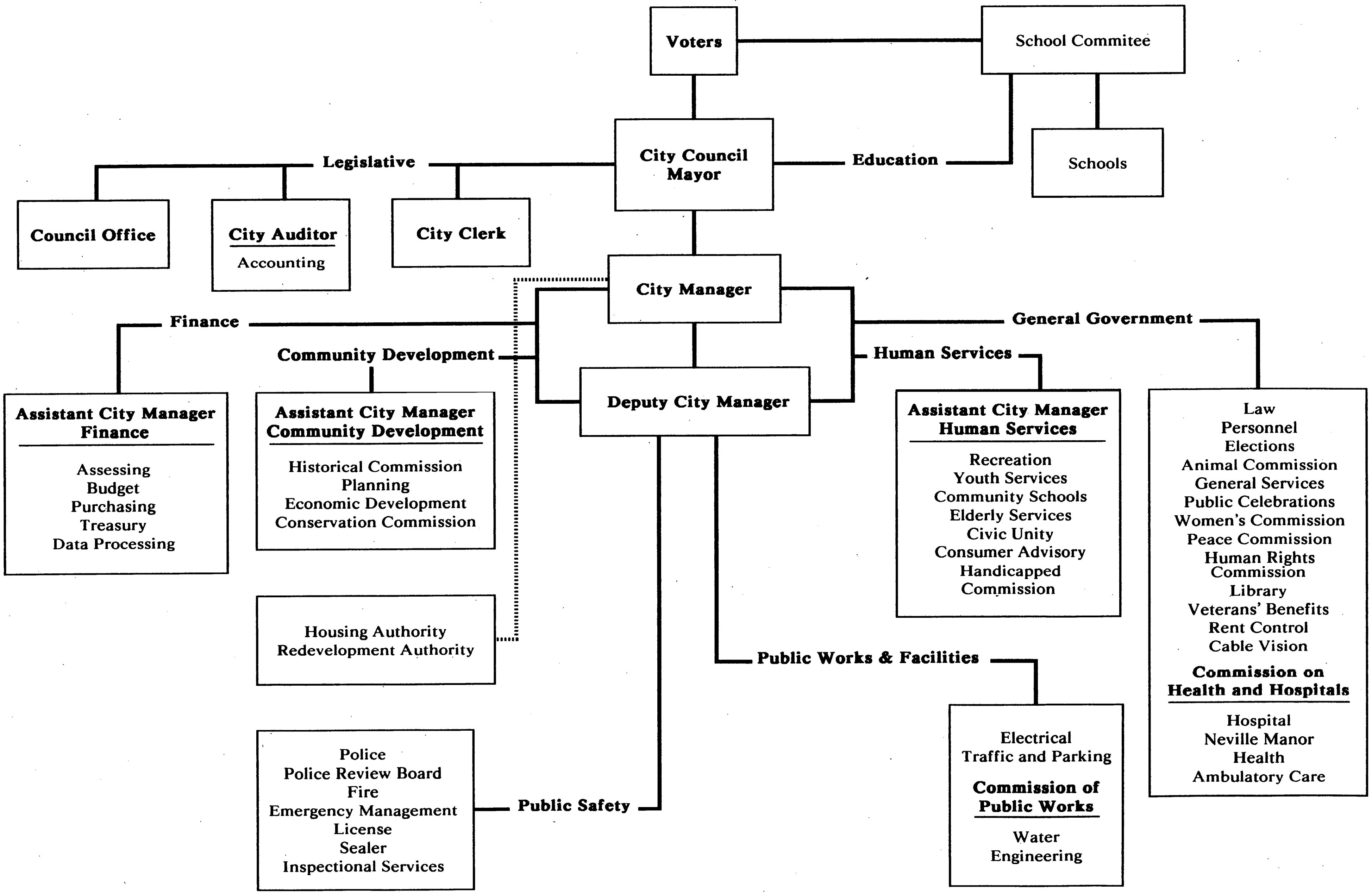
Frances H. Cooper	Jane F. Sullivan
Alfred B. Fantini	Timothy J. Toomey, Jr.
Sara O. Garcia	Lawrence Weinstein

PRINCIPAL EXECUTIVE OFFICERS

City Manager	Robert W. Healy
Deputy City Manager	Richard C. Rossi
Assistant City Manager for Fiscal Affairs and Treasurer/Collector	James P. Maloney, Jr.
Assistant City Manager for Community Development	Michael T. Rosenberg
Assistant City Manager for Human Services	Jill M. Herold
City Auditor	Arthur F. Libitz
City Solicitor	Russell B. Higley
City Clerk	Joseph E. Connarton

* On January 4, 1988, Mr. Vellucci was elected Mayor for the calendar years 1988 and 1989.

Organizational Chart
City of Cambridge, Massachusetts



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, 1986

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

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Financial Section

AUDITORS' REPORT

The City's financial statements and accounting systems are examined each fiscal year by an independent public accounting firm. The audits are conducted in accordance with generally accepted auditing standards.

The auditors' report on their examination of the City's financial statements is contained in this section.

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KPMG Peat Marwick

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The City Manager and Honorable Members of the City Council
City of Cambridge, Massachusetts:

We have examined the general purpose financial statements of the City of Cambridge, Massachusetts as of and for the year ended June 30, 1987, as listed in the accompanying table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned general purpose financial statements referred to above present fairly the financial position of the City of Cambridge, Massachusetts at June 30, 1987, and the results of its operations and the changes in financial position of its proprietary fund types and similar trust funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed under supplementary statements and schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Cambridge, Massachusetts. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Peat Marwick Main & Co.

December 18, 1987

GENERAL PURPOSE FINANCIAL STATEMENTS

These "general purpose financial statements" provide a broad financial overview for users requiring less detailed information than is presented in the individual statements for each separate fund and account group.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Balance Sheet
All Fund Types and Account Groups

June 30,1987

Assets and Other Debits	Governmental Fund Types: General	Governmental Fund Types: Special Revenue	Governmental Fund Types: Capital Projects	Proprietary Fund Types: Enterprise (note 9)	Proprietary Fund Types: Internal Service	Fiduciary Fund Types: Trust and Agency	Account Groups: General Fixed Assets	Account Groups: General Long Term Obligations	Combined Total (Memorandum Only)
Cash and short-term investments (note 4)	$ 7,136,088	$ 2,733,128	$ 5,835,817	$ 1,399,206	$ 184,365	$ 10,805,556	$ -	$ -	$ 28,094,160
Other investments, at cost (note 4)	-	-	-	-	-	71,758,861	-	-	71,758,861
Receivables:									
Taxes	43,753,074	-	-	-	-	-	-	-	43,753,074
Tax titles and possessions	2,096,943	-	-	-	-	-	-	-	2,096,943
Motor vehicle excise	3,034,477	-	-	-	-	-	-	-	3,034,477
Accounts	718,146	-	-	15,860,336	-	-	-	-	16,578,482
Allowance for uncollectible receivables	(8,578,855)	-	-	(9,617,607)	-	-	-	-	(18,196,462)
Due from third parties	-	-	-	1,626,027	-	-	-	-	1,626,027
Due from other funds (note 10)	-	-	-	2,815,223	-	-	-	-	2,815,223
Due from other governments (note 5)	-	492,589	6,696,913	-	-	-	-	-	7,189,502
Fixed assets (note 6)	-	-	-	53,576,691	40,093	-	247,089,247	-	300,706,031
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	-	177,692,897	177,692,897
Other assets	-	-	-	216,077	-	905,869	-	-	1,121,946
Total assets	$ 48,159,873	$ 3,225,717	$ 12,532,730	$ 65,875,953	$ 224,458	$ 83,470,286	$ 247,089,247	$ 177,692,897	$ 638,271,161

See accompanying notes to general purpose financial statements.

(continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Balance Sheet (Continued)
All Fund Types and Account Groups

June 30, 1987

Liabilities and Fund Equity	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Combined Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise (note 9)	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Obligations	
Warrants payable	$ 1,587,069	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,587,069
Accrued expenses	8,525,676	411,815	-	1,327,408	-	-	-	-	10,264,899
Notes payable (note 7)	10,900,000	-	-	250,000	-	-	-	-	11,150,000
Accrued tax abatement refunds	4,955,682	-	-	-	-	-	-	-	4,955,682
Guarantee deposits and amounts due to other taxing authorities	-	-	-	-	-	434,158	-	-	434,158
Due to other funds (note 10)	158,820	-	1,412,546	1,243,857	-	-	-	-	2,815,223
Deferred revenue	1,113,920	-	-	-	-	-	-	-	1,113,920
Accrued compensated absences (note 7)	-	-	-	788,897	-	-	-	7,135,897	7,924,794
General obligation bonds payable (note 7)	-	-	-	5,990,000	-	-	-	51,675,000	57,665,000
Accrued pension costs (note 12)	-	-	-	-	-	-	-	118,882,000	118,882,000
Total liabilities	27,241,167	411,815	1,412,546	9,600,162	-	434,158	-	177,692,897	216,792,745
Fund equity:									
Investment in general fixed assets	-	-	-	-	-	-	247,089,247	-	247,089,247
Retained earnings	-	-	-	44,020,972	224,458	-	-	-	44,245,430
Fund balances:									
Reserved for encumbrances	5,878,987	8,667	-	-	-	-	-	-	5,887,654
Reserved for specific purposes (note 8)	749,304	1,077,021	11,120,184	-	-	83,036,128	-		95,982,637
Unreserved	14,290,415	1,728,214	-	12,254,819	-	-	-	-	28,273,448
Total fund equity	20,918,706	2,813,902	11,120,184	56,275,791	224,458	83,036,128	247,089,247	-	421,478,416
Commitments and contingencies (note 11)									
Total liabilities and fund equity	$ 48,159,873	$ 3,225,717	$ 12,532,730	$ 65,875,953	$ 224,458	$ 83,470,286	$ 247,089,247	$ 177,692,897	$ 638,271,161

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 1987

	Governmental Fund Types			Fiduciary Fund Type	Combined Total
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:					
Taxes	$ 80,222,341	$ -	$ -	$ -	$ 80,222,341
Payments in lieu of tax receipts	1,157,414	-	-	-	1,157,414
Hotel/Motel excise tax	1,779,028	-	-	-	1,779,028
Intergovernmental	40,881,743	15,795,999	8,955,992	-	65,633,734
Infirmary and health department	4,942,434	-	-	-	4,942,434
Sewer use	5,448,553	-	-	-	5,448,553
Motor vehicle excise	1,989,523	-	-	-	1,989,523
Investment income	1,006,231	290,097	-	201,903	1,498,231
Other	3,764,510	7,801,036	-	37,891	11,603,437
Total revenues	141,191,777	23,887,132	8,955,992	239,794	174,274,695
Expenditures:					
Current:					
General government	20,470,623	-	-	-	20,470,623
Public safety	30,576,810	-	-	-	30,576,810
Community maintenance and development	23,219,561	-	-	-	23,219,561
Infirmary and health department	5,721,415	-	-	-	5,721,415
Human resource development	5,495,564	-	-	-	5,495,564
Education	52,496,119	4,854,560	-	-	57,350,679
Fuel assistance	-	2,573,586	-	-	2,573,586
Other	-	4,554,295	-	37,570	4,591,865
Capital outlay	-	-	20,716,577	-	20,716,577
Debt service:					
Principal retirement	1,733,566	-	-	-	1,733,566
Interest	1,396,379	-	-	-	1,396,379
Total expenditures	141,110,037	11,982,441	20,716,577	37,570	173,846,625
Excess (deficiency) of revenues over expenditures	81,740	11,904,691	(11,760,585)	202,224	428,070
Other financing sources (uses):					
Operating transfers from other funds	9,953,471	-	8,463,083	111,236	18,527,790
Operating transfers to other funds	(11,970,205)	(12,082,614)	-	(150,000)	(24,202,819)
Transfer to Hospital to fund debt service	(1,636,434)	-	-	-	(1,636,434)
Issuance of bonds	-	-	9,096,526	-	9,096,526
Total other financing sources (uses)	(3,653,168)	(12,082,614)	17,559,609	(38,764)	1,785,063
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,571,428)	(177,923)	5,799,024	163,460	2,213,133
Fund balances at beginning of year	24,490,134	2,991,825	5,321,160	4,024,250	36,827,369
Fund balances at end of year	$ 20,918,706	$ 2,813,902	$ 11,120,184	$ 4,187,710	$ 39,040,502

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Statement of Revenues, Expenditures, and Encumbrances - Budget and Actual - General Fund Budget Basis

Year ended June 30, 1987 (with comparative totals for 1986)

	1987 Budget (note 13)	1987 Actual	Variance favorable (unfavorable)	1986 Actual
Revenues:				
Taxes	$ 82,682,769	$ 83,293,353	$ 610,584	$ 74,361,512
Provision for tax abatements and adjustments	(2,982,768)	(2,982,768)	-	(2,037,155)
Payments in lieu of tax receipts	1,437,857	1,157,414	(280,443)	1,723,316
Hotel/Motel excise tax	1,411,675	1,779,028	367,353	770,653
Intergovernmental revenue	42,569,526	40,881,743	(1,687,783)	38,664,887
Hospital, infirmary and health department	30,717,433	30,878,877	161,444	33,851,408
Sewer use	6,032,445	6,323,318	290,873	4,520,740
Water use	5,564,520	4,929,041	(635,479)	4,474,165
Motor vehicle excise	2,000,000	2,259,804	259,804	2,496,016
Investment income	1,571,333	1,006,231	(565,102)	2,005,971
Other	3,033,411	3,764,689	731,278	4,915,440
Tax title revenue	-	790,395	790,395	(82,392)
Total revenues	174,038,201	174,081,125	42,924	165,664,561
Expenditures and encumbrances:				
Current:				
General government	22,725,945	21,430,494	1,295,451	18,406,312
Public safety	32,092,810	30,522,398	1,570,412	30,583,111
Community maintenance and development	23,631,788	22,967,274	664,514	20,413,642
Health and hospital services	40,530,728	39,684,614	846,114	39,218,394
Human resource development	5,582,870	5,447,406	135,464	4,935,594
Education	52,274,155	52,271,919	2,236	49,285,618
Water	3,709,820	3,560,652	149,168	3,587,600
Debt Service:				
Principal retirement	2,185,000	2,185,000	-	1,513,700
Interest	1,711,035	1,395,658	315,377	1,965,117
Total expenditures and encumbrances	184,444,151	179,465,415	4,978,736	169,909,088
Excess (deficiency) of revenues over expenditures and encumbrances	(10,405,950)	(5,384,290)	5,021,660	(4,244,527)
Other financing sources:				
Operating transfers from other funds	8,905,950	5,524,231	(3,381,719)	5,302,618
Other available funds	1,500,000	1,500,000	-	2,072,152
Total other financing sources	10,405,950	7,024,231	(3,381,719)	7,374,770
Excess of revenues and other financing sources over expenditures and encumbrances	$ -	$ 1,639,941	$ 1,639,941	$ 3,130,243

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings / Fund Balances
All Proprietary Fund Types and Similar Trust Funds

