City of Cambridge, Massachusetts

Comprehensive Annual Financial Report

July 1, 1988-June 30, 1989

CITY OF CAMBRIDGE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year July 1, 1988 through June 30, 1989

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: View of the Civil War Monument located in the Cambridge Commons.

CITY OF CAMBRIDGE, MASSACHUSETTS

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 1989

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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

December 21, 1989

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, 1989 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.

Uncollateralized Deposits

The City of Cambridge does not require collateral for its certificates of deposits or repurchase agreements when dealing with major banking institutions in the Boston area. However, City officials reserve the right to require collateral when it is in the best interest of the city.

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, 1988, 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.

Respectfully submitted,

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

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CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

December 21, 1989

To the Honorable, the City Council:

I am pleased to submit the Comprehensive Annual Financial Report of the City of Cambridge, Massachusetts for the fiscal year ending June 30, 1989. Each year the City's Finance Department prepares this report, which presents comprehensive financial and operating information about the City's activities during the preceding fiscal year. The Comprehensive Annual Financial Report is a detailed report that goes beyond the requirements of applicable statutes, regulations and generally accepted accounting principles in order to present all of the information necessary to meet the needs of many persons and groups with an interest in the financial affairs of the City of Cambridge.

The report is divided into three major sections:

1. The **Introductory Section**, including this letter, which provides an overview of the City's organizational structure, a summary of the financial condition of the City and an analysis of the City's general government operations.

2. The **Financial Section**, which contains the General Purpose Financial Statements and Combining Statements. These statements provide both an overview of the City's entire financial operations and details for the significant individual funds.

3. The **Statistical Section**, which presents historical financial data, debt statistics and miscellaneous social and economic data about the City.

This letter will present a review of the City's significant achievements, and an analysis of its financial operations, economic climate and future outlook. It is divided into the following sections: Fiscal Year 1989 In Review, Financial Summary, Economic Condition, Future Outlook and Conclusion.

FISCAL YEAR 1989 IN REVIEW: MAJOR INITIATIVES

Several important accomplishments occurred during fiscal year 1989 which enhanced Cambridge's strong financial position and its role as an innovative and efficient provider of municipal services. The most significant of these are as follows:

- Development of a 55 acre recreational facility on the site of the former city landfill. The City has received a grant from the State Department of Environmental Protection for the innovative design it used to cover the landfill.

- Construction of a 12-bed pediatric psychiatry unit at the Cambridge Hospital. When this unit opens in fiscal year 1990, it will serve children aged five to fifteen, and will be one of only eleven dedicated child psychiatry units in the Commonwealth.

- Expansion of programs to address housing issues. Initiatives in this area include providing city-owned property, operated by the YMCA, to shelter families and adolescents in transition, and establishing the Affordable Housing Trust Fund to rehabilitate and develop housing units for low to moderate income residents.

- Completion of State licensing process for the afterschool child care programs. The City continues to be a leader in the provision of child care for its residents. More than 300 children receive after-school and pre-school care in municipally operated programs that are financed through a combination of parent fees, State contracts and direct municipal support.

- Initiation of a volunteer program to recycle bottles and paper.

- Receipt of the Citation for Excellence in Urban Design from American Institute of Architects in recognition of the City's leadership in the revitalization of the East Cambridge Riverfront.

- Receipt of the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award from the Government Finance Officers Association.

FINANCIAL SUMMARY

The City continues to be in sound financial condition as demonstrated by the financial statements and schedules included in this report. Throughout the year, the City maintained a strong cash and investment position and once again did not issue any tax anticipation notes. The following information pertains to the revenues and expenditures of the General and Enterprise Funds. This data is included in the *Statement of Revenues, Expenditures, and Encumbrances, Budget and Actual,* which presents financial information on the budget basis of accounting. Budget basis of accounting includes Hospital and Water Department revenues and expenditures as part of the General Fund.

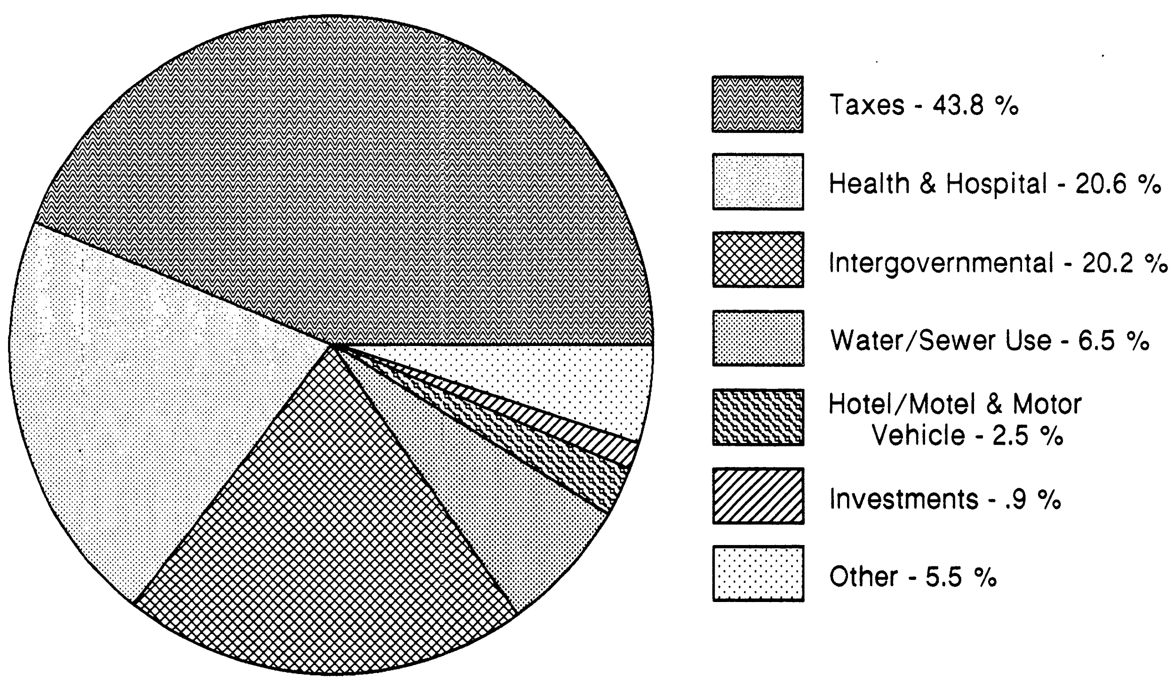
Revenues

Fiscal Year 1989 revenues totalled $211,571,883. This represents an increase of $11.5 million in revenue or 5.8 percent over fiscal year 1988. Property taxes are the single largest revenue source, representing approximately 44 percent of General Fund revenues. Real and personal property tax revenues, net of abatements, increased $7.4 million to $92,585,894 during fiscal 1989. Health and Hospital receipts comprise the City's next largest revenue source, representing slightly more than 20 percent of the General Fund. These revenues increased 13 percent to $43.6 million, primarily due to a higher volume of service, a better collection rate and increased reimbursements from medicaid. Intergovernmental revenues, which totalled $42.7 million during FY 1989, currently comprises 20 percent of General Fund revenues. However, this revenue source may decrease significantly during the next several fiscal years due to cutbacks in state aid to cities and towns, causing the City to rely more heavily on other funding sources. Water and sewer receipts rose 11 percent to $13.8 million during FY 1989 largely due to higher sewer rates, which were increased to offset state charges. The Massachusetts Water Resource Authority, which is charged with the responsibility of cleaning up Boston Harbor, levies a fee on communities that use its water or sewer systems. Although the city operates its own water supply system, the sewer system is linked to the MWRA sewer system. The annual MWRA charge is passed to Cambridge sewer customers in the sewer rates. Because of the high cost of cleaning the Boston Harbor and building water and sewer treatment facilities, the MWRA levy has increased steadily during the past several years, and is expected to continue to rise.

The following table and graph display the dollar amount in thousands received from various sources of revenue for fiscal year 1989 and compares these amounts to those received in fiscal year 1988.

FY 1989 General Fund Revenues
Budget Basis
(In Thousands)

			Increase (Decrease) From FY 1988	
Revenue Source	Amount	Percent	Amount	Percent
Taxes-Net of Abatements	$ 92,586	43.8%	$ 7,353	8.6%
Health & Hospital	43,607	20.6	5,076	13.2
Intergovernmental	42,722	20.2	2,043	5.0
Water/Sewer Use	13,819	6.5	1,378	11.0
Hotel/Motel & Motor Vehicle Excise	5,428	2.5	(56)	(1.0)
Investments	1,858	.9	(199)	(9.6)
Other	11,552	5.5	(4,020)	(25.8)
TOTAL	211,572	100%	11,575	5.8%
Net Transfers In (Out)	5,791		6,191	
Free Cash Appropriation	5,000		(160)	
GRAND TOTAL	$ 222,363		$ 17,606	