Year ended June 30, 1987

	Proprietary Fund Types		Fiduciary Fund Types		Combined
	Enterprise (note 9)	Internal Service	Pension Trust	Non-Expendable Trust	Total (Memorandum Only)
Operating revenues:					
Patient service revenue, net of allowances and uncollectible accounts	$ 25,384,537	$ -	$ -	$ -	$ 25,384,537
Charges for services	4,781,575	85,653	-	-	4,867,228
Income from employer and member contributions	-	-	14,996,116	-	14,996,116
Investment income	-	-	5,962,828	11,236	5,974,064
Donations including direct income	-	-	-	3,200	3,200
Net gain on sale of investments	-	-	1,512,906	-	1,512,906
Bond amortization	-	-	907,496	-	907,496
Other	874,145	-	-	-	874,145
Total operating revenues	31,040,257	85,653	23,379,346	14,436	54,519,692
Operating expenses:					
Administration	5,514,975	-	-	-	5,514,975
Finance	3,680,395	-	-	-	3,680,395
Service and support programs	21,344,223	43,060	-	-	21,387,283
General services	4,271,747	-	-	-	4,271,747
Depreciation	1,253,781	4,675	-	-	1,258,456
Pension plan benefit payments	-	-	14,375,545		14,375,545
Other	2,162,522	-	163,713	-	2,326,235
Total operating expenses	38,227,643	47,735	14,539,258	-	52,814,636
Operating income (loss)	(7,187,386)	37,918	8,840,088	14,436	1,705,056
Non-operating revenues and expenses:					
Interest expense	(219,819)	-	-	-	(219,819)
Income (loss) before operating transfers	(7,407,205)	37,918	8,840,088	14,436	1,485,237
Operating transfers from other funds	7,540,965	-	-	-	7,540,965
Operating transfers to other funds	(1,854,700)	-	-	(11,236)	(1,865,936)
Transfer from general fund for Hospital debt service	1,636,434	-	-	-	1,636,434
Net income (loss)	(84,506)	37,918	8,840,088	3,200	8,796,700
Retained Earnings / Fund Balances:					
Beginning of year	56,360,297	186,540	69,864,714	140,416	126,551,967
End of year	$ 56,275,791	$ 224,458	$ 78,704,802	$ 143,616	$ 135,348,667

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Statement of Changes in Financial Position
All Proprietary Fund Types and Similar Trust Funds

Year ended June 30, 1987

	Proprietary Fund Types		Fiduciary Fund Types		Combined
	Enterprise (note 9)	Internal Service	Pension Trust	Non-expendable Trust	Total (Memorandum Only)
Sources of cash:					
From operations:					
Net income (loss)	$ (84,506)	$ 37,918	$ 8,840,088	$ 3,200	$ 8,796,700
Depreciation	1,253,781	(1,177)	-	-	1,252,604
Change in accrued income and expenditures	(1,566,656)	-	(2,378,281)	-	(3,944,937)
Net cash flow from operating activities	(397,381)	36,741	6,461,807	3,200	6,104,367
Proceeds from investments	-	-	19,520,152	-	19,520,152
Commissions paid	-	-	16,643	-	16,643
Sale of fixed assets	-	5,852	-	-	5,852
Proceeds from debt	3,250,000	-	-	-	3,250,000
Total sources of cash	2,852,619	42,593	25,998,602	3,200	28,897,014
Uses of cash:					
Repayment of capital lease	(31,481)	-	-	-	(31,481)
Retirement of debt	(1,636,434)	-	-	-	(1,636,434)
Purchase of investments	-	-	(17,412,779)	-	(17,412,779)
Purchase of short term investments and insurance contracts	-	-	(6,311,572)	-	(6,311,572)
Additions to property, plant and equipment	(1,538,227)	(16,850)	-	-	(1,555,077)
Total uses of cash	(3,206,142)	(16,850)	(23,724,351)	-	(26,947,343)
Net increase (decrease) in cash	$ (353,523)	$ 25,743	$ 2,274,251	$ 3,200	$ 1,949,671

See accompanying notes to general purpose financial statements.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

This section explains the accounting principles used in the preparation of the statements, explains definitions of various terms used in the report, provides detailed breakdowns of certain figures used in the report, and explains how the financial statements prepared under the Budgetary Basis of accounting relate to those prepared under Generally Accepted Accounting Principles as applicable to governmental units.

(1) Definition of Reporting Entity

The combined financial statements present information on organizations and activities of the City of Cambridge, Massachusetts for which the Mayor and City Council have oversight responsibility. The criteria, as defined by GASB codification 2100, for inclusion of organizations and activities in the oversight entity's combined financial statements are: selection of governing authority; designation of management; ability to significantly influence operations; accountability over fiscal matters; and scope of public service. The inclusion of organizations and activities in the City's combined financial statements does not affect their separate legal standing.

These organizations and activities include the Cambridge City Hospital and its affiliated Neighborhood Health Centers, the City's Water Department, the Cambridge Retirement System, the Neville Manor Nursing Home, the Cambridge Public Library System and the Cambridge Public School System since the City controls their operations.

The financial statements of the Cambridge Retirement System are presented for the year ended December 31, 1986, which is its fiscal period for reporting to the Retirement Law Commission of the Commonwealth of Massachusetts.

The operations of the Cambridge Housing Authority and the Cambridge Redevelopment Authority are not part of the defined reporting entity and therefore, are not included in the combined financial statements of the City. Both organizations are excluded because (1) neither falls within the oversight responsibility of the City, (2) they are not subject to the financial controls of the City Manager or the budgetary controls of the Mayor and City Council and (3) no financial interdependency exists.

(2) Summary of Significant Accounting Policies

The accounting policies of the City of Cambridge, Massachusetts conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

(a) Basis of Presentation--Fund Accounting

The activities of the City are accounted for through the use of several funds and two account groups, each of which is a separate accounting entity. The operations of each fund and account group are accounted for through a separate set of self-balancing accounts which are summarized by type in the financial statements. The following fund types and account groups are used by the City:

GOVERNMENTAL FUND TYPES

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds and the long term obligations account group) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position, rather than upon net income determination. The following are the City's governmental fund types:

(Continued)

General Fund --This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds --These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Fund --This fund is used to account for the financial resources and expenditures for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

PROPRIETARY FUND TYPES

Proprietary Funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The following are the City's proprietary fund types:

Enterprise Funds --These funds are used to account for City operations (1) that are financed and operated in a manner similar to private business enterprises--where the intent is that the costs (expenses, including depreciation) of providing services to the public be financed or recovered primarily through user charges; or (2) where a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund --This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (1) expendable trust funds, (2) nonexpendable trust funds, (3) pension trust funds, and (4) agency funds.

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The following are the City's account groups:

General Fixed Assets Account Group --This account group is used to account for all fixed assets of the City, except for fixed assets purchased through proprietary funds.

General Long Term Obligations Account Group --This account group is used to account for all long term obligations of the City except for debt issued for hospital improvements.

(Continued)

(b) Basis of Accounting by Fund
The basis of accounting used for each fund is as follows:

Governmental Funds, Expendable Trust and Agency Funds

The modified accrual basis of accounting is applied in all governmental fund types and expendable trust and agency funds. Accordingly, revenues are recorded when susceptible to accrual, that is both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For property taxes the City normally considers available to mean received within 60 days after the close of the fiscal year. Due to a property revaluation during fiscal 1987, the tax bills were issued later in the year. Therefore, for fiscal 1987 the City considered property taxes received within 90 days after the close of the fiscal year to be available. This extended period for fiscal 1987 provides better recognition of revenues available to finance expenditures of the current period. All other amounts not received during that period are deferred and recognized in future accounting periods. Expenditures, except for interest on long-term debt which is recorded when due and vacation, sick, and pension costs not expected to be paid within the current accounting period, are recorded when the liability is incurred.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of these revenues: (1) revenues recognized based upon the expenditures recorded and (2) revenues recognized at the time of receipt or earlier, if the susceptible to accrual criteria are met.

Excise taxes, licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Proprietary Pension and Nonexpendable Trust Funds

The accrual basis of accounting is used by proprietary, pension, and nonexpendable trust funds.

Patient service revenue of the Cambridge Hospital is recorded at established rates charged less provisions for charity allowances and uncollectible accounts. Patient service revenue received under certain cost reimbursement agreements is subject to audit and adjustment by third party payors. Provisions for estimated adjustments under these agreements are accrued in the period in which the related services are rendered.

The Hospital is subject to Chapter 372 of the Acts of 1982 of the Commonwealth of Massachusetts. Chapter 372 establishes a comprehensive prospective budget and reimbursement system that applies to all payors. The system has been designed to limit the rates of increase in gross patient service revenue (GPSR) and reimbursement by providing financial incentives to hospitals. Effective October 1, 1985 Chapter 372 was amended for a two-year period by Chapter 574 legislation. The principal modifications were the establishment of an uncompensated care pool to uniformly fund free care and bad debts incurred by hospitals, and implementation of the prospective payment system for Medicare reimbursement.

(Continued)

This reimbursement system is based on the concept of maximum allowable cost (MAC), which is calculated pursuant to the current Blue Cross Hospital Agreement with some adjustments for different third-party payors. The Hospital's MAC is based upon its fiscal year 1981 operating costs, adjusted for inflation, volume, and certain costs which are beyond a hospital's control. Increases in approved GPSR and reimbursement from third-party payors are subject to review and adjustment pursuant to certain prospective limitations applied to an adjusted level of base-year costs.

(c) Encumbrances and Continuing Appropriations

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

Unencumbered appropriations which are carried over to the ensuing fiscal year are reported as "continuing appropriations" and all other appropriations lapse at year end. Continuing appropriations represent amounts appropriated for specific programs or projects which were not completed by the end of the fiscal year.

Encumbrances and continuing appropriations are reported as reservations of fund balances in the accompanying balance sheet because they do not constitute expenditures or liabilities. Encumbrances and continuing appropriations are combined with expenditures for budgetary comparison purposes.

(d) Vacation and Sick Leave

City employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave which is (subject to certain limitations) at their then current rates of pay. The cost of this unused vacation and sick leave which is expected to be paid from future financial resources, is accounted for as a liability of the General Long-Term Obligation Account Group for governmental fund types and as a liability of the fund for proprietary fund types.

(e) General Fixed Assets

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the general fixed assets account group. Contributed fixed assets are recorded in general fixed assets at estimated fair market value at the time received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

No depreciation has been provided on general fixed assets, nor has interest been capitalized.

(Continued)

(f) Property, Plant and Equipment - Enterprise and Internal Service Funds

Property, plant and equipment owned by the proprietary funds is stated at cost or estimated fair market value. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-50 years
Improvements	10-20 years
Equipment	3-10 years

(g) Combined Totals

The combined totals are the aggregate of the fund types and account groups. No consolidating or other eliminations were made in arriving at the totals; thus, they do not represent consolidated information.

(3) Property Taxes

Real and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent November 1 and May 1. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The City has an ultimate right to foreclose on property for which taxes have not been paid. A tax lien is issued on the property when more than one year's tax is overdue. Property taxes levied are recorded as receivables, net of estimated uncollectibles, in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting described in note 2.

A statewide tax limitation statute known as "Proposition 2-1/2" limits the property tax levy to an amount equal to 2-1/2% of the value of all taxable property in the City. A secondary limitation is that no levy in a fiscal year may exceed the preceding year's allowable tax levy by more than 2-1/2%, plus taxes levied on certain property newly added to the tax rolls. Certain Proposition 2-1/2 taxing limitations can be overridden by a City-wide referendum vote.

(4) Deposits and Investments

State and local statutes place certain limitations on the nature of deposits and investments available to the City. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. Government or Agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase and units in the Massachusetts Municipal Depository Trust ("MMDT").

In addition, the City Pension Trust Fund has additional investment powers, most notably the ability to invest in common stocks, corporate bonds and other specified investments.

(Continued)

Deposits

The City maintains deposits in several financial institutions. Of the total amount of bank recorded deposits at year end of $28,032,784, $737,355 was covered by federal depository insurance, and the remainder was uninsured and uncollateralized. The carrying amount of these deposits was $28,094,160.

Investments

The following table summarizes the carrying value, estimated market value and risk characteristics ("categories") of the City's investments as of year end. Category 1 represents investments held in the name of the City by either the City or its agent; Category 2 represents investments held by counterparties to the transactions in the name of the City; and Category 3 represents investments held by counterparties but not in the name of the City. Amounts in pooled investment accounts are not categorized.

	Category					Estimated
	1	2	3	Not Categorized	Carrying Amount	Market Value
MMDT	$ -	-	-	2,631,747	2,631,747	2,631,747
Money market accounts	-	-	-	2,486,570	2,486,570	2,486,570
Total short term investments	-	-	-	5,118,317	5,118,317	5,118,317
U.S. Treasury bills	671,863	-	-	-	671,863	803,432
Common stock	19,613,492	-	-	-	19,613,492	27,104,511
Bonds	51,473,506	-	-	-	51,473,506	52,805,471
Total other investments	71,758,861	-	-	-	71,758,861	80,713,414
Total	$71,758,861	-	-	5,118,317	76,877,178	85,831,731

(5) Due From Other Governments

The following is a summary of amounts due from other governments as of June 30, 1987:

U.S. Department of Health and Human Services	$ 11,615
U.S. Department of Energy	72,194
U.S. Department of Housing and Urban Development	6,678,655
Economic Development Administration	427,038
	$ 7,189,502

(Continued)

(6) Fixed Assets

A summary of general fixed assets activity for the year ended June 30, 1987 follows:

	Balance June 30, 1986	Additions	Deletions	Balance June 30, 1987
Land	$ 157,165,767	462,600	-	157,628,367
Buildings	44,440,996	2,572,733	-	47,013,729
Improvements other than buildings	57,912	1,435,237	-	1,493,149
Equipment	11,252,828	1,418,796	168,780	12,502,844
Construction in progress	19,775,000	8,676,158	-	28,451,158
	$ 232,692,503	14,565,524	168,780	247,089,247

The City initiated a fixed assets system in fiscal 1986 for its general fixed assets, and arrived at amounts as of the end of the fiscal year. These amounts are based on actual costs wherever possible. Land and building costs are based on current appraised value adjusted to estimated cost at date of purchase. Improvements other than buildings and equipment are valued at estimated cost when actual cost information was impractical to obtain. Construction in progress is valued at cost.

The sources of funds used to acquire the fixed assets were impractical to obtain, therefore, the sources of fixed assets are not presented.

Construction in progress at June 30, 1987 is composed of the following:

	Project Authorization	Expended	Committed
Lechmere Parking Garage	$ 16,487,000	15,226,115	1,260,885
Lechmere Canal Park	9,767,000	9,525,184	241,816
Front Park	1,602,517	1,499,859	102,658
Massachusetts Avenue Building	3,020,000	2,000,000	1,020,000
Bigelow Street Building	200,000	200,000	-
	$ 31,076,517	28,451,158	2,625,359

As of June 30, 1987, there is no required future financing for these construction projects.

(Continued)

A summary of proprietary fund type property, plant, and equipment at June 30, 1987 follows:

	Hospital and Neighborhood Health Centers	Water	Total Enterprise	Internal Service
Land	$ -	39,264,325	39,264,325	-
Buildings	8,784,058	8,036,157	16,820,215	-
Improvements other than buildings	2,855	67,363	70,218	-
Equipment	10,462,288	9,990,172	20,452,460	79,092
	19,249,201	57,358,017	76,607,218	79,092
Less accumulated depreciation	9,354,479	13,676,048	23,030,527	38,999
	$ 9,894,722	43,681,969	53,576,691	40,093

(7) Long-Term Debt

The following is a summary of general obligation bond transactions of the City for the year ended June 30, 1987:

	General Obligation	Enterprise Funds	Total
Bonds payable at June 30, 1986	$ 46,230,000	4,175,000	50,405,000
New debt issued: Municipal Purpose Loans	11,760,000	3,000,000	14,760,000
Debt retired: Serial bonds	(6,315,000)	(1,185,000)	(7,500,000)
Bonds payable at June 30, 1987	$ 51,675,000	5,990,000	57,665,000

Principal retirement of general obligation bonds is recorded in the financial statements as debt service expenditures of $1,733,566, education expenditures of $4,130,000 and transfers to Hospital for debt service of $1,636,434, totalling $7,500,000 of principal retirement costs.

(Continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to General Purpose Financial Statements

The following is a summary of the composition of general long term obligations outstanding at June 30, 1987 and 1986:

Description and Repayment Terms	Date of Obligation	Original Issue	Maturity Date	Interest Rates	Outstanding June 30, 1986	Additions	Reductions	Outstanding June 30, 1987
Bonds:								
General purpose, serial maturities through 6/15/97 $ 3,000,000 of various general purpose bonds due in annual installments of $ 1,720,000 to $468,420 through June 15, 1997, interest at 3.75% to 7.0%	7/1/66 to 6/15/87	$ 18,945,000	6/15/97	3.75% to 7.0%	$ 30,000	$ 3,000,000	$ 30,000	$ 3,000,000
Urban redevelopment, serial maturities through 7/1/94 $9,600,000 of various urban redevelopment bonds due in annual installments of $1,245,800 to $820,000 through July 1, 1994, interest at 3.75% to 11.6%	7/1/66 to 7/1/86	11,645,000	7/1/94	3.75% to 11.6%	7,105,000	3,360,000	865,000	9,600,000
Schools, serial maturities through 6/15/98 $28,710,000 of various school bonds due in annual installments of $3,960,000 to $1,155,000 through June 15,1998, interest at 5.25% to 11.6%	11/1/69 to 6/15/87	57,490,000	6/15/98	5.25% to 11.6%	30,440,000	2,400,000	4,130,000	28,710,000
Street reconstruction, serial maturities through 6/15/97 $3,000,000 of streets and sidewalk bonds due in annual installments of $366,000 to $284,000 through June 15,1997, interest at 5.6% to 5.7%	6/15/87	3,000,000	6/15/97	5.6% to 5.7%	-	3,000,000	-	3,000,000
Water, serial maturities through 10/15/96 $7,365,000 of various water & sewer bonds due in annual installments of $1,290,000 to $290,000 through October 15,1996; interest at 4.7% to 9.2%	9/1/72 to 2/15/84	15,065,000	10/15/96	4.7% to 9.2%	8,655,000	-	1,290,000	7,365,000
Total bonds		$ 106,145,000			46,230,000	11,760,000	6,315,000	51,675,000
Accrued compensated absences					12,915,535	-	5,779,638	7,135,897
Accrued pension costs					118,822,317	59,683	-	118,882,000
Total general long term obligations					$ 177,967,852	$ 11,819,683	$ 12,094,638	$ 177,692,897

The annual sinking fund requirements for general obligation debt outstanding as of June 30, 1987 are as follows:

Year Ending June 30	Principal	Interest	Total
1988	$ 8,595,000	3,640,325	12,235,325
1989	8,400,000	3,062,225	11,462,225
1990	7,310,000	2,525,060	9,835,060
1991	7,100,000	2,029,585	9,129,585
1992	6,500,000	1,559,275	8,059,275
1993-02	19,760,000	2,980,030	22,740,030
	$ 57,665,000	15,796,500	73,461,500

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum revenue bond coverages. The City is in compliance with all such significant limitations and restrictions.

The City is subject to the Municipal Finance Law of Massachusetts which limits the amount of net bonded debt the City may have outstanding to 2-1/2 percent of assessed property value. The City may incur debt outside this limit for purposes as described in Section 8 of Chapter 44 of the Massachusetts Municipal Finance Laws. At June 30, 1987, the City had available borrowings inside the debt margin of $81,857,900. Authorized and unissued debt at June 30, 1987 was $7,225,000.

At June 30, 1987, the City had grants receivable from the School Building Assistance Bureau (SBAB) of $20,882,932 to defray principal and interest costs related to $27,045,000 of school bonds outstanding. Grants are subject to annual appropriation by the State legislature. The amount of the grants is based on estimated construction costs of school projects which may be revised upon audit by the SBAB. Assuming satisfactory audit results and annual appropriations by the State legislature, $2,700,000 will be received in 1988, $2,873,700 in 1989 and the balance will be received in subsequent years.

(Continued)

Tax anticipation notes (TANs) of $10,900,000 bear interest at rates ranging from 4.68%-5.25%. Bond anticipation notes (BANs) of $250,000 bear interest at 4.25%. The TANs and BANs have been issued with the authority of the City to issue short-term debt for the following projects:

General obligations	$10,900,000
Hospital equipment and renovation	250,000
	$ 11,150,000

Serial bond issues outstanding at June 30, 1987 of $5,990,000 relating to the Cambridge Hospital bear interest at rates ranging from 3.75% to 7.00% with a weighted average rate of 5.79%. Outstanding debt matures in subsequent fiscal years as follows:

1988	$ 1,365,790
1989	1,205,790
1990	595,790
1991-1997	2,822,630
	$ 5,990,000

The Massachusetts Water Resources Authority (MWRA), the Massachusetts Bay Transportation Authority (MBTA), and Middlesex County assess the City a net cost of service, including debt service requirements, in accordance with various formulas. The following summary sets forth the unaudited amount of long-term debt of each entity at June 30, 1987 and the City's 1987 assessment from each entity:

	Long-term debt outstanding	The City's estimated share	Assessment including debt service
MWRA	$ 267,567,177	3.7%	$ 12,185,695
MBTA	836,640,000	5.2	49,094,437
Middlesex County	10,345,000	7.3	1,906,033

(Continued)

(8) Fund Balances Reserved for Specific Purposes

Fund balances are reserved for the following purposes as of June 30, 1987:

General Fund:	
Sale of real estate (section 63 of Chapter 44 Massachusetts General Laws)	$ 48,157
Court judgments	209,600
Police Officer Detail	139,554
Tailings	347,287
Other	4,706
	$ 749,304
Special Revenue Funds:	
School Grants	862,095
Fuel Assistance Grants	77,730
Other	137,196
	$ 1,077,021
Capital Projects Fund:	
Lechmere Parking Garage	7,569,530
Other	3,550,654
	$ 11,120,184
Trust Funds:	
Retirement	78,704,802
Stabilization	1,700,000
Cemetery Perpetual Care	1,050,021
Health Claims	142,334
Other	438,971
	$ 83,036,128

(9) Segment Information for Enterprise Funds

The City maintains Enterprise Funds which provide water and hospital services. Segment information for the year ended June 30, 1987 follows:

	Hospital and Neighborhood Health Centers	Water	Total
Operating revenues	$ 26,111,216	4,929,041	31,040,257
Operating income (loss)	(8,244,629)	1,057,243	(7,187,386)
Net operating transfers	9,177,399	(1,854,700)	7,322,699
Depreciation Expense	960,845	292,936	1,253,781
Net income (loss)	712,951	(797,457)	(84,506)
Fixed assets	9,894,722	43,681,969	53,576,691
Net working capital	8,260,097	339,003	8,599,100
Total assets	20,510,668	45,365,285	65,875,953
Long-term obligations	5,990,000	-	5,990,000
Retained earnings	$ 12,254,819	44,020,972	56,275,791

(10) Individual Fund Receivables/Payables and Deficits

Individual balances of amounts due from and to other funds at June 30, 1987 are as follows:

	Due from other funds	Due to other funds
General Fund	$ -	158,820
Capital Projects Fund	-	1,412,546
Enterprise Funds:		
Hospital and Neighborhood Health Centers Fund	2,815,223	-
Water Fund	-	1,243,857
	$ 2,815,223	2,815,223

There were no individual fund deficits or significant operating deficits for fiscal year 1987.

(11) Commitments and Contingencies

See note 7 for a discussion of commitments by the City to the MWRA, MBTA, and Middlesex County.

There are numerous cases pending in courts throughout the Commonwealth where the City of Cambridge is a defendant. In the opinion of the City Solicitor, none of the pending litigation is likely to result, either individually or in the aggregate, in final judgments against the City that would materially affect its financial position.

The Cambridge Hospital self-insures against losses from claims for alleged malpractice. In the opinion of counsel for the Hospital, no asserted claim for malpractice is likely to result in final judgments that would materially affect the financial condition of the Hospital.

The City participates in a number of federal financial assistance programs, principal of which are the Community Development Block Grant, Low Income Home Energy Assistance, National School Lunch, and numerous Education Grant programs. Although the City's grant programs have been audited in accordance with the provisions of the Single Audit Act of 1984 through June 30, 1987, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

(Continued)

(12) Pension Plan

The City's Contributory Retirement System (the System) covers all employees except public school teachers, who are eligible for the Commonwealth of Massachusetts Teachers Retirement System and certain employees covered by the City's noncontributory pension plan. The System is currently subject to benefit provisions and financing requirements set forth in the Massachusetts General Laws. As such, the System is required to contribute to its trust fund each fiscal year an amount approximately equal to the pension benefits (less certain interest credits) expected to be paid during the year ("pay-as-you-go" method). This amount is determined in advance by the Commonwealth's Public Employee Retirement Administration and is based in part on the previous year's benefit payout. The Commonwealth currently reimburses the System on a quarterly basis for the portion of benefit payments owing to cost-of-living increases granted after the implementation of Proposition 2-1/2.

The latest actuarial valuation of the City's System was completed on September 8, 1986 based on employee data and asset information as of December 31, 1985. This actuarial information, updated as of December 31, 1986, is as follows:

Actuarial present value of accumulated plan benefits	
Vested plan benefits:	
Members receiving plan benefits	$ 95,390,000
Other members	53,730,000
Total vested plan benefits	149,120,000
Nonvested accumulated plan benefits	25,988,000
Total accumulated plan benefits	$ 175,108,000
Net assets available for plan benefits	$ 86,162,000

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8 percent.

Net assets available for benefits are measured on the basis of market value.

Based on a forty year actuarial funding program using the Entry Age Normal actuarial cost method, the City's contribution to the System would be $ 12,970,000. The City's 1987 contribution to the Retirement System was $ 12,740,187. The difference of $ 229,813 is recorded in the General Long Term Obligations account group. The amount reflected in the net account group of $118,882,000 represents the net projected plan benefit obligation after including the effect of estimated salary increases.

(Continued)

Under the terms of the Plans, participants are eligible for weekly or monthly benefit payments, under normal retirement provisions, upon reaching age 65 and attaining twenty years or more of creditable service. Also, the Contributory Plan provides for early retirement at age 55 if the participant (1) has a record of ten years of creditable service, (2) was on the City payroll on January 1, 1973, (3) voluntarily left City employment on or after that date, and (4) left accumulated annuity deductions in the fund. There are also provisions for early retirement due to disability.

(13) Budget Basis of Accounting

The City's budget as presented in the statement of Revenues, Expenditures and Encumbrances - Budget and Actual - General Fund was developed as follows:

City Council authorizations	$ 182,605,175
Supplemental appropriations and budget transfers	1,838,976
	$ 184,444,151

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the City adopts an annual budget for which the level of expenditure may not legally exceed appropriations for each department or undertaking classified in the following categories:

(1) Salaries and wages,

(2) Other ordinary maintenance,

(3) Travel and training, and

(4) Extraordinary expenditures.

Proposed expenditure appropriations for all departments and operations of the City, except that of public schools, are prepared under the direction of the Mayor. School Department appropriations are acted upon directly by the School Committee up to the level of certain prior year school appropriations and the Mayor may recommend additional sums for school purposes. In addition, the Mayor may submit to the City Council such supplementary appropriation orders as are deemed necessary.

The City Council may reduce or reject any item in budgets submitted by the Mayor but may not increase or add items without the recommendation of the Mayor. Supplemental appropriations for the year ended June 30, 1987, after the setting of the tax rate, were $2,084,063 and are included in the budgetary comparison financial statements.

(Continued)

Notes to General Purpose Financial Statements

The City follows a gross budgeting concept pursuant to which expenditures financed by special revenue funds and trust funds are budgeted as general fund expenditures and are financed by transfers from these funds to the general fund.

The City's General Fund budget is prepared on a basis other than generally accepted accounting principles (GAAP basis). The actual results of operations in the statement of Revenues, Expenditures and Encumbrances - Budget and Actual - General Fund, are presented on a "budget basis" to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis are that:

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

(b) Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

(c) The Cambridge City Hospital and its affiliated Neighborhood Health Centers and the Water Department are budgeted departments of the City's General Fund. However, for financial statement purposes, these entities are reported in enterprise funds and not as a part of the General Fund.

A summary of the differences between the results of operations presented on a budgeted basis and those presented in accordance with generally accepted accounting principles is as follows:

	Revenues	Expenditures	Other Financing Sources (Uses)
As reported on a budgetary basis	$ 174,081,125	179,465,415	7,024,231
To reclassify Hospital operations to enterprise fund	(25,936,443)	(33,171,095)	(9,177,399)
To reclassify Water Department operations to enterprise fund	(4,929,041)	(3,560,652)	-
To record revenue and other financing sources on a modified accrual basis of accounting	(2,023,864)	-	(1,500,000)
To record 1986 encumbrances and continuing appropriations paid during 1987	-	4,255,356	-
To eliminate 1987 encumbrances and continuing appropriations	-	(5,878,987)	-
As reported on GAAP basis	$ 141,191,777	141,110,037	(3,653,168)

SUPPLEMENTARY STATEMENTS AND SCHEDULES

The following section provides detailed information on the General, Special Revenue, Enterprise, and Trust and Agency Funds included in the general purpose financial statements. Also, information on real, personal, and excise tax collections, as well as a schedule of the long-term debt obligations and general fixed assets of the City is provided in this section.

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual

Year ended June 30, 1987

	Budget	Actual	Variance-Favorable (Unfavorable)
General Government:			
Mayor:			
Salaries and wages	$ 187,225	187,222	3
Other ordinary maintenance	66,485	64,628	1,857
Travel and training	11,105	10,159	946
Extraordinary expenditures	-	-	-
Total Mayor	264,815	262,009	2,806
City Manager:			
Salaries and wages	283,405	283,399	6
Other ordinary maintenance	156,050	148,179	7,871
Travel and training	16,900	16,398	502
Extraordinary expenditures	-	-	-
Total City Manager	456,355	447,976	8,379
City Council:			
Salaries and wages	246,445	246,443	2
Other ordinary maintenance	57,055	48,672	8,383
Travel and training	19,200	15,593	3,607
Extraordinary expenditures	-	-	-
Total City Council	322,700	310,708	11,992
City Clerk:			
Salaries and wages	210,820	210,809	11
Other ordinary maintenance	56,310	54,479	1,831
Travel and training	550	550	-
Extraordinary expenditures	2,500	2,500	-
Total City Clerk	270,180	268,338	1,842
Law:			
Salaries and wages	221,285	221,284	1
Other ordinary maintenance	440,930	436,792	4,138
Travel and training	395,235	390,641	4,594
Extraordinary expenditures	-	-	-
Total Law	1,057,450	1,048,717	8,733

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1987

	Budget	Actual	Variance-Favorable (Unfavorable)
Finance:			
Salaries and wages	$ 1,857,109	1,813,940	43,169
Other ordinary maintenance	1,655,565	1,588,735	66,830
Travel and training	46,251	43,548	2,703
Extraordinary expenditures	90,500	88,758	1,742
Total Finance	3,649,425	3,534,981	114,444
Employee Benefits:			
Salaries and wages	3,415,870	2,546,972	868,898
Other ordinary maintenance	10,945,810	10,827,287	118,523
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total Employee Benefits	14,361,680	13,374,259	987,421
General Services:			
Salaries and wages	182,830	176,172	6,658
Other ordinary maintenance	357,505	339,128	18,377
Travel and training	-	-	-
Extraordinary expenditures	17,000	16,997	3
Total General Services	557,335	532,297	25,038
Election Commission:			
Salaries and wages	261,365	237,916	23,449
Other ordinary maintenance	117,895	110,524	7,371
Travel and training	3,000	42	2,958
Extraordinary expenditures	-	-	-
Total Election Commission	382,260	348,482	33,778
Public Celebrations:			
Salaries and wages	36,230	36,225	5
Other ordinary maintenance	73,915	72,796	1,119
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total Public Celebrations	110,145	109,021	1,124

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1987

	Budget	Actual	Variance-Favorable (Unfavorable)
County Tax:			
Salaries and wages	$ -	-	-
Other ordinary maintenance	1,154,990	1,092,103	62,887
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total County Tax	1,154,990	1,092,103	62,887
Reserves:			
Salaries and wages	-	-	-
Other ordinary maintenance	32,500	-	32,500
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total Reserves	32,500	-	32,500
Animal Commission:			
Salaries and wages	77,410	77,399	11
Other ordinary maintenance	28,180	23,784	4,396
Travel and training	520	420	100
Extraordinary expenditures	-	-	-
Total Animal Commission	106,110	101,603	4,507
Total General Government	22,725,945	21,430,494	1,295,451
Public Safety:			
Fire:			
Salaries and wages	10,288,305	9,693,466	594,839
Other ordinary maintenance	1,449,775	1,380,981	68,794
Travel and training	75,450	71,280	4,170
Extraordinary expenditures	40,000	21,490	18,510
Total Fire	11,853,530	11,167,217	686,313
Police:			
Salaries and wages	10,636,080	10,181,599	454,481
Other ordinary maintenance	1,829,380	1,739,342	90,038
Travel and training	53,000	48,600	4,400
Extraordinary expenditures	-	-	-
Total Police	12,518,460	11,969,541	548,919

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1987

	Budget	Actual	Variance-Favorable (Unfavorable)
Traffic and Parking:			
Salaries and wages	$ 1,776,205	1,714,082	62,123
Other ordinary maintenance	2,429,495	2,382,480	47,015
Travel and training	29,400	29,024	376
Extraordinary expenditures	25,000	23,294	1,706
Total Traffic and Parking	4,260,100	4,148,880	111,220
Police Review and Advisory Board:			
Salaries and wages	52,955	11,159	41,796
Other ordinary maintenance	12,095	11,873	222
Travel and training	2,000	706	1,294
Extraordinary expenditures	1,200	1,200	-
Total Police Review and Advisory Board	68,250	24,938	43,312
Inspectional Services:			
Salaries and wages	839,350	778,729	60,621
Other ordinary maintenance	174,735	173,894	841
Travel and training	44,350	33,233	11,117
Extraordinary expenditures	-	-	-
Total Inspectional Services	1,058,435	985,856	72,579
License:			
Salaries and wages	108,830	108,821	9
Other ordinary maintenance	97,495	96,907	588
Travel and training	6,600	6,587	13
Extraordinary expenditures	10,350	9,683	667
Total License	223,275	221,998	1,277
Weights and Measures:			
Salaries and wages	91,610	91,609	1
Other ordinary maintenance	14,040	12,522	1,518
Travel and training	200	-	200
Extraordinary expenditures	-	-	-
Total Weights and Measures	105,850	104,131	1,719

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1987

		Budget	Actual	Variance- Favorable (Unfavorable)
Electrical:				
Salaries and wages	$	728,455	655,683	72,772
Other ordinary maintenance		1,177,750	1,146,566	31,184
Travel and training		2,615	2,523	92
Extraordinary expenditures		-	-	-
Total Electrical		1,908,820	1,804,772	104,048
Emergency Management:				
Salaries and wages		43,760	43,756	4
Other ordinary maintenance		17,330	16,337	993
Travel and training		-	-	-
Extraordinary expenditures		35,000	34,972	28
Total Emergency Management		96,090	95,065	1,025
Total Public Safety		32,092,810	30,522,398	1,570,412
Community Maintenance and Development:				
Public Works:				
Salaries and wages		6,395,585	6,084,847	310,738
Other ordinary maintenance		4,738,865	4,677,945	60,920
Travel and training		97,050	89,728	7,322
Extraordinary expenditures		510,000	510,000	-
Total Public Works		11,741,500	11,362,520	378,980
Community Development:				
Salaries and wages		979,525	935,041	44,484
Other ordinary maintenance		599,665	577,573	22,092
Travel and training		11,050	10,974	76
Extraordinary expenditures		68,728	-	68,728
Total Community Development		1,658,968	1,523,588	135,380
Historical Commission:				
Salaries and wages		54,410	54,404	6
Other ordinary maintenance		53,390	53,340	50
Travel and training		125	95	30
Extraordinary expenditures		-	-	-
Total Historical Commission		107,925	107,839	86

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1987

	Budget	Actual	Variance-Favorable (Unfavorable)
Conservation Commission:			
Salaries and wages	$ 21,780	21,765	15
Other ordinary maintenance	7,001	6,923	78
Travel and training	404	404	-
Extraordinary expenditures	-	-	-
Total Conservation Commission	29,185	29,092	93
Peace Commission:			
Salaries and wages	18,840	18,828	12
Other ordinary maintenance	3,100	3,099	1
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total Peace Commission	21,940	21,927	13
Rent Control:			
Salaries and wages	697,265	697,241	24
Other ordinary maintenance	309,775	302,892	6,883
Travel and training	1,100	780	320
Extraordinary expenditures	-	-	-
Total Rent Control	1,008,140	1,000,913	7,227
MBTA:			
Salaries and wages	-	-	-
Other ordinary maintenance	5,601,850	5,464,737	137,113
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total MBTA	5,601,850	5,464,737	137,113
Cable Vision:			
Salaries and wages	62,290	58,215	4,075
Other ordinary maintenance	61,700	60,523	1,177
Travel and training	2,100	1,732	368
Extraordinary expenditures	56,270	56,270	-
Total Cable Vision	182,360	176,740	5,620

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1987

	Budget	Actual	Variance-Favorable (Unfavorable)
Massachusetts Water Resources Authority:			
Salaries and wages	$ -	-	-
Other ordinary maintenance	3,279,920	3,279,918	2
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total Massachusetts Water Resources Authority	3,279,920	3,279,918	2
Total Community Maintenance and Development	23,631,788	22,967,274	664,514
Health and Hospital Services:			
Health:			
Salaries and wages	320,375	315,667	4,708
Other ordinary maintenance	116,635	109,249	7,386
Travel and training	4,100	3,038	1,062
Extraordinary expenditures	-	-	-
Total Health	441,110	427,954	13,156
Neville Manor:			
Salaries and wages	3,456,215	3,355,078	101,137
Other ordinary maintenance	1,956,730	1,847,011	109,719
Travel and training	53,000	41,460	11,540
Extraordinary expenditures	26,000	17,486	8,514
Total Neville Manor	5,491,945	5,261,035	230,910
Hospital:			
Salaries and wages	18,475,287	18,181,402	293,885
Other ordinary maintenance	14,435,011	14,129,373	305,638
Travel and training	169,395	166,895	2,500
Extraordinary expenditures	1,517,980	1,517,955	25
Total Hospital	34,597,673	33,995,625	602,048
Total Health and Hospital Services	40,530,728	39,684,614	846,114

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1987

	Budget	Actual	Variance-Favorable (Unfavorable)
Human Resource Development:			
Library:			
Salaries and wages	$ 1,301,530	1,301,521	9
Other ordinary maintenance	514,915	507,770	7,145
Travel and training	4,190	3,833	357
Extraordinary expenditures	-	-	-
Total Library	1,820,635	1,813,124	7,511
Human Services:			
Salaries and wages	2,144,520	2,144,519	1
Other ordinary maintenance	1,111,325	997,891	113,434
Travel and training	10,370	10,346	24
Extraordinary expenditures	-	-	-
Total Human Services	3,266,215	3,152,756	113,459
Human Rights:			
Salaries and wages	46,920	46,913	7
Other ordinary maintenance	27,715	26,283	1,432
Travel and training	4,000	2,834	1,166
Extraordinary expenditures	600	502	98
Total Human Rights	79,235	76,532	2,703
Veterans Benefits:			
Salaries and wages	137,020	137,016	4
Other ordinary maintenance	218,525	207,093	11,432
Travel and training	3,965	3,637	328
Extraordinary expenditures	-	-	-
Total Veterans Benefits	359,510	347,746	11,764
Women's Commission:			
Salaries and wages	45,480	45,474	6
Other ordinary maintenance	11,165	11,144	21
Travel and training	630	630	-
Extraordinary expenditures	-	-	-
Total Women's Commission	57,275	57,248	27
Total Human Resource Development	5,582,870	5,447,406	135,464

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1987

	Budget	Actual	Variance-Favorable (Unfavorable)
Education:			
Salary and wages	$ 33,163,737	33,163,550	187
Other ordinary maintenance	12,459,601	12,458,667	934
Travel and training	226,000	224,885	1,115
Extraordinary expenditures	6,424,817	6,424,817	-
Total Education	52,274,155	52,271,919	2,236
Water:			
Salaries and wages	1,867,860	1,848,213	19,647
Other ordinary maintenance	1,791,615	1,665,659	125,956
Travel and training	39,345	35,780	3,565
Extraordinary expenditures	11,000	11,000	-
Total Water	3,709,820	3,560,652	149,168
Debt Principal:			
Salaries and wages	-	-	-
Other ordinary maintenance	-	-	-
Travel and training	-	-	-
Extraordinary expenditures	2,185,000	2,185,000	-
Total Debt Principal	2,185,000	2,185,000	-
Interest:			
Salaries and wages	-	-	-
Other ordinary maintenance	85,000	70,897	14,103
Travel and training	-	-	-
Extraordinary expenditures	1,626,035	1,324,761	301,274
Total Interest	1,711,035	1,395,658	315,377
Total General Fund	$ 184,444,151	179,465,415	4,978,736

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SPECIAL REVENUE FUNDS

Federal Revenue Sharing

This fund is used to account for receipts from the Federal Revenue Sharing Program and any interest earned from investment of these receipts. Funds equal to the amount appropriated in the General Fund are transferred to the General Fund at the end of the fiscal year. Revenue Sharing, which is in the process of being phased out by the Federal Government, provides partial support for a number of programs including the Police, Fire, and Human Services Department.

Community Development Block Grant

Revenues from the Community Development Block Grant Program, which are used to support both operating and capital improvement programs, are recorded in this fund. As in the case with Federal Revenue Sharing, a transfer is made at the end of the fiscal year to the General and Capital Projects Funds to cover Block Grant-related expenditures in these funds during that fiscal year.

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.

Fuel Assistance

This fund is used to account for revenues and expenditures for a federal program designed to provide low-income families with assistance in purchasing fuel supplies.

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 Revenue Sharing and Block Grant Funds, an amount equal to that which is appropriated in the General and Capital Projects 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, Library, and Hospital. Both the receipt and expenditure of these funds are accounted for in this fund.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Balance Sheet

Special Revenue Funds

June 30, 1987

Assets	School Grants	Fuel Assistance	Parking Fund	Other Grants	Total
Cash	$ 862,095	86,397	1,728,214	56,422	2,733,128
Due from other governments	-	-	-	492,589	492,589
Total assets	$ 862,095	86,397	1,728,214	549,011	3,225,717
Liabilities and Fund Equity					
Accrued Expenses	-	-	-	411,815	411,815
Total liabilities	-	-	-	411,815	411,815
Fund equity:					
Reserved for encumbrances	-	8,667	-	-	8,667
Reserved for specific purposes	862,905	77,730	-	137,196	1,077,021
Unreserved	-	-	1,728,214	-	1,728,214
Total fund equity	862,095	86,397	1,728,214	137,196	2,813,902
Total liabilities and fund equity	$ 862,095	86,397	1,728,214	549,011	3,225,717

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Special Revenue Funds

Year ended June 30, 1987

	Federal Revenue Sharing	Community Development Block Grants	School Grants	Fuel Assistance	Parking Fund	Other Grants	Total
Revenues:							
Intergovernmental	$ 675,609	3,011,210	5,217,406	2,266,477	-	4,625,297	15,795,999
Investment income	44,240	-	-	7,537	238,320	-	290,097
Other	-	-	-	-	7,801,036	-	7,801,036
Total revenues	719,849	3,011,210	5,217,406	2,274,014	8,039,356	4,625,297	23,887,132
Expenditures:							
Education	-	-	4,854,560	-	-	-	4,854,560
Fuel assistance	-	-	-	2,573,586	-	-	2,573,586
Other	-	-	-	-	-	4,554,295	4,554,295
Total expenditures	-	-	4,854,560	2,573,586	-	4,554,295	11,982,441
Excess (deficiency) of revenues over expenditures	719,849	3,011,210	326,846	(299,572)	8,039,356	71,002	11,904,691
Other financing uses:							
Operating transfers to other funds	(923,652)	(3,011,210)	-	-	(8,147,752)	-	(12,082,614)
Excess (deficiency) of revenues over expenditures and transfers	(203,803)	-	362,846	(299,572)	(108,396)	71,002	(177,923)
Fund equity at beginning of year	203,803	-	499,249	385,969	1,836,610	66,194	2,991,825
Fund equity at end of year	$ -	-	862,095	86,397	1,728,214	137,196	2,813,902

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ENTERPRISE FUNDS

Hospital and Neighborhood Health Centers Fund

This fund is used to account for the operations of the Cambridge City Hospital and its affiliated Neighborhood Health Centers. The accrual basis of accounting requires that Hospital revenues be recorded at established rates charged less certain allowances and uncollectible amounts. Expenses are recorded as liabilities as incurred. Debt Service on general obligation bonds issued to finance the construction of the hospital as well as building renovations and the acquisition of medical equipment is also included in this fund.