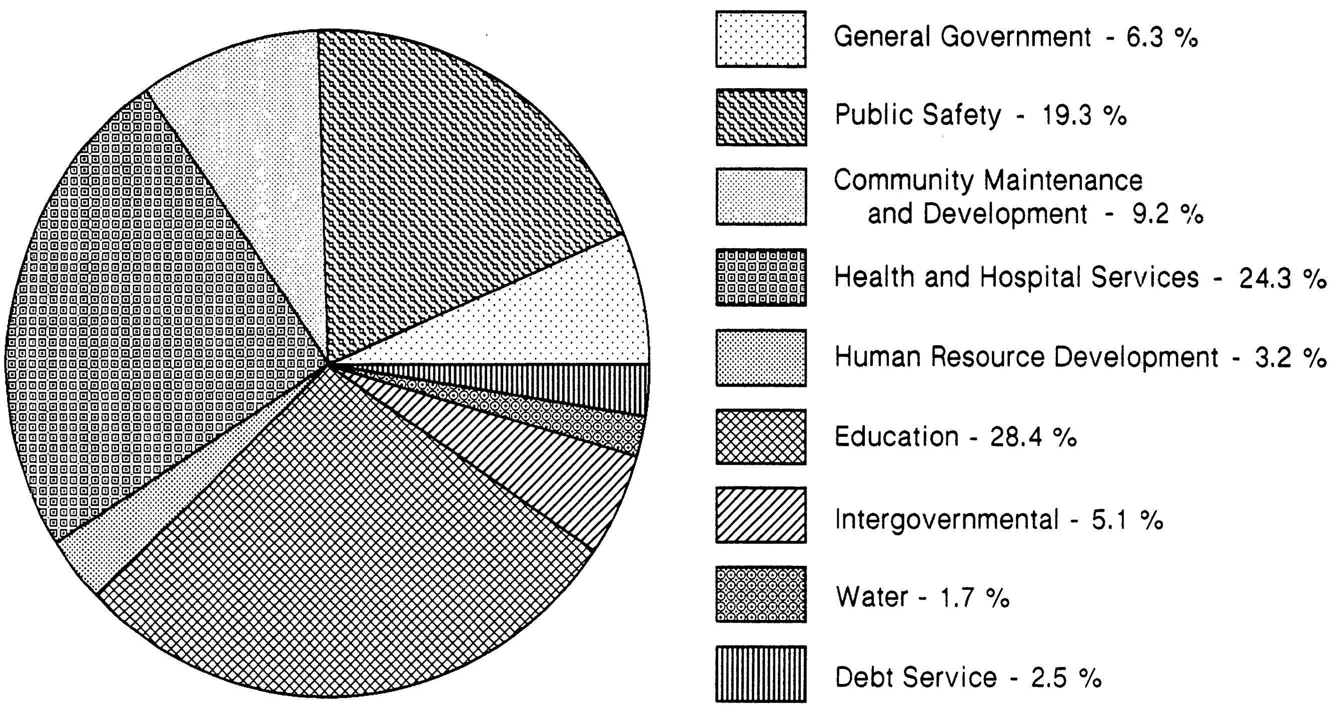
Expenditures

During fiscal year 1989, total expenditures increased 11.4 percent, from $194,249,569 to $216,402,492. The annual salary increase awarded on July 1, 1988 to most city employees and the rising cost of employee health insurance were a significant part of this increase. Some areas, however, experienced additional increases. The largest increase in expenditures occurred in the public safety function, which rose 26 percent to $41.7 million, due to a retroactive pay increase for FY 1988 that was paid to Police and Fire uniformed personnel during FY 1989. Expenditures for Health and Hospital Services rose 16.5 percent, increasing to $52.5 million. Factors that contributed to this rise in expenditures include the City's continued use of agency and per diem nursing staff, increased service volume at the hospital, and the addition of a new pediatric psychiatry unit.

The following table and graph present dollar expenditures in thousands by function for fiscal 1989 and the variance from fiscal 1988.

General Fund Expenditures and Encumbrances
Budget Basis
(In Thousands)

			Increase (Decrease) From FY 1988	
Expenditure Function	Amount	Percent	Amount	Percent
General Government	$ 13,645	6.3%	$ 1,424	11.7%
Public Safety	41,710	19.3	8,682	26.2
Community Maintenance and Development	19,823	9.2	(2,734)	(12.1)
Health and Hospital Services	52,480	24.3	7,450	16.5
Human Resource Development	6,968	3.2	781	12.6
Education	61,517	28.4	5,028	8.9
Intergovernmental	10,978	5.1	988	9.8
Water	3,788	1.7	(145)	(3.6)
Debt Service	5,492	2.5	679	1.4
Total	$ 216,402	100%	$ 22,153	11.4%



General Fund Balances and Cash Position

The City ended fiscal year 1989 with a total General Fund fund balance of $27,218,424, which represents 15.9 percent of General Fund revenues. Each year, a portion of fund balance is allocated to reserve accounts. A total of $3,073,630 was transferred to reserve accounts in FY 1989, leaving an unreserved fund balance of $24,144,794. General Fund cash and short term investments totalled $40,236,110, while the balance of all funds totalled $74,094,076. Because of aggressive cash management and timely issuance of tax bills, the City did not issue tax anticipation notes to assist with cash flow management during the fiscal year.

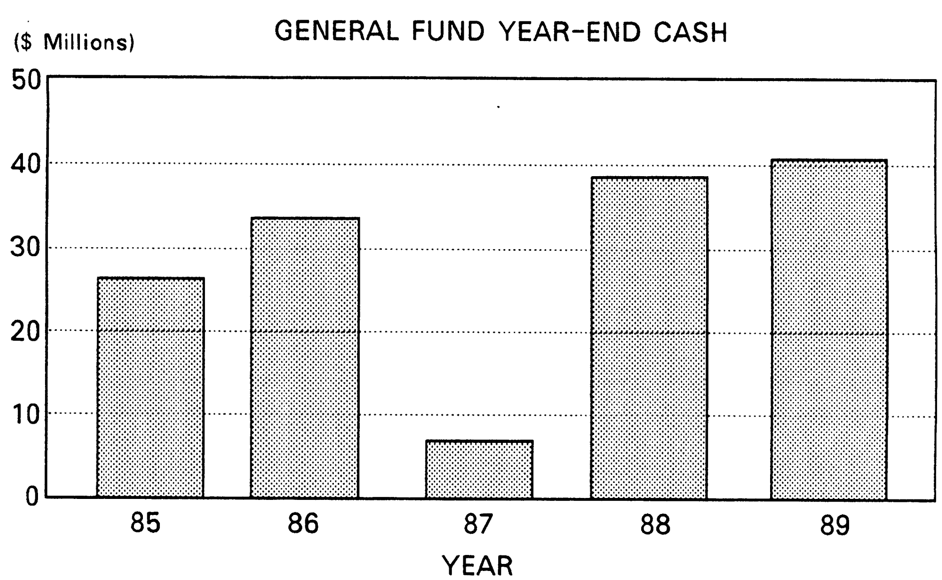
The following table presents the changes in the City's unreserved General Fund fund balance between fiscal years 1985 and 1989.

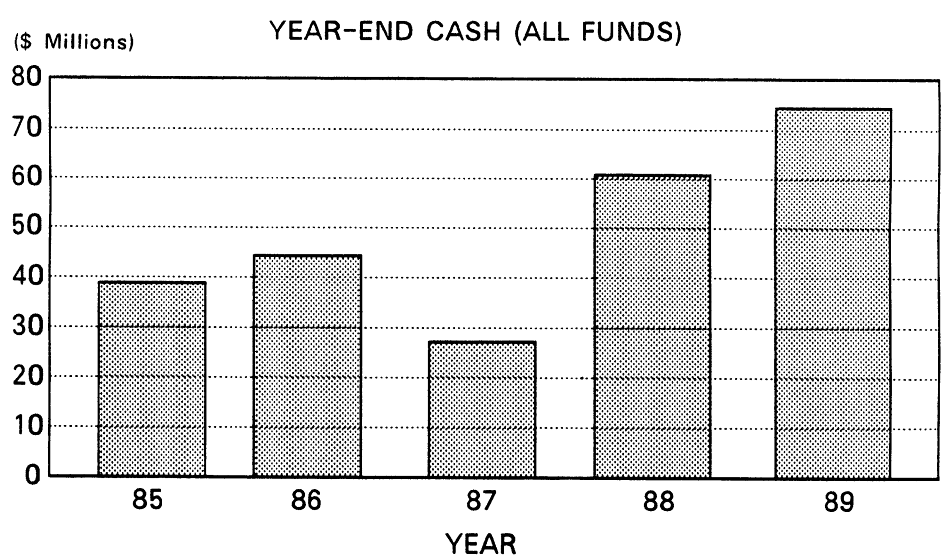
Fiscal Year	Unreserved General Fund Balance
1985	$ 17,659,719
1986	20,226,662
1987	14,290,415
1988	17,973,421
1989	24,144,794

The table and charts displayed below present the changes in year-end General fund cash and total cash for the past five fiscal years.

Cash Position

Fiscal Year	Year-End Cash Balance General Fund	Year-End Cash Balance All Funds
1985	$ 27,321,024	$ 39,788,922
1986	33,240,193	44,408,609
1987	7,136,088	28,094,160
1988	39,364,528	60,300,159
1989	40,236,110	74,094,076





Capital Financing and Debt Management

In conjunction with the operating budget, the City annually prepares both a capital budget for the upcoming fiscal year and a five year capital improvement plan that is used as a guide for capital expenditures in future years. During the 1980s, the City embarked on an ambitious program of rehabilitating existing infrastructure, improving public facilities and adding green space. More than 44 miles of city streets were repaved, four elementary schools, two fire stations and two teen centers were renovated, eight new pieces of fire apparatus were purchased, and a new municipal building was acquired and completely renovated. In addition, more than 35 parks and tot lots were rehabilitated and the Cambridge Riverfront was restored as a passive recreational area. Work is currently underway to reclaim the 55-acre former city dump as a recreational facility. In total, approximately $91 million was expended on capital improvement projects during the past decade.

The City's commitment to improving public facilities and the infrastructure continues into the 1990s. The Capital Improvement Program for the five year period from fiscal year 1990 through fiscal year 1994, which was approved by the City Council in May of 1989, has an estimated cost of $101,312,995. Financing for the FY 1990 portion of the capital plan was appropriated with the adoption of the FY 1990 annual operating budget. Implementation of the program in the following four years, however, is contingent upon a continued strong local economy.

Since FY 1985, the City has funded a portion of its Capital Improvement Program on a "pay-as-you-go" basis out of current revenues. Revenue increases from state aid and new development have been used to fund the capital improvement plan rather than to expand operating programs. In addition, the City maintains a policy of issuing debt with a ten-year retirement schedule, which requires higher debt service payments in the short-term but results in sizable interest savings. As a result of these measures, the City's debt burden is relatively low in relation to the amount expended during the last 10 years. Outstanding general obligation bonds as of June 30, 1989 totalled $56,950,000.