Water Fund

This fund is used to account for the operations and maintenance of the City's water system. Revenues are recorded primarily on the basis of charges issued for water services. While expenses for Water Department capital improvements are recorded in the Capital Projects Fund, debt service on any bonds issued to finance these improvements is included in the Water Enterprise Fund.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Balance Sheet

Enterprise Funds

June 30, 1987

	Hospital and Neighborhood Health Centers	Water	Total
Assets			
Cash	$ -	1,399,206	1,399,206
Accounts receivable	15,252,939	607,397	15,860,336
Allowance for uncollectible receivables	(9,294,320)	(323,287)	(9,617,607)
Due from third parties	1,626,027	-	1,626,027
Due from other funds	2,815,223	-	2,815,223
Property, plant and equipment, net of accumulated depreciation	9,894,722	43,681,969	53,576,691
Other assets	216,077	-	216,077
Total assets	$ 20,510,668	45,365,285	65,875,953
Liabilities and Fund Equity/Retained Earnings			
Accrued expenses	1,226,952	100,456	1,327,408
Bond anticipation notes payable	250,000	-	250,000
Due to other funds	-	1,243,857	1,243,857
Accrued compensated absences	788,897	-	788,897
General obligation bonds payable	5,990,000	-	5,990,000
Total liabilities	8,255,849	1,344,313	9,600,162
Fund Equity/retained earnings	12,254,819	44,020,972	56,275,791
Total liabilities and fund equity/retained earnings	$ 20,510,668	45,365,285	65,875,953

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Revenues, Expenses, and Changes in Fund Balances/Retained Earnings

Enterprise Funds

Year ended June 30, 1987

	Hospital and Neighborhood Health Centers	Water	Total
Operating revenues:			
Patient service revenue, net of allowances and uncollectible accounts	$ 25,384,537	-	25,384,537
Charges for services	-	4,781,575	4,781,575
Other	726,679	147,466	874,145
Total operating revenues	26,111,216	4,929,041	31,040,257
Operating expenses:			
Administration	4,559,003	955,972	5,514,975
Finance	3,680,395	-	3,680,395
Service and support programs	18,913,573	2,430,650	21,344,223
General services	4,271,747	-	4,271,747
Depreciation	960,845	292,936	1,253,781
Other	1,970,282	192,240	2,162,522
Total operating expenses	34,355,845	3,871,798	38,227,643
Operating income (loss)	(8,244,629)	1,057,243	(7,187,386)
Non-operating revenues and expenses:			
Interest expense	(219,819)	-	(219,819)
Net income (loss) before operating transfers	(8,464,448)	1,057,243	(7,407,205)
Operating transfers from other funds	7,540,965	-	7,540,965
Operating transfers to other funds	-	(1,854,700)	(1,854,700)
Transfer from general fund for			
Hospital debt service	1,636,434	-	1,636,434
Net income (loss)	712,951	(797,457)	(84,506)
Fund Balances/Retained earnings:			
Beginning of year	11,541,868	44,818,429	56,360,297
End of year	$ 12,254,819	44,020,972	56,275,791

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Financial Position

Enterprise Funds

Year ended June 30, 1987

	Hospital and Neighborhood Health Centers	Water	Total
Sources of cash:			
From Operations:			
Net income (loss)	$ 712,951	(797,457)	(84,506)
Noncash expenses and revenues included in income:			
Depreciation	960,845	292,936	1,253,781
Change in accrued income and expenditures	(2,044,438)	477,782	(1,566,656)
Net cash flow from operating activities	(370,642)	(26,739)	(397,381)
Other sources of cash:			
Proceeds from debt	3,250,000	-	3,250,000
Total other sources	3,250,000	-	3,250,000
Total sources of cash	2,879,358	(26,739)	2,852,619
Uses of cash:			
Repayment of debt	(1,636,434)	-	(1,636,434)
Repayment of capital lease	(31,481)	-	(31,481)
Additions to property, plant and equipment	(1,211,443)	(326,784)	(1,538,227)
Total uses of cash	(2,879,358)	(326,784)	(3,206,142)
Increase (decrease) in cash	$ -	(353,523)	(353,523)

FIDUCIARY FUNDS

The City's Fiduciary Funds are used to account for the 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. These include expendable trust funds, nonexpendable trust funds, pension trust funds, and agency funds.

The Trust Funds, which are described later in this section of the report, are segregated into four categories, School Trust Funds, Neville Manor Nursing Home Trust Funds, Library Trust Funds, and Other Trust Funds. The balances listed are cash balances only. The last sentence of each Trust Fund narrative lists the expendable balances which represents the income/interest portion of the Trust. In general, the City has a policy to limit expenditures from the Trusts to the total accumulated income/interest amount so that the principal of the Trusts is protected.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Balance Sheet

Fiduciary Funds

June 30, 1987

	Pension Trust Funds	Nonexpendable Trust Funds				Expendable Trust Funds							Agency Funds	Total
	Retirement Trust Fund	School Fund	Neville Manor Fund	Library Fund	Other Fund	School Fund	Neville Manor Fund	Library Fund	Cemetary Fund	Health Claims Trust Fund	Stabilization Trust Fund	Other Fund		
Assets														
Cash and short term investments	$ 6,721,935	4,554	25,733	49,210	60,100	22,502	35,498	38,189	382,177	1,142,334	1,700,000	189,166	434,158	10,805,556
Other investments	71,076,998	-	-	4,019	-	-	-	10,000	667,844	-	-	-	-	71,758,861
Other assets	905,869	-	-	-	-	-	-	-	-	-	-	-	-	905,869
Total assets	$ 78,704,802	4,554	25,733	53,229	60,100	22,502	35,498	48,189	1,050,021	1,142,334	1,700,000	189,166	434,158	83,470,286
Liabilities and Fund Equity														
Guarantee deposits and amounts due other taxing authorities	-	-	-	-	-	-	-	-	-	-	-	-	434,158	434,158
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	434,158	434,158
Fund equity	78,704,802	4,554	25,733	53,229	60,100	22,502	35,498	48,189	1,050,021	1,142,334	1,700,000	189,166	-	83,036,128
Total liabilities and fund equity	$ 78,704,802	4,554	25,733	53,229	60,100	22,502	35,498	48,189	1,050,021	1,142,334	1,700,000	189,166	434,158	83,470,286

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Pension and Nonexpendable Trust Funds

Year ended June 30, 1987

	Pension Trust Funds	Nonexpendable Trust Funds				
	Retirement Trust Fund	School Fund	Neville Manor Fund	Library Fund	Other Fund	Total
Revenues:						
Income from employer and member contributions	$14,996,116	-	-	-	-	-
Investment income	5,962,828	169	1,698	2,442	6,927	11,236
Donations and direct income	-	2,000	-	1,200	-	3,200
Gain (loss) on sale of investments	1,512,906	-	-	-	-	-
Bond amortization	907,496	-	-	-	-	-
Total revenues	23,379,346	2,169	1,698	3,642	6,927	14,436
Expenses:						
Pension plan distributions	14,375,545	-	-	-	-	-
Other	163,713	-	-	-	-	-
Income before operating transfers	8,840,088	2,169	1,698	3,642	6,927	14,436
Transfers to other funds	-	(169)	(1,698)	(2,442)	(6,927)	(11,236)
Net income	8,840,088	2,000	-	1,200	-	3,200
Fund equity at beginning of year	69,864,714	2,554	25,733	52,029	60,100	140,416
Fund equity at end of year	$ 78,704,802	4,554	25,733	53,229	60,100	143,616

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Financial Position

Pension and Nonexpendable Trust Funds

Year ended June 30, 1987

	Pension Trust Fund	Nonexpendable Trust Funds				
	Retirement Trust Fund	School Fund	Neville Manor Fund	Library Fund	Other Fund	Total
Sources of cash:						
From operations:						
Net income	$ 8,840,088	2,000	-	1,200	-	3,200
Add/Deduct items not affecting cash:						
Increase in accrued interest	(24,379)	-	-	-	-	-
Gain on sale of investments	(1,512,906)	-	-	-	-	-
Amortization of bond investments	(907,496)	-	-	-	-	-
Unrealized stock appreciation	(1,593,232)	-	-	-	-	-
Increase in divided receivable	(36,975)	-	-	-	-	-
Cash provided from operations	4,765,100	2,000	-	1,200	-	3,200
Other sources:						
Proceeds from sales and maturities of investments	19,520,152	-	-	-	-	-
Commissions paid	16,643	-	-	-	-	-
Decrease in due from other governments	1,696,707	-	-	-	-	-
Total other sources	21,233,502	-	-	-	-	-
Total sources of cash	25,998,602	2,000	-	1,200	-	3,200
Uses of cash:						
Purchase of investments	(17,412,779)	-	-	-	-	-
Purchase of short term investments	(2,486,170)	-	-	-	-	-
Purchase of insurance contracts	(3,825,002)	-	-	-	-	-
Total uses of cash	(23,724,351)	-	-	-	-	-
Increase in cash	$ 2,274,251	2,000	-	1,200	-	3,200

CITY OF CAMBRIDGE

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

Expendable Trust Funds

Year ended June 30, 1987

	Expendable Trust Funds							
	School Fund	Neville Manor Fund	Library Fund	Cemetery Fund	Health Claims Trust Fund	Stabilization Trust Fund	Other Fund	Total
Revenues:								
Investment income	1,670	2,344	3,048	114,550	68,494	-	11,797	201,903
Donations	4,314	-	2,631	-	-	-	3,846	10,791
Cemetery deposits	-	-	-	27,100	-	-	-	27,100
	5,984	2,344	5,679	141,650	68,494	-	15,643	239,794
Expenditures:	(11,530)	(4,266)	(7,400)	(38)	-	-	(14,336)	(37,570)
Excess (deficiency) of revenues over expenditures	(5,546)	(1,922)	(1,721)	141,612	68,494	-	1,307	202,224
Operating transfers from other funds	169	1,698	2,442	-	100,000	-	6,927	111,236
Operating transfers to other funds	-	-	-	(150,000)	-	-	-	(150,000)
Excess (deficiency) of revenue over expenditures and transfers	(5,377)	(224)	721	(8,388)	168,494	-	8,234	163,460
Fund equity at beginning of year	27,879	35,722	47,468	1,058,409	973,840	1,700,000	180,932	4,024,250
Fund equity at end of year	22,502	35,498	48,189	1,050,021	1,142,334	1,700,000	189,166	4,187,710

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Assets and Liabilities Agency Funds

Year ended June 30, 1987

Assets	Balance June 30, 1986	Additions	Deductions	Balance June 30, 1987
Cash:				
ERI	$ 11,057	1,026,345	1,029,151	8,251
Contract bids	11,680	-	-	11,680
Plans	315	-	-	315
Tree removals	485	-	-	485
Driveways	55,426	6,950	300	62,076
Street openings	109,229	7,650	1,414	115,465
Sidewalk openings	150	-	-	150
In lieu of bond	70,645	-	-	70,645
License commission	405	5,456	4,847	1,014
Cambridge police detail	(97,893)	2,236,898	2,214,101	(75,096)
Cambridge fire detail	543	-	-	543
Dog licenses	(1,211)	300	-	(911)
Sporting licenses	(21)	11,470	11,435	14
Dog officer	570	-	-	570
Constable fees	6,332	120,771	125,532	1,571
Meal tax agency	8,747	-	-	8,747
Senior cab	4,279	-	-	4,279
Water service renewal	17,478	-	-	17,478
Undistributed interest	3,808	-	-	3,808
Purchase of trees	3,115	8,580	237	11,458
Blue Cross	80,478	164,331	135,000	109,809
Accident & Life Insurance	49,471	21,970	-	71,441
Medicare	788	-	-	788
Car seat program	1,059	405	-	1,464
Deferred compensation	1,587	1,087	1,388	1,286
Commonwealth Health	4,023	-	-	4,023
Legal fees	3,100	15,550	15,800	2,850
Retirement office payroll	(236)	123,273	123,082	(45)
Non-renewal of license fee	125,000	-	125,000	-
	$ 470,409	3,751,036	3,787,287	434,158

(continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Assets and Liabilities Agency Funds

Year ended June 30, 1987

Liabilities	Balance June 30, 1986	Additions	Deductions	Balance June 30, 1987
Guarantee deposits and amounts due other taxing authorities:				
ERI	$ 11,057	1,026,345	1,029,151	8,251
Contract bids	11,680	-	-	11,680
Plans	315	-	-	315
Tree removals	485	-	-	485
Driveways	55,426	6,950	300	62,076
Street openings	109,229	7,650	1,414	115,465
Sidewalk openings	150	-	-	150
In lieu of bond	70,645	-	-	70,645
License commission	405	5,456	4,847	1,014
Cambridge police detail	(97,893)	2,236,898	2,214,101	(75,096)
Cambridge fire detail	543	-	-	543
Dog licenses	(1211)	300	-	(911)
Sporting licenses	(21)	11,470	11,435	14
Dog officer	570	-	-	570
Constable fees	6,332	120,771	125,532	1,571
Meal tax agency	8,747	-	-	8,747
Senior cab	4,279	-	-	4,279
Water service renewal	17,478	-	-	17,478
Undistributed interest	3,808	-	-	3,808
Purchase of trees	3,115	8,580	237	11,458
Blue Cross	80,478	164,331	135,000	109,809
Accident & Life Insurance	49,471	21,970	-	71,441
Medicare	788	-	-	788
Car seat program	1,059	405	-	1,464
Deferred compensation	1,587	1,087	1,388	1,286
Commonwealth Health	4,023	-	-	4,023
Legal fees	3,100	15,550	15,800	2,850
Retirement office payroll	(236	123,273	123,082	(45)
Non-renewal of license fee	125,000	-	125,000	-
	$ 470,409	3,751,036	3,787,287	434,158

CITY OF CAMBRIDGE, MASSACHUSETTS

DESCRIPTION OF TRUST FUNDS

School Trust Funds

Robert Calef Children Fund

In 1987, the City Council accepted $6,290 to establish the Robert Calef Children's Trust Fund. The initial funding was derived from a roast of Oliver S. Brown, retiring Deputy Superintendent. The purpose of the trust is to provide books for children in kindergarten through grade three including non-graded pupils of comparable age in the Cambridge Public Schools. The funds shall be at the direction of a board of six trustees to be composed of six primary teachers of the Cambridge Public School system which shall include three designees of the Superintendent of Schools and three of the President of the Cambridge Teacher's Association. Expenditures may be made from principal and interest except the balance shall not fall below $2000. As of June 30, 1987, the expendable balance was $4,712.00

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$0	$0	$6,712.00	$6,712.00

Cambridge Public School Fund

In February of 1986, the city accepted a $10,000 gift from the Amelia Peabody Foundation to establish the Cambridge Public School Trust. This initial gift was to provide for the expansion of the computer capability at the Graham and Parks Alternative Public School, so that students with limited English speaking ability can be effectively served. Generally, this trust was established to accept special gifts for the Cambridge School Department for specific purposes with all future gifts being formally accepted by the City Council before expenditures can occur. As of June 30,1987, the expendable balance was $110.04

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$10,098.51	$10,000.00	$11.53	$110.04

John Wesley Freese Fund

At the time of his death in 1910, John Wesley Freese willed the sum of $100 to the Houghton School. Of this amount only $89.36 was actually received. The school has subsequently been closed and demolished, so that the trust now provides funds for the purchase of books or works of art for any school. As of June 30,1987, the expendable balance was $1,654.37

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$1,790.48	$0	$117.80	$1,908.28

Georgia Hardy Spelling Contest

This fund was a gift from Georgia Hardy which consisted of 1 share of American Telephone and Telegraph Common Stock. Over the years this stock was split into 6 shares, and recently was redeemed because of the A T & T break-up. The income is to be expended for one or more books, which are to be awarded as prizes to the winners of a spelling contest to be conducted annually among the students of the senior class of Cambridge Rindge and Latin High School. The purpose of the trust is to promote interest in the correct spelling of words of the English language. As of June 30,1987, the expendable balance was $739.09

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$670.95	$ 0	$68.14	$739.09

Charity of Edward Hopkins Fund

This "charity" represents the oldest continuous scholarship in the United States, with the history dating back to 1675. At that time Edward Hopkins, the Royal Governor of Connecticut, bequeathed the sum of "500 pounds" for the "encouragement in those foreign plantations for the breeding of hopeful youths both at the grammar school and college for the public service of the country in future times". Due to political consideration, the interest of the trust was never carried out. On March 7, 1710, Head Keeper Harcourt decreed that the 500 pounds, with interest from June 10, 1700 to March 7, 1710, should be used to purchase land in New England under the name of the corporation for the propagation of the Gospel. The revenue from the land was to be used for the benefit of the college and grammar school at Cambridge in New England. The trustees and the City have agreed to expend 1/4 of the net income for classical instruction and scholarship prizes at the Cambridge Rindge and Latin High School.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$(1,025.81)	$0	$0	$(1,025.81)

Edward Kingman Scholarship Fund

The sum of $1,700 was donated to Cambridge to form the Edward Kingman Scholarship. This scholarship fund was established to award a prize during the first year of college to a student who graduated from Cambridge Rindge and Latin High School with the highest grade who attends college the next year. As of June 30,1987, the expendable balance was $6,108.92.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$7,326.88	$0	$482.04	$7,808.92

Longfellow School Fund

The Longfellow School Fund is of unknown origin. It is to be held in trust for the students of the Longfellow School. As of June 30,1987, the expendable balance was $1,588.37.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$1,959.90	$500.47	$128.94	$1,588.37

Massachusetts Society of Cincinnati Fund

In 1969, the Massachusetts Society of Cincinnati gave $300 to the Cambridge School Department staff for training and the purchase of materials related to minorities to be used in United States History and Political Science courses. As of June 30,1987, the expendable balance was 575.80.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$540.26	$0	$35.54	$575.80

Charles Merrill Fund

On October 2, 1972, the City Council accepted a gift of $25,000 from the Charles E. Merrill Trust. This amount was to be used for the support of the special expenses of the Cambridge Alternative Public School. As of June 30,1987, the expendable balance was $4,862.14.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$5,527.63	$1,029.15	$363.66	$4,862.14

Thomas McCann Fund

In 1969 the McCann Company established a fund to reimburse teachers who participate in training workshops on minorities and poverty. Part of this money was applied to the purchase of social studies materials. As of June 30,1987 the expendable balance was $972.49.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$912.46	$0	$60.03	$972.49

Edward J. Shea Memorial Fund

In June, 1965, the City Council accepted the Edward Shea Memorial Fund. The annual income from the principal of $300 was to be awarded to a member of the graduating class of the Cambridge Rindge and Latin High School "who has shown himself to be cognizant to the obligation of a good citizen; law abiding; a diligent student; respectful to faculty and interested in his associates". The winner is to be chosen by the Headmaster and two members of the faculty. As of June 30,1987, the expendable balance was $597.12.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$841.74	$0	$55.38	$897.12

Webster H. Thierry Historic Prize Fund

This is a fund of $300 donated by Adelaide R. Thierry. A book is purchased as a prize to the pupil judged by the Headmaster of Cambridge Rindge and Latin High School to have done the best work in the most advanced American History and Government course during the current year. As of June 30,1987, the expendable balance was $1,609.78.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$1,791.89	$0	$117.89	$1,909.78

Neville Manor Nursing Home Trust Funds

Anna D. Behlen Fund

Under the terms of Anna D. Behlen's will, accepted by the City Council on March 11, 1974, the Neville Manor was the recipient of a gift of $1,800, whose interest is to be used for the enjoyment and recreation of the residents of the Neville Manor. As of June 30,1987, the expendable balance was $1,977.75.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$3,544.55	$0	$233.20	$3,777.75

Anna Burke Fund

In 1971, the City Council accepted $2,500 as a partial distribution of the estate of Anna Burke. The final distribution amounted to $5,028.70. The purpose of the fund was to benefit the residents of Neville Manor and act as a memorial to Mrs. Burke's late husband, Frederick H. Burke, a former City Clerk and City employee for over 50 years. As of June 30,1987, the expendable balance was $603.11.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$8,042.35	$2,939.65	$529.11	$5,631.81

Reverend Patrick H. Callahan Fund

A gift in the amount of $2,000 was willed to the City from Reverend Patrick H. Callanan, Pastor of St. Peter's Church, the income to be spent for a "feast day" on December 18th for the residents of the Neville Manor. As of June 30,1987, the expendable balance was $2332.15.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$4,064.73	$0	$267.42	$4,332.15

John Harty Fund

Margaret A. Harty bequeathed to the City the sum of $5,000 in memory of her brother John Harty. The interest of the trust is to provide "entertainment and comfort" for the residents of the Neville Manor. As of June 30,1987, the expendable balance was $3,014.93.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$2,828.82	$0	$186.11	$3,014.93

John W. Hodge Fund

Under the terms of the will of John W. Hodge, Neville Manor received the sum of $1,786.67 to serve as the principal of the John W. Hodge Fund. The income from this fund was to provide a Christmas of "good cheer" for the residents. As of June 30,1987, the expendable balance was $6,127.70.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$8,401.45	$1,326.48	$552.73	$7,627.70

Minnie Perry Fund

Miss Minnie Perry donated the residue of her estate to the City to be used "to promote spiritual and material joys" for the residents of Neville Manor. The principal of this fund is $7,590 of which the income can be used for Christmas and Easter parties. As of June 30,1987, the expendable balance was $8,023.22.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$14,649.43	$0	$963.79	$15,613.22

Frank F. Rogers, Jr. Fund

At the time of the death of the wife of Frank F. Rogers, Jr. $50,000 was to be divided into 10 equal shares, one of which Neville Manor was to receive. The City was to manage the fund and expend the annual income for entertainment and gifts for the residents of Neville Manor. As of June 30,1987, the expendable balance was $4,216.26.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$8,640.40	$0	$568.91	$9,209.31

Sarah E. Russell Fund

As provided in the will of Sarah E. Russell, who died October 6, 1897, the sum of $814.41 was paid to the City "the income therefrom to be annually expended in or towards providing a Christmas Tree or Christmas gifts and entertainment for the residents of the Neville Manor." As of June 30,1987, the expendable balance was $1,815.00.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$2,467.10	$0	$162.31	$2,629.41

John and Catherine Shine Fund

Elizabeth M. Shine bequeathed the sum of $2,000 to Neville Manor. The income was to be used for a celebration on January 9th, in memory of the wedding day of Miss Shine's parents. As of June 30,1987, the expendable balance was $7,345.81.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$8,787.67	$0	$578.14	$9,345.81

Library Trust Funds

Bookmobile Trust Fund

This fund represents money remaining from citizen contributions after the purchase of a new bookmobile in fiscal year 1984. The fund will be used to develop a special childrens book collection and to cover any unbudgeted or unexpected maintenance costs for the bookmobile. As of June 30,1987, the expendable balance was $4,648.25.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$4,368.12	$0	$280.13	$4,648.25

Cambridge Field Branch Library Fund

In May of 1985, the City Council accepted an anonymous gift of $2,000 to establish the Cambridge Field Branch Library Trust. The trust is to be used to purchase materials to expand the Cambridge Field Branch Library's existing holdings and to make improvements to the library beyond the scope of normal maintenance and replacement. In addition, the trust is to be used to fund special projects that are unique to the neighboring community. As of June 30,1987, the expendable balance was $6,657.67.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$4,376.93	$0	$2,280.73	$6,657.67

Cambridge History Fund

The City Council accepted a gift of $10,000 in February, 1979, to be used by the Cambridge Public Library to produce a series of publications whose story constitutes the history of Cambridge. In addition, funds are to be used to expand and preserve the holdings of the Cambridge Memorial Room at the Library. As of June 30,1987 , the expendable balance was $14,665.80.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$22,991.18	$0	$1,674.62	$24,665.80

Citizens of Cambridge Fund

An anonymous citizen of Cambridge donated $3,000 in 1923 and 1924 and $2,400 in 1926 to the Cambridge Public Library. Income from these gifts was to be used for books on Americanization, the fine arts, general nature, and binding. As of June 30,1987, the expendable balance was $ 1,616.66.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$9,882.79	$1,500.00	$633.87	$9,016.66

Citizens Subscription Fund

In 1899, a citizens committee raised funds for books for the newly opened public library. An unexpended balance of $5,000 was place in trust in a U.S. Treasury Bond, No. 3867, due 1998, with the resulting income to be used for the same purpose. As of June 30,1987, the expendable balance was $397.21.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$960.60	$300.00	$236.61	$897.21

Daniel P. Cummings Fund

Daniel P. Cummings bequeathed to the trustees of the Cambridge Public Library in 1899 the sum of $2,000. Income was to be used for the purchase of non-sectarian books for the library. As of June 30,1987, the expendable balance was $475.88.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$3,266.38	$1,000.00	$209.50	$2,475.88

Isaac Fay Fund

In accordance with the provisions of the will of Isaac Fay, who died December 29, 1872, the sum of $1,000 was paid to the trustees of the Cambridge Public Library to be invested and used for the purchase of books. As of June 30,1987, the expendable balance was $71.07.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$1,100.49	$100.00	$70.58	$1,071.07

Harry Futterman Fund

Since 1958, the Cambridge Public Library has been the recipient of a grant from the Harry Futterman Fund. This fund was established to assist existing libraries to lend classical music records to the public. Annually, the Cambridge Public Library submits an application to the Harry Futterman Fund to qualify for the grant, with any proceeds to be used for the purchase of classical records. As of June 30,1987, the expendable balance was $37.83.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$129.52	$100.00	$8.31	$37.83

William Penn Harding Fund

William Penn Harding at the time of his death donated $1,000 to the trustees of the Cambridge Public Library for the purchase of science, art and travel books which are to be stamped "William Penn Harding Library Fund". As of June 30,1987, the expendable balance was $277.64.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$1,670.50	$500.00	$107.14	$1,277.64

Abigail Howe Fund

In her will dated 1917, Abigail Howe bequeathed to the board of trustees of the Cambridge Public Library an unrestricted gift of $3,000. As of June 30,1987, the expendable balance was $495.85.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$4,694.74	$1,500.00	$301.11	$3,495.85

Gertrude E. Kirkley Fund

In January of 1987, the Cambridge Public Library was the recipient of a $1000 gift from a Cambridge citizen who wished to remain anonymous for the establishment of a trust fund to honor the memory of Gertrude E. Kirkley. The gift provides that the interest earned will be used for the purchase of books and materials that will benefit all residents of Cambridge. As of June 30, 1987 the expendable balance was $64.16.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$0	$0	$1,064.16	$1,064.16

Jeanne Kantor Landon Fund

In August of 1983, the City Council accepted a gift of $500 to establish a James Kantor Landon Trust Fund, to be used by the Cambridge Public Library to purchase books about art and artists anywhere in the world and from any historical period, as well as for books concerning serious and light opera. Books purchased from the trust will carry a label bookplate indicating that the source of the gift is in honor of Jeanne Kantor Landon from her family and friends. The principal amount may be used by the Libra ry for book purchases as necessary and interest income from the principal is unrestricted. As of June 30,1987, the expendable balance was $480.79.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$451.81	$0	$28.98	$480.79

Maria Murdock Fund

In 1922 Maria Murdock left to the Cambridge Public Library an unrestricted gift of $2,000. As of June 30,1987, the expendable balance was $266.34.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$4,009.20	$2,000.00	$257.14	$2,266.34

Carrie Saunders Fund

A sum of $1,500 was placed in trust by the family of Carrie Saunders with the resulting interest to be used for the purchase of books on art. As of June 30,1987, the expendable balance was $2,080.93

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$3,365.10	$0	$215.83	$3,580.93

William E. Saunders Fund

In accordance with the will of Abigail L. Prentiss, the residue of her estate $7,350.39 was placed in trust for the Cambridge Public Library, principal as well as interest is to be used to purchase books and maintain the William E. Saunders alcove. The Saunders Fund owns a $5,000 Atcheson, Topeka and Sante Fe Railroad Company Bond, due in 1995. As of June 30,1987, the expendable balance was $4,115.75.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$5,559.19	$0	$556.56	$6,115.75

Webster H. Thierry Library Fund

In 1956, Adelaide R. Thierry donated the sum of $1,128 to the City of Cambridge to establish the "Webster H. Thierry Shelf". The income is to be used to provide low cost book plates and purchase books. As of June 30,1987, the expendable balance was $3,159.36

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$4,023.62	$0	$264.71	$4,288.33

Edward H. Whorf Fund

Under the terms of his will, Edward R. Whorf gave $1,000 for the benefit of the Library. In addition, Edward J. Whorf donated $3,000 to be invested or expended for the benefit of the library with the requirement that the library catalogue his works concerning Mexico and Latin America and expand the catalogue periodically. As of June 30,1987, the expendable balance was $5,533.43.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1968 Income	FY 1987 Closing Balance
$8,958.82	$0	$574.61	$9,533.43

Mehitable C.C. Wilson Fund

According to the terms of Mehitable Wilson's will, the Cambridge Public Library received $500. This sum was a gift to be used by the trustees for the benefit of the library. As of June 30,1987, the expendable balance was $431.64

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$2,191.11	$400.00	$140.53	$1,931.64

James A. Woolson Fund

At the time of his death in 1905, James A. Woolson donated 50 shares of F. Brigham and Gregory stock to the Cambridge Public Library. This stock was eventually converted to $5,000 cash which was used to purchase an American Telephone and Telegraph Bond, due 2001, No. R-29-872. This amount was to be expended for the purchase of books that were to be designated by an appropriate plate or card. As of June 30,1987, the expendable balance was $2,912.05.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$2,495.75	$0	$416.30	$2,912.05

Other Trust Funds

Bridge Charitable Fund

The Bridge Charitable Fund was founded by Levi Bridge in 1875. In 1877, Samuel Bridge, a relative of the founder, donated a sum sufficient to double Levi Bridge's original gift. The Mayor, City Manager, and Finance Director are trustees and are able to allow distribution of the funds to referral clients of reputable social services agencies such as the Department of Public Welfare. As of June 30,1987, the expendable balance was $7,762.28.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$11,229.80	$0	$738.81	$11,968.61

Charles Bullock Fund

In his will dated November 16, 1932, Charles Bullock directed the trustees of his estate, at the time of his wife's death, to turn over the residue of his wife's inheritance to the City of Cambridge to provide school children with proper instruction in dental hygiene. As of June 30,1987, the expendable balance was $119,006.21.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$136,199.73	$0	$12,806.48	$149,006.21

Facade Preservation Fund

On June 13, 1983, the Cambridge City Council authorized the establishment of an expendable trust for a donation received by the Cambridge Historical Commission from the owner of 1420-1440 Massachusetts Avenue. This expendable trust was established for the deposit of this donation and other similar donations to be received by the Historical Commission. The Historical Commission may use the principal and accrued interest for the administration of its preservation programs within the City of Cambridge from time to time. As of June 30,1987, the expendable balance was $16,098.54.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$15,104.83	$0	$993.71	$16,098.54

Smith Hughes Fund

The Smith Hughes Fund consists of the unexpended balance of the gift the City received some years ago. As of June 30,1987, the expendable balance was $3,589.29.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$3,367.83	$0	$221.46	$3,589.29

John Kinnear Fund

In 1873, John Kinnear bequeathed $10,000 to be held in trust to memorialize Company C, Third Regiment, the first unit to respond to President Lincoln's call for volunteers to duty in the War Between the States. As of June 30,1987, the expendable balance was $9,137.05.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$21,427.34	$3,700.00	$1,409.71	$19,137.05

Melville Shoe Fund

In 1969 Melville Shoe Company set up a fund to support a program for training retarded young adults. As of June 30,1987, the expendable balance was $739.29.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$693.65	$0	$45.64	$739.29

Bridget McGuire Fund

In 1974, Bridget McGuire bequeathed to the Cambridge Hospital the sum of $2,000 in memory of her late sister, Margaret Mahoney, to be used for the care of needy patients. As of June 30,1987, the expendable balance was $5,136.68.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$4,819.60	$0	$317.08	$5,136.68

Cambridge Plant & Garden Club Tree Fund

In the spring of 1963, the City accepted a gift of $300 to establish the Tree Fund. This fund has been used to augment the City's program of tree planting and other various conservation activities. The fund receives occasional deposits from the Cambridge Plant and Garden Club. There are no restrictions on the amount that can be spent; only that it can be used for conservation and horticultural activities. As of June 30,1987, the expendable balance was $8,325.05.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$11,774.37	$7,171.32	$3,722.00	$8,325.05

Mary "Molly" Ramsey Fund

In October of 1963, the City accepted a gift of $5,000 from the estate of Mary "Molly" Ramsey. The income from this fund is to be used annually to sponsor a competition for junior golfers and a Member-Guest Tournament at the Fresh Pond Golf Course. In the event that the before-mentioned purpose of the fund cannot be served, then it is required that the income of any or all of the principal may be used for other purposes but only with the unanimous decision of the Chief Executive Officer, Recreation Director, Treasurer of the City of Cambridge and golf professionals at the Fresh Pond Golf Course. As of June 30,1987, the expendable balance was $10,721.74.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$10,552.49	$525.00	$694.25	$10,721.74

Completion of the Soldiers Monument Fund

This trust consists of the residue of the funds used to erect the Soldiers Monument on the Old Burying Grounds/Cambridge Common. The City is planning to use the funds from this trust for the refurbishing of the Monument, when necessary. As of June 30,1987, the expendable balance was $752.21.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$3,464.29	$2,940.00	$227.92	$752.21

Sheehan War Memorial Fund

This fund was begun by the students of Cambridge High and Latin to install a plaque in the War Memorial in honor of the war dead. However, the City dedicated a plaque before the Cambridge High and Latin fund reached its goal. The City is contemplating alternative uses of the trust which will adhere to the intent of the trust. As of June 30,1987, the expendable balance was $5746.75.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$5,392.01	$0	$354.74	$5,746.75

Daniel C. White/J. Warren Merrill Charity Fund

On May 16, 1863, Mr. Daniel C. White made a gift to the Mayor of the City of Cambridge, George C. Richardson, of $5,000 to be held in trust: "to hold and invest the same safely and apply the income thereof from time to time according to the discretion of the trustees to the purchasing and distribution of fuel among worthy and deserving poor of my native city of Cambridge". On February 13, 1890, the trustees recorded the receipt of a legacy under Article 33 of the will of J. Warren Merrill of $5,000 and also 30 shares of Union Hall Association, "the income only to be expended in the purchase of fuel and food for native born American persons who have seen better days and are in reduced circumstances from sickness and misfortune. The stock sold for $360. In January of 1959, the City Council combined the trusts. Under the new terms of the fund, the City administers the trust for "deservingly poor of Cambridge who are not recipients of public welfare". As of June 30,1987, the expendable balance was $5919.30.