In order to sustain the City's financial stability while continuing to upgrade the city's infrastructure, the City carefully controls debt issuance. The following table presents some of the City's key debt ratios and compares these ratios to previous fiscal years. These ratios are useful indicators of the City's debt position.

Key Debt Ratios

Ratio	1989	1988	1987
Ratio of Bonded Debt to Assessed Value	.8	.9	1.0
Bonded Debt Per Capita	$ 624	$ 592	$ 664
Ratio of Bonded Debt Per Capita To Per Capita Income	4.62	4.38	4.92
Ratio of Debt Service To Total Expenditures	5.8	6.4	6.0

Property Valuations

Based on valuations of all real and personal property as of January 1, 1988, the total value of all property in the City is $6,778,389,604. Of that total approximately $2,943,052,913, or 43.4 percent, consists of industrial/commercial and personal property. Fiscal year 1990 assessments indicate an increase of approximately $ 320,000,000 due to new construction. The table below compares FY 1989 property valuations and tax rates to FY 1988 valuations and tax rates.

Comparison of Property Valuation and Tax Rates

	Property Valuations (In Thousands)		Tax Rates	
	FY 1989	FY 1988	FY 1989	FY 1988
Commercial/Industrial	$ 2,799,443	$ 2,399,596	$ 20.06	$ 21.15
Personal Property	143,610	147,000	20.06	21.15
Residential	3,835,337	3,601,349	9.23	9.79
Total Value	$ 6,778,390	$ 6,147,945		

Reserve Funds

In 1985 the City established a Health Claims Trust fund to act as a contingency against possible deficits in health insurance allotments due to higher than anticipated claims in a given year. In subsequent years the City has appropriated additional amounts to this fund, including $1,000,000 during FY 1989. Monies from this fund can be used only to cover employee health insurance costs. Interest earned by the fund accrues to it. The City expects that at some point in the future, interest earnings from this fund could be used as an offset to annual health insurance costs. The balance of this fund as of June 30, 1989 was $4,035,097.

The City transferred $744,892 from the General Fund to the Stabilization Fund at the end of fiscal year 1989, bringing the total of that fund to $3,476,942 as of June 30, 1989. This transfer represented a repayment of interest earnings to the fund for the period FY 1984 through FY 1987. All interest earned by this fund accrues to it. Under state law, Stabilization Fund monies may be used only for those purposes for which debt ordinarily would be issued.

Pension Liability

During FY 1988, a comprehensive actuarial valuation of the City's Contributory Retirement System was conducted. The study's purpose was to determine the System's total actuarial liabilities and determine the funding requirements needed to fully fund accrued costs. In FY 1989, this study was updated as required by the Government Accounting Standards Board (GASB). As of January 1, 1989, the City's unfunded pension benefit obligation is approximately $116 million. During FY 1990, the City expects to establish a state approved funding schedule that will eliminate the City's unfunded actuarial liabilities by June 30, 2030.

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 independent auditor's report on the financial statements for the year ended June 30, 1989 is included herein.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cambridge, Massachusetts for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1988.

In order to be awarded a Certificate of Achievement, a government unit 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.

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

ECONOMIC CONDITION

The City of Cambridge experienced unprecedented economic expansion during the 1980s. This period of dramatic growth was fueled by its proximity to Boston, its excellent educational and training resources and its outstanding transportation network. During the past decade, the City has taken an active role in encouraging planned growth by identifying potential sites for economic improvement. Commercial, industrial and residential development in these sites have expanded the tax base and created new jobs. To assure the retention and expansion of existing businesses and to attract new enterprises, the City continues to work closely with the business community to create an environment that is attractive to investors.

Because of the extensive development that has taken place, the unemployment rate in Cambridge has been significantly lower than the national and state averages over the last six years. The unemployment rate for Cambridge in 1989 was 2.4 percent as compared to 5.6 percent for the United States and 3.9 percent for Massachusetts. Growth in research and development and service industries has been particularly strong; however, the City maintains a diverse economy with a large number of employers in the areas of construction, manufacturing, education, medicine and government.

FUTURE OUTLOOK AND CONCLUSION

The City's financial health improved dramatically during the latter half of the 1980s both because of the economic boom and because of the City's decision to use the increased revenues to fund capital projects rather than to expand operating services. Despite the limitations imposed by Proposition 2 1/2, a tax cap initiated in 1981, the City has been able to pursue an aggressive capital improvement program and to maintain high service delivery levels. However, recent economic indicators point to a slow down in the local economy. The level of new development in Cambridge has abated, and the rate of growth in several key revenue sources has begun to stabilize. Additionally, the Commonwealth of Massachusetts faces a myriad of financial problems, which have resulted in cutbacks in state aid to cities and towns for fiscal year 1990. It is anticipated that further reductions in state aid could occur in subsequent fiscal years. As the level of economic growth subsides, the City must make difficult decisions in order to sustain its high level of service delivery while maintaining a sound financial position.

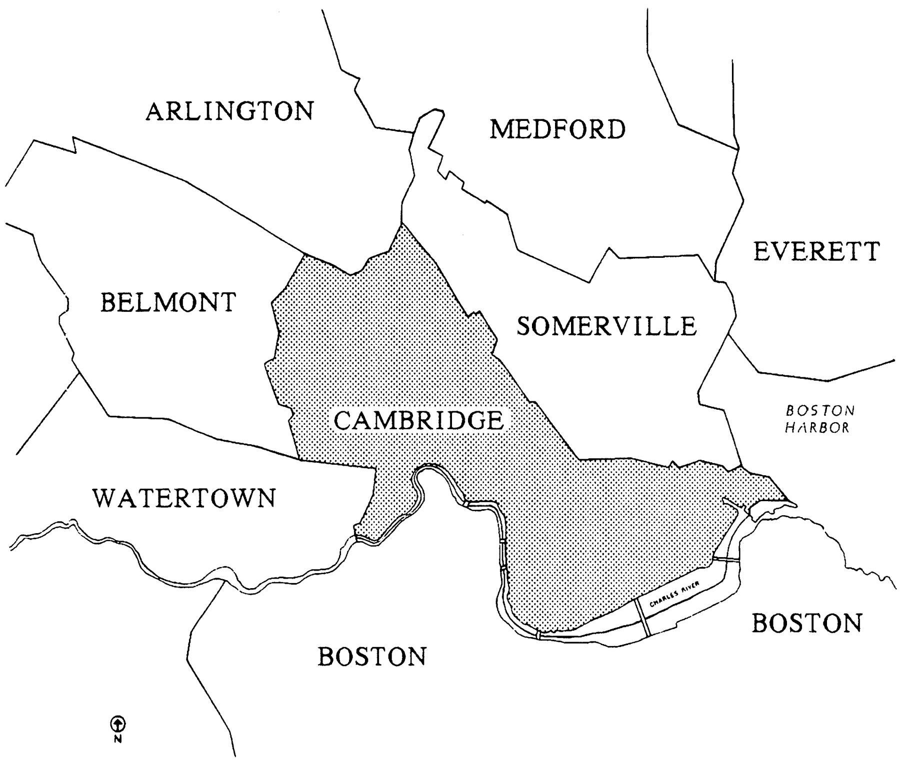
ACKNOWLEDGMENTS

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.

Very truly yours,

Robert W. Healy,
City Manager

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 91,260 in 1989.

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, 1993.

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.