FY 1987 Opening Balance	FY 1987 Expenditures	FY 1987 Income	FY 1987 Closing Balance
$15,774.95	$0	$1,037,84	$16,812.79

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OTHER SCHEDULES

The following schedules present detailed information on the City's real estate, personal property, and motor vehicle excise taxes, bonds payable, and general fixed assets as of June 30,1987.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Year ended June 30, 1987

	Uncollected June 30, 1986	Commitments	Abatements	Transfers to Tax Title	Refunds	Collections	Adjustments Increase (decrease)	Uncollected June 30, 1987
Real estate taxes:								
1977 and prior	$ 117,025	-	-	-	1,345	8,686	(9,111)	100,573
1978	45,749	-	-	-	-	5,932	635	40,452
1979	53,987	-	-	-	-	126	(7,545)	46,316
1980	52,501	-	-	-	360	(1,940)	(7,510)	47,291
1981	(13,851)	-	43,963	-	39,825	17,918	19,257	(16,650)
1982	(73,637)	-	35,984	-	30,702	(4,243)	25,534	(49,142)
1983	173,270	-	63,324	-	50,101	53,781	16,689	122,955
1984	113,483	-	297,894	-	157,543	24,163	7,392	(43,639)
1985	584,394	-	363,830	-	245,683	122,761	235,305	578,791
1986	2,307,386	-	391,189	(443,931)	272,849	1,801,189	57,475	1,402
1987	-	79,719,675	245,949	-	81,292	38,562,899	(67,773)	40,924,346
	$ 3,360,307	79,719,675	1,442,133	(443,931)	879,700	40,591,272	270,348	41,752,695
Personal property taxes:								
1977 and prior	88,461	-	-	-	-	-	-	88,461
1978	47,545	-	-	-	-	-	-	47,545
1979	68,530	-	-	-	-	-	(1)	68,529
1980	59,152	-	-	-	-	1,064	440	58,528
1981	71,221	-	-	-	-	-	-	71,221
1982	87,813	-	1,976	-	-	1,378	688	85,147
1983	104,828	-	7,980	-	7,128	65	20	103,931
1984	70,522	-	520	-	-	116	(53)	69,833
1985	80,232	-	108	-	-	202	(33)	79,889
1986	70,916	-	259	-	131	7,672	5,677	68,794
1987	-	3,025,947	-	-	-	1,767,445	-	1,258,501
	$ 749,220	3,025,947	10,843	-	7,259	1,777,942	6,738	2,000,379
Motor vehicle excise taxes:								
1977 and prior	724,983	-	-	-	24	8,207	449	717,249
1978	286,606	-	-	-	48	4,122	12	282,544
1979	339,795	-	-	-	8	9,658	52	330,197
1980	374,483	-	-	-	205	12,160	(319)	362,209
1981	137,924	-	21	-	4,549	6,540	302	136,214
1982	156,124	10	101	-	1,813	8,865	1,312	150,293
1983	117,768	150	384	-	1,073	7,939	24,560	135,228
1984	211,065	250	477	-	1,170	38,652	1,582	174,938
1985	231,083	48,460	9,571	-	10,110	94,768	10,716	196,030
1986	461,814	540,848	71,051	-	39,820	758,836	5,140	217,735
1987	-	1,703,419	89,165	-	5,437	1,288,153	302	331,840
	$ 3,041,645	2,293,137	170,770	-	64,257	2,237,900	44,108	3,034,477

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds Payable

June 30, 1987

	Interest Rate	Issue Date	Final Maturity Date	Balance June 30,1986	Additions	Retired	Balance June 30, 1987
Inside Debt Limit:							
Surface drainage loan	4.70%	9/1/72	9/1/92	$ 105,000	-	15,000	90,000
Surface drainage loan	5.375	10/15/76	10/15/96	825,000	-	75,000	750,000
Multi-purpose	11.40-11.60	6/1/82	6/1/92	320,000	-	70,000	250,000
Mulit-purpose	5.60-5.70	6/15/87	6/15/97	-	9,585,000	-	9,585,000
Sewer loan	9.10-9.20	12/15/82	12/15/92	3,500,000	-	500,000	3,000,000
Surface drainage loan	7.20	2/15/84	11/15/88	1,140,000	-	380,000	760,000
Lechmere Canal Park Loan	7.0	7/1/85	7/1/95	4,460,000	-	455,000	4,005,000
Public Building Renovation	7.0	7/1/85	7/1/90	1,500,000	-	300,000	1,200,000
Hospital loan (Boiler renovations)	7.0	7/1/85	7/1/93	1,850,000	-	235,000	1,615,000
Hospital loan (Equipment)	7.0	7/1/85	7/1/88	1,495,000	-	500,000	995,000
Lechmere Parking Garage	6.10-6.20	7/1/86	7/1/94	-	700,000	-	700,000
				15,195,000	10,285,000	2,530,000	22,950,000
Outside Debt Limit:							
School Debt:							
School project loan	5.80	11/1/69	11/1/88	300,000	-	100,000	200,000
School project loan	5.80	11/1/69	11/1/89	800,000	-	200,000	600,000
School project loan	5.70	9/1/70	9/1/90	1,500,000	-	300,000	1,200,000
School project loan	5.25	7/1/71	7/1/91	1,140,000	-	190,000	950,000
School project loan	11.40-11.60	6/1/82	6/1/92	1,500,000	-	250,000	1,250,000
High school loan	5.70	6/15/78	6/15/98	13,860,000	-	1,155,000	12,705,000
School project loan	7.20	2/15/84	11/15/93	2,065,000	-	665,000	1,400,000
School project loan	9.0	8/1/84	8/1/93	7,925,000	-	1,000,000	6,925,000
School building renovation	5.60-5.70	6/15/87	6/15/97	-	1,815,000	-	1,815,000
				29,090,000	1,815,000	3,860,000	27,045,000
Urban Development:							
Urban renewal loan	3.75	7/1/66	7/1/86	15,000	-	15,000	-
Gore Street and Alberico playground loan	4.70	3/1/69	3/1/88	60,000	-	30,000	30,000
				75,000	-	45,000	30,000
Parking:							
Lechmere Parking Garage	7.0	7/1/85	7/1/93	2,100,000	-	265,000	1,835,000
Lechmere Parking Garage	6.10-6.20	7/1/86	7/1/94	-	2,660,000	-	2,660,000
				2,100,000	2,660,000	265,000	4,495,000
Library:							
Main library addition loan	3.75	7/1/66	7/1/86	30,000	-	30,000	-
				30,000	-	30,000	-
Hospital:							
Hospital loan	3.75	7/1/66	7/1/86	185,000	-	185,000	-
Hospital loan	3.75	7/1/67	7/1/87	300,000	-	150,000	150,000
Hospital loan	4.40	7/1/68	7/1/88	345,000	-	115,000	230,000
				830,000	-	450,000	380,000
Sewer Projects:							
Sewer loan	5.375	10/15/76	10/15/96	2,385,000	-	220,000	2,165,000
Sewer loan	4.70	9/1/72	9/1/92	700,000	-	100,000	600,000
				3,085,000	-	320,000	2,765,000
				$ 50,405,000	14,760,000	7,500,000	57,665,000

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of General Fixed Assets - by Function and Activity

Year Ended June 30, 1987

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment
General Government:					
Control:					
Legislative	$ 20,147	$ -	$ -	$ -	$ 20,147
Executive	57,198	-	-	-	57,198
Total Control	77,345	-	-	-	77,345
Staff Agencies:					
Elections	20,852	-	-	-	20,852
Finance	1,073,740	-	-	-	1,073,740
Law	7,069	-	-	-	7,069
Employee Benefits	2,315	-	-	-	2,315
Animal Commission	4,761	-	-	-	4,761
Public Celebrations	2,641	-	-	-	2,641
Total Staff Agencies	1,111,378	-	-	-	1,111,378
Total General Government	1,188,723	-	-	-	1,188,723
Public Safety:					
Building Inspection	9,799	-	-	-	9,799
License	14,611	-	-	-	14,611
Police Protection	2,369,865	999,803	483,994	-	886,068
Fire Protection	6,755,919	3,274,675	1,126,228	-	2,355,016
Emergency Management	52,627	-	-	-	52,627
Traffic and Parking	4,162,115	1,952,080	1,738,194	-	471,841
Electrical	388,415	50,000	147,315	-	191,100
Total Public Safety	13,753,351	6,276,558	3,495,731	-	3,981,062
Community Maintenance and Development:					
Public Works	7,787,564	3,364,609	1,464,794	-	2,958,161
Community Development	65,483	-	-	-	65,483
Historical Commission	15,389	-	-	-	15,389
Conservation Commission	2,046	-	-	-	2,046
Rent Control	16,909	-	-	-	16,909
Cable Television	14,984	-	-	-	14,984
Total Community Maintenance and Development	7,902,375	3,364,609	1,464,794	-	3,072,972
Human Resource Development:					
Library	1,624,887	125,000	1,098,556	-	401,331
Human Services	88,735,314	87,242,253	327,377	967,281	198,403
Human Rights Commission	2,130	-	-	-	2,130
Women's Commission	8,270	-	-	-	8,270
Veteran's Benefits	4,285	-	-	-	4,285
Total Human Resources	90,374,886	87,367,253	1,425,933	967,281	614,419
Public Schools	98,939,310	55,067,765	39,808,074	525,868	3,537,603
Neville Manor	6,479,444	5,552,182	819,197	-	108,065
Construction in Progress	28,451,158				
Total General Fixed Assets	$ 247,089,247	$157,628,367	$ 47,013,729	$ 1,493,149	$ 12,502,844

CITY OF CAMBRIDGE MASSACHUSETTS

Schedule of Changes in General Fixed Assets - by Function and Activity

Year Ended June 30, 1987

Function and Activity	General Fixed Assets 6/30/86	Additions	Deductions	General Fixed Assets 6/30/87
General Government				
Control:				
Legislative	$ 19,893	$ 254	$ -	$ 20,147
Executive	57,198	-	-	57,198
Total Control	77,091	254	-	77,345
Staff Agencies:				
Elections	17,922	2,930	-	20,852
Finance	358,979	714,761	-	1,073,740
Law	7,069	-	-	7,069
Employee Benefits	-	2,315	-	2,315
Animal Commission	2,029	2,732	-	4,761
Public Celebrations	2,641	-	-	2,641
Total Staff Agencies	388,640	722,738	-	1,111,378
Total General Government	465,731	722,992	-	1,188,723
Public Safety:				
Building Inspection	2,208	7,591	-	9,799
License	7,312	7,299	-	14,611
Emergency Management	26,929	25,698	-	52,627
Fire Management	6,657,087	98,832	-	6,755,919
Police	2,270,960	102,905	4,000	2,369,865
Traffic and Parking	3,959,064	203,051	-	4,162,115
Electrical	285,527	102,888	-	388,415
Total Public Safety	13,209,087	548,264	4,000	13,753,351
Community Maintenance and Development:				
Public Works	7,552,560	377,142	142,138	7,787,564
Community Development	54,174	11,309	-	65,483
Historical Commission	15,389	-	-	15,389
Conservation Commission	-	2,046	-	2,046
Rent Control	20,821	-	3,912	16,909
Cable Television	14,184	800	-	14,984
Total Community Maintenance and Development	7,657,128	391,297	146,050	7,902,375
Human Resource Development:				
Library	1,585,014	39,873	-	1,624,887
Human Services	87,255,432	1,479,882	-	88,735,314
Human Rights Commission	-	2,130	-	2,130
Women's Commission	3,521	4,749	-	8,270
Veteran's Benefits	4,285	-	-	4,285
Total Human Resource	88,848,252	1,526,634	-	90,374,886
Public Schools	96,311,567	2,627,743	-	98,939,310
Neville Manor	6,425,738	72,436	18,730	6,479,444
Construction in Progress	19,775,000	8,676,158	-	28,451,158
Total General Fixed Assets	$ 232,692,503	$ 14,565,524	$ 168,780	$ 247,089,247

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Statistical Section

STATISTICAL SECTION

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present nonaccounting data. The following tables reflect social and economic data, financial trends, and the fiscal capacity of the City. Some tables may reflect less than the required ten year history due to the unavailability of certain information. However, an attempt to present information on a ten year basis is being made on an "on-going basis."

CITY OF CAMBRIDGE, MASSACHUSETTS

General Government Expenditures by Function(1)

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Community Maintenance and Development	Health and Hospital	Human Resource Development	Education	Debt Services	Contributions to Regional Agencies: Transit	Contributions to Regional Agencies: MDC/MWRA	Contributions to Regional Agencies: County Tax	Total
1978	$12,958,877	$15,253,815	$13,211,380	$17,548,045	$8,293,850	$25,609,783	$5,258,085	$4,180,875	$706,320	$1,671,995	$104,693,025
1979	13,628,706	16,258,695	13,710,625	19,089,355	10,378,410	27,780,768	7,052,165	4,692,310	937,905	912,845	114,441,784
1980	16,010,270	18,191,438	15,154,110	20,480,820	10,496,178	28,512,149	7,010,460	4,081,230	968,740	1,001,650	121,907,045
1981	15,332,190	18,734,915	15,749,600	22,994,865	10,151,500	38,105,235	3,485,440	5,047,285	965,545	1,123,900	131,690,475
1982	15,847,829	19,070,531	15,111,885	25,052,675	6,469,580	36,610,665	3,806,780	5,779,540	1,024,545	1,261,870	130,035,900
1983	23,610,993	20,914,709	15,401,170	28,399,895	3,523,666(2)	38,654,703	5,163,610	5,394,740	1,069,550	978,105	143,111,141
1984	26,124,998	23,032,520	16,136,485	30,585,285	3,692,420	43,079,170	4,847,265	5,299,680	1,011,980	993,520	154,803,323
1985	24,672,910	24,788,805	15,551,475	32,619,000	3,947,640	46,132,435	3,938,160	5,270,410	1,217,025	988,825	159,126,685
1986	19,978,895	28,590,055	16,461,715	39,487,585	4,866,860	48,988,761	4,045,605	5,475,355	1,871,215(3)	1,238,640	171,004,686
1987	19,833,705	32,032,930	17,405,215	42,298,735	5,303,640	51,799,155	3,896,035	5,601,850	3,279,920	1,154,990	182,705,175

(1) Includes expenditures of the general, hospital and water funds.

(2) Eastern Middlesex Human Resource Development Agency which was part of the City budget appropriation became a separate entity which reduced the overall Human Resources budget.

(3) Beginning in fiscal year 1986, the State absorbed within their budget of the City's portion of Metropolitan District Commission (MDC) park assessments. However, the City was made responsible for assessments imposed by the newly established Massachusett's Water Resources Authority (MWRA).

Source: Budgets adopted by the City Council for the fiscal years 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, and 1987.

CITY OF CAMBRIDGE, MASSACHUSETTS

General Revenues By Source(1)

Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter-Govern-mental Revenue	Charges for Service	Fines and Forfeits	Miscellaneous Revenues	Total
1978	59,340,733	524,490	18,093,732	21,081,710	855,625	4,796,735	104,693,025
1979	63,051,424	562,950	24,182,755	23,442,050	1,100,300	2,102,305	114,441,784
1980	65,563,028	659,385	26,065,885	25,565,900	1,690,277	2,362,570	121,907,045
1981	72,700,235	808,735	26,095,110	28,363,025	1,323,500	2,399,870	131,690,475
1982	66,288,660	1,103,975	25,077,155	31,874,515	2,350,500	3,341,095	130,035,900
1983	66,252,456	1,636,485	30,971,610	36,351,370	4,256,500	3,642,720	143,111,141
1984	67,414,826	2,442,405	36,633,272	38,657,665	5,447,150	4,208,005	154,803,323
1985	67,804,185	2,456,460	39,310,730	40,654,845	4,903,080	3,997,385	159,126,685
1986	73,559,104	2,509,785	40,396,690	44,595,510	5,364,105	4,579,492	171,004,686
1987	75,528,975	2,708,410	44,158,875	48,729,970	5,849,765	5,729,180	182,705,175

(1) Includes revenues of general and special revenue funds.

Source: Budgets adopted by the City Council, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, and 1987.

CITY OF CAMBRIDGE, MASSACHUSETTS

Property Tax Levies and Collections(1)

Last Eight Fiscal Years

Fiscal Year	Net Tax(2) Levy	Current Tax(3) Collections	Percent of Net Levy Collected	Delinquent Tax(4) Collections	Total Tax Collections	Total Collections as a % of Net Levy	Outstanding and/or Delinquent Taxes(5)	Outstanding Delinquent Taxes as a % of Net Levy
1980	$62,680,601	$60,910,606	97.18%	$1,379,712	$62,290,318	99.38%	$2,867,560	4.57%
1981	78,146,189	75,899,959	97.13	1,373,948	77,273,907	98.88	2,821,733	3.61
1982	66,128,390	64,802,471	97.99	1,507,189	66,309,660	100.27	2,898,372	4.38
1983	66,128,389	63,435,268	95.93	2,262,042	65,697,310	99.35	2,764,035	4.18
1984	67,744,879	64,090,340	94.61	3,390,421	67,480,761	99.61	4,393,372	6.49
1985	70,319,998	67,886,871	96.54	2,285,178	70,172,049	99.79	4,320,173	6.14
1986	72,361,512	71,158,036	98.33	2,408,143	73,566,179	101.66	4,109,527	5.68
1987(6)	80,310,585	40,330,344	50.21	2,038,870	42,369,214	52.76	43,753,074	54.48

(1) Real and personal property taxes.

(2) Total tax levy less overlay reserve for abatements.

(3) Current tax collections reflect the amount of a fiscal year's tax levy collected during that fiscal year.

(4) Delinquent tax collections for any fiscal year excludes interest and penalties.

(5) Outstanding delinquent taxes excludes accrued interest and penalties.

(6) Fiscal year 1987 collections are lower in comparison due to the late issuance of tax bills for the second half of the year. The amount outstanding at fiscal year 1987 was not delinquent since tax bills were due after the fiscal year end.

Source: Audit reports for the City of Cambridge for fiscal years 1980, 1981, 1982, 1983, 1984, 1985, 1986, and 1987.

CITY OF CAMBRIDGE, MASSACHUSETTS

Assessed and Equalized Valuation of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total Assessed Value(1)	Equalized Valuation(2)	% of Total Assessed Value to Equalized
1978	$ 283,134,200	$ 56,317,400	$ 339,451,600	$ 875,000,000	38.8%
1979	285,652,500	56,158,900	341,811,400	917,000,000	37.3
1980	285,919,400	56,445,200	342,364,600	917,000,000	37.3
1981	290,196,900	56,857,900	347,054,800	1,291,000,000	26.9
1982	282,030,000	58,145,236	340,176,236	1,291,000,000	26.3
1983	288,733,100	54,535,600	343,268,700	2,004,000,000	17.1
1984	2,793,448,787	108,181,902	2,901,630,689	2,004,000,000	144.8(3)(4)
1985	2,973,620,466	109,798,700	3,083,419,166	2,918,829,043	105.6
1986	3,505,211,487	111,000,000	3,616,211,487	2,918,829,043	123.9
1987	5,825,497,020	149,534,722	5,975,031,742	4,192,316,000	142.5

(1) As of January 1, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, and 1986, respectively.

(2) As of January 1, 1978, 1980, 1982, 1984, and 1986 respectively. Equalized valuations are determined biennially by the Commissioner of Revenue.

(3) The high percentage of assessed valuation to equalized valuation is the result of equalized valuations being as of January 1, 1982, while assessed valuations are as of January 1, 1983. In addition, estimates determined by the Department of Revenue are more conservative than actual assessments.

(4) Effective fiscal year 1984, assessed valuation was increased to 100 percent of fair market value. Prior year assessments were based on a percentage of market value.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Ratio of Net General Bonded Debt to Assessed Valuation and Net Bonded Debt Per Capita

Last Ten Fiscal Years

Fiscal Year	Population(1)	Assessed Value(2)	Net Bonded Debt(3)	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1978	$102,095	$339,451,600	$29,355,000	8.6	$288
1979	102,095	341,811,400	48,605,000	14.2	476
1980	95,322	342,364,600	45,935,000	13.4	482
1981	95,322	347,054,800	42,220,000	12.2	443
1982	93,841	340,176,236	38,740,000	11.4	413
1983	93,841	343,268,700	39,780,000	11.6	424
1984	92,535	2,901,630,689	40,450,000	1.4	437
1985	92,535	3,083,419,166	40,935,000	1.3	442
1986	86,868	3,616,211,487	44,830,000	1.2	516
1987	86,868	5,975,031,742	57,665,000	1.0	614

(1) Population estimates are from U.S. Department of Commerce, Bureau of Census, Current Population Reports, "Local Population Estimates".

(2) Fiscal year 1984 assessed valuation reflects full market value. Prior year assessed valuations were based on a percentage of full market value.

(3) As of June 30, the previous fiscal year.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Computation of Legal Debt Margin

June 30, 1987

Fiscal year 1987 equalized valuation (1)		$ 4,192,316,000
Normal debt limit (2-1/2% of equalized valuation)		$ 104,807,900
Amount of debt applicable to debt limit:		
Total bonded debt	$ 57,665,000	
Less:		
General obligation bonds exempted by authority of the state legislature	(34,715,000)	
Amount within debt limit		22,950,000
Legal Debt Margin		$ 81,857,900

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(1) In order to determine appropriate relative values for the purposes 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 January 1, 1986.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service(1)	Total Expenditures(2)	Ratio of Debt Service To Total Expenditures
1978	$ 2,695,000	$ 1,411,885	$ 4,106,885	$ 104,693,025	3.9%
1979	3,825,000	2,602,165	6,427,165	114,441,784	5.6
1980	3,715,000	2,410,655	6,125,655	121,907,045	5.0
1981	3,480,000	2,224,755	5,704,755	131,690,475	4.3
1982	3,480,000	2,044,970	5,524,970	130,035,900	4.2
1983	4,330,000	2,384,235	6,714,235	143,111,141	4.7
1984	4,830,000	2,537,190	7,267,190	154,803,323	4.7
1985	5,030,000	2,555,095	7,585,095	159,126,685	4.8
1986	5,830,000	2,975,755	8,805,755	171,004,686	5.1
1987	7,500,000	3,414,400	10,914,400	182,705,175	6.0
Average					4.8%

(1) As of June 30, the previous fiscal year. Does not include debt service on short-term borrowing, such as revenue anticipation notes which are retired during the fiscal year.

(2) Includes all categories of expenditures as presented in the first table.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Property Tax Rates (1)

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Vehicles(2)
1978	$ 179.30	$ 179.30	$ 66.00
1979	188.60	188.60	66.00
1980	188.40	188.40	66.00
1981	230.40	230.40	25.00
1982	199.80	199.80	25.00
1983	198.00	198.00	25.00
1984(3)	17.00 Residential 33.12 Commercial	33.12	25.00
1985	15.26 Residential 34.69 Commercial	34.69	25.00
1986	14.29 Residential 30.83 Commercial	30.83	25.00
1987	9.81 Residential 20.76 Commercial	20.76	25.00

(1) Real and personal property tax rate applicable to each $1,000 of assessed value.

(2) Motor vehicle excise tax is assessed on a calendar year. The rate was reduced to $25 per 1,000 of assessed value due to the passage of "Proposition 2-1/2".

(3) Beginning in fiscal year 1984 the tax rate on real and personal property was based on 100 percent of fair market value. Tax rates for fiscal years prior to 1984 were established prior to the implementation of property classification. Thus, a single rate was set for all categories of property.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Computation of Direct and Overlapping Debt

June 30, 1987

Name of Unit	Direct Debt	Overlapping Debt	Percentage Applicable to City of Cambridge	Total City of Cambridge Direct and Overlapping Debt
City of Cambridge	$ 57,665,000	-	100.00%	$ 57,665,000
Middlesex County	-	10,345,000	7.26	751,047
Massachusetts Water Resources Authority	-	267,567,177	3.70	9,899,986
Massachusetts Bay Transportation Authority	-	836,640,000	5.20	43,505,280
Total direct and overlapping debt				$111,821,313

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Principal Taxpayers(1)

June 30, 1987

Name	Nature of Business	Assessed Valuation	Amount of Tax	% of Total Tax Levy
Harvard College	Education	$ 139,561,300	$ 2,897,293	3.5%
Prudential Insurance	Commercial	125,300,000	2,601,228	3.1
Massachusetts Institute of Technology	Education	123,860,000	2,571,334	3.1
Boston Properties	Commercial	96,581,000	2,005,022	2.4
Commonwealth Energy	Utility	75 ,605,500	1,569,570	1.9
Saddlebrook Corp.	Commercial	66,338,000	1,377,177	1.6
Spaulding & Slye Corp.	Commercial	58,795,300	1,220,590	1.4
Robert A. Jones and K. George Najarian	Commercial	57,906,000	1,202,129	1.4
New England Telephone	Utility	46,569,900	966,791	1.1
Unicorp (Cabot, Cabot, and Forbes)	Commercial	45,000,000	934,200	1.1
Totals		$ 835,517,000	$ 17,345,334	20.0%

(1) For fiscal year 1987 (as of January 1, 1986)

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Salaries of Principal Officials

June 30, 1987

Official Title	Annual Salary
City council:	
Chairman (Mayor)	$ 27,383
Members	26,329
City Clerk	44,000
City Auditor	44,000
Executive:	
City Manager	95,000
Deputy City Manager	72,500
Assistant City Manager/Fiscal Affairs	61,000
Assistant City Manager/Community Development	60,000
Assistant City Manager/Human Services	61,000
Budget Director	44,000
Personnel Director	52,000
Assessor	44,000
City Solicitor	44,000
Commissioner of Health, Hospitals and Welfare	70,000
Commissioner of Public Works	60,000
Commissioner of Inspectional Services	52,000
Superintendent of Schools	77,500
Police Chief	60,000 (1)
Fire chief	60,000 (1)
Director of Libraries/Communications	58,500

(1) Does not include educational incentives.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Miscellaneous Statistics

Characteristic	Cambridge	Boston SMSA	Massachusetts	United States
Population (1):	86,868	2,820,700	5,797,582	236,495,000
Median age (2):				
1980	28.6	31.3	31.2	30.0
1970	26.8	29.1	29.0	28.0
1960	29.6	32.0	32.1	29.5
Age group (3):				
5-17	11.6%	19.1%	20.1%	20.9%
25-34	25.5	17.0	16.3	16.4
65 and over	11.4	12.5	12.7	11.3
Median family income (2):				
1979	$ 17,845	$ 22,848	$ 21,166	$ 19,917
1969	9,815	11,449	10,981	9,590
Per capita income (2):				
1983	$ 11,403	N/A	$ 10,517	$ 9,496
1981	9,755	N/A	9,101	8,476
1979	7,957	$ 8,182	7,458	7,313
1969	3,899	3,713	3,425	3,119
Unemployment rates (4):				
1987	3.1%	3.1%	3.9%	7.2%
1986	3.2	3.5	3.8	7.0
1985	3.3	3.4	3.9	7.2
1984	4.0	4.1	4.8	7.5
1983	5.8	5.8	6.9	9.6
Four or more years of college education 25 years old and over (3)	43.1%	28.8%	20.0%	16.3%
High school graduates 25 years old and over (3)	76.2%	76.4%	72.2%	66.3%

	K-8	9-12	Special	Total
Public school enrollments (5):				
1987	4,631	2,541	648	7,820
1986	4,686	2,619	582	7,885
1985	4,760	2,671	566	7,997
1984	4,795	2,621	577	7,993
1983	4,930	2,606	616	8,152

(1) Source: U.S. Department of Commerce, Bureau of Census, Current Population Reports, "Local Population Estimates", 1986.

(2) Source: U.S. Department of Commerce, Bureau of Census.

(3) Source: U.S. Department of Commerce, Bureau of Census, 1980 Census of Population.

(4) Source: Department of Labor, Bureau of Labor Statistics and Massachusetts Division of Employment Security.

(5) Enrollments are as of October 1, for the fiscal years shown.

CITY OF CAMBRIDGE, MASSACHUSETTS

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

For the Fiscal Year
July 1, 1986 through June 30, 1987

Electronic Publishing	Advanced Data Reprographics, Inc.
Paper	70 pound
Covers and Dividers	80 pound coated
Printing - Laser Printing/text	Advanced Data Reprographics, Inc.
Printing - Covers and Dividers	Champagne Offset Co., Inc.
Composing	Finance Department
Cover and Divider Design	Claudia Sharon Chanzit
Photograph	Aerial Photos International

15.

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

February 8, 1988

To the Honorable, the City Council:

Enclosed please find copy of the FY87 Financial Report for the City of Cambridge which includes the Certificate of Achievement for Excellence in Financial Reporting presented to the City by the Government Finance Officers Association of the United States and Canada (p. XXI).

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Enc.

Agenda # 15 F-89

Copy of the FY87 Financial Report of the City of Cambridge.

In City Council,
February 8, 1988

Placed on file