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DIRECTORY OF OFFICIALS

CITY COUNCIL

Alfred E. Vellucci, Mayor

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

SCHOOL COMMITTEE

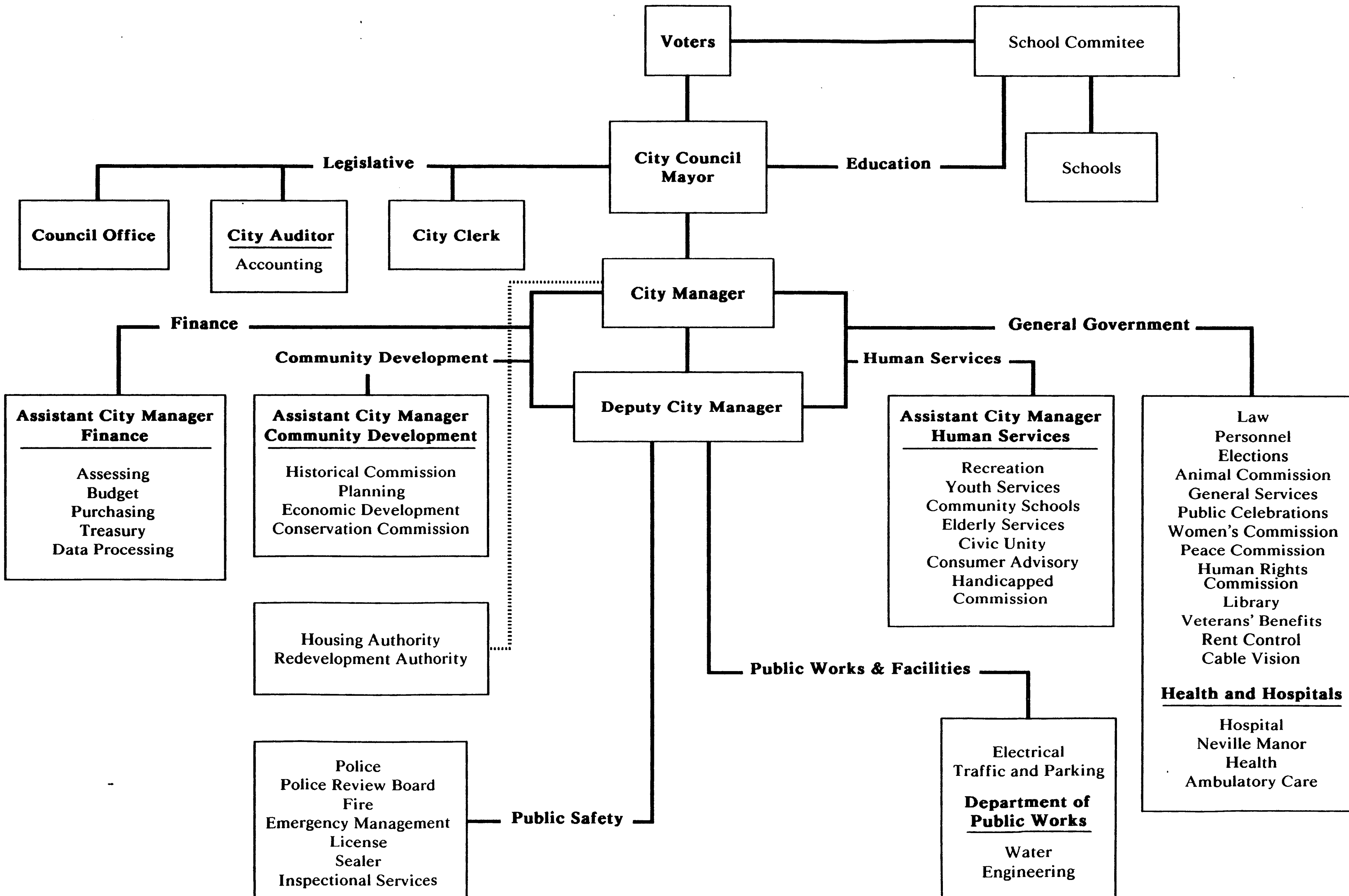
Alfred E. Vellucci, Chairman

Frances H. Cooper	James J. Rafferty
Henrietta Davis	Timothy J. Toomey, Jr.
Alfred B. Fantini	Larry 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

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, 1988

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

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

President

Executive Director

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Financial Section

INDEPENDENT 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

Certified Public Accountants

Peat Marwick Main & Co.

One Boston Place
Boston, Ma. 02108

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Telex 617 443 0082 PMMBOST

Telecopier 617 723 6864

INDEPENDENT AUDITORS' REPORT

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

We have audited the general purpose financial statements of the City of Cambridge, Massachusetts as of and for the year ended June 30, 1989, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in the Standards for Audit of Governmental Organizatons, Programs, Activities, and Functions, issued by the U.S. General Accounting Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Cambridge, Massachusetts at June 30, 1989, and the results of its operations and cash flows of its proprietary and nonexpendable trust funds for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and individual account group financial statements and schedules listed 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 audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Peat Marwick Main & Co.

December 15, 1989

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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, 1989

Assets and Other Debits	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	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	
Cash and short-term investments (note 4)	$ 40,236,110	$ 3,612,199	$ 6,063,663	$ 1,884,810	$ 403,472	$ 21,893,822	$ -	$ -	$ 74,094,076
Other investments, at cost (note 4)	-	-	-	-	-	83,292,925	-	-	83,292,925
Receivables:									
Property taxes	6,236,064	-	-	-	-	-	-	-	6,236,064
Tax titles and possessions	2,347,664	-	-	-	-	-	-	-	2,347,664
Excise taxes	3,335,125	-	-	-	-	-	-	-	3,335,125
Accounts	518,153	-	-	14,055,295	-	-	-	-	14,573,448
Allowance for uncollectible receivables	(7,763,861)	-	-	(5,417,639)	-	-	-	-	(13,181,500)
Due from third parties	-	-	-	4,497,883	-	-	-	-	4,497,883
Due from other funds (note 10)	594,208	-	-	3,549,971	-	-	-	-	4,144,179
Due from other governments (note 5)	-	1,335,335	5,929,656	-	-	-	-	-	7,264,991
Fixed assets (net, where applicable, of accumulated depreciation)(note 6)	-	-	-	56,290,627	63,387	-	256,654,186	-	313,008,200
Other assets	-	-	-	274,218	-	1,487,275	-	-	1,761,493
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	-	146,259,426	146,259,426
Total assets	$ 45,503,463	$ 4,947,534	$ 11,993,319	$ 75,135,165	$ 466,859	$ 106,674,022	$ 256,654,186	$ 146,259,426	$ 647,633,974

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, 1989

Liabilities and Fund Equity	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Combined Total
	General	Special Revenue	Capital Projects	Enterprise (note 9)	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Obligations	(Memorandum Only)
Liabilities:									
Warrants payable	$ 4,941,007	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,941,007
Accrued liabilities	9,254,666	-	2,148,344	1,871,256	-	7,750	-	-	13,282,016
Accrued tax abatement refunds	3,079,993	-	-	-	-	-	-	-	3,079,993
Guarantee deposits and amounts due to other taxing authorities	-	-	-	-	-	555,280	-	-	555,280
Due to other funds (note 10)	-	753,028	3,147,294	243,857	-	-	-	-	4,144,179
Deferred revenue	1,009,373	-	-	-	-	-	-	-	1,009,373
Accrued compensated absences (note 7)	-	-	-	1,421,045	-	-	-	8,246,674	9,667,719
General obligation bonds payable (note 7)	-	-	-	9,250,000	-	-	-	47,700,000	56,950,000
Accrued pension costs (notes 7 and 12)	-	-	-	-	-	-	-	90,312,752	90,312,752
Total liabilities	18,285,039	753,028	5,295,638	12,786,158	-	563,030	-	146,259,426	183,942,319
Fund equity:									
Investment in general fixed assets	-	-	-	-	-	-	256,654,186	-	256,654,186
Retained earnings	-	-	-	62,349,007	466,859	-	-	-	62,815,866
Fund balances:									
Reserved for encumbrances	2,962,668	929,853	6,697,681	-	-	-	-	-	10,590,202
Reserved for specific purposes (note 8)	110,962	824,375	-	-	-	106,110,992	-	-	107,046,329
Unreserved	24,144,794	2,440,278	-	-	-	-	-	-	26,585,072
Total fund equity	27,218,424	4,194,506	6,697,681	62,349,007	466,859	106,110,992	256,654,186	-	463,691,655
Commitments and contingencies (note 11)									
Total liabilities and fund equity	$ 45,503,463	$ 4,947,534	$ 11,993,319	$ 75,135,165	$ 466,859	$ 106,674,022	$ 256,654,186	$ 146,259,426	$ 647,633,974

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, 1989

	Governmental Fund Types			Fiduciary Fund Type	Combined Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Revenues:					
Property taxes	$ 94,047,616	$ -	$ -	$ -	$ 94,047,616
Payments in lieu of tax receipts	1,873,196	-	-	-	1,873,196
Hotel/Motel excise tax	2,550,728	-	-	-	2,550,728
Intergovernmental	43,187,051	17,746,454	2,988,141	-	63,921,646
Infirmary and health department	6,195,620	-	-	-	6,195,620
Sewer use	8,181,355	-	-	-	8,181,355
Motor vehicle excise	2,859,715	-	-	-	2,859,715
Investment income	2,807,231	487,585	-	571,424	3,866,240
Other	9,015,422	9,897,278	-	1,401,170	20,313,870
Total revenues	170,717,934	28,131,317	2,988,141	1,972,594	203,809,986
Expenditures:					
Current:					
General government	11,410,992	-	-	-	11,410,992
Public safety	40,808,547	-	-	-	40,808,547
Community maintenance and development	19,942,286	-	-	-	19,942,286
Infirmary and health department	7,616,515	-	-	-	7,616,515
Human resource development	6,905,417	-	-	-	6,905,417
Education	61,601,747	5,518,241	-	-	67,119,988
Fuel assistance	-	1,776,573	-	-	1,776,573
Judgements and claims	1,489,780	-	-	-	1,489,780
State Assessments	10,977,999	-	-	-	10,977,999
Other	-	7,376,592	-	57,612	7,434,204
Capital outlay	-	-	19,008,254	-	19,008,254
Debt service:					
Principal retirement	3,941,074	-	-	-	3,941,074
Interest	1,527,789	-	-	-	1,527,789
Total expenditures	166,222,146	14,671,406	19,008,254	57,612	199,959,418
Excess (deficiency) of revenues over expenditures	4,495,788	13,459,911	(16,020,113)	1,914,982	3,850,568
Other financing sources (uses):					
Operating transfers from other funds	10,437,624	-	6,561,433	1,755,030	18,754,087
Operating transfers to other funds	(12,871,339)	(12,250,926)	-	(100,000)	(25,222,265)
Issuance of bonds	-	-	6,015,000	-	6,015,000
Total other financing sources (uses)	(2,433,715)	(12,250,926)	12,576,433	1,655,030	(453,178)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	2,062,073	1,208,985	(3,443,680)	3,570,012	3,397,390
Fund balances at beginning of year	25,156,351	2,985,521	10,141,361	6,054,659	44,337,892
Fund balances at end of year	$ 27,218,424	$ 4,194,506	$ 6,697,681	$ 9,624,671	$ 47,735,282

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, 1989
(with comparative totals for 1988)

	1989 Budget (note 13)	1989 Actual	Variance favorable (unfavorable)	1988 Actual
Revenues:				
Property taxes	$ 94,490,784	$ 94,576,678	$ 85,894	$ 87,233,221
Provision for tax abatements and adjustments	(1,990,784)	(1,990,784)	-	(2,000,000)
Payments in lieu of tax receipts	1,500,000	2,111,303	611,303	3,019,092
Hotel/Motel excise tax	1,900,000	2,550,728	650,728	2,428,449
Intergovernmental revenue	44,526,559	42,722,387	(1,804,172)	40,679,645
Hospital, infirmary and health department	43,217,960	43,606,642	388,682	38,531,392
Sewer use	7,922,435	8,202,848	280,413	6,890,062
Water use	5,144,900	5,615,945	471,045	5,550,943
Motor vehicle excise	2,600,000	2,876,981	276,981	3,055,152
Investment income	1,179,472	1,858,397	678,925	2,056,898
Other	7,600,575	9,159,122	1,558,547	11,749,108
Tax title revenue	-	281,636	281,636	803,373
Total revenues	208,091,901	211,571,883	3,479,982	199,997,335
Expenditures and encumbrances:				
Current:				
General government	15,018,206	13,645,027	1,373,179	12,220,664
Public safety	41,939,425	41,710,216	229,209	33,028,045
Community maintenance and development	20,156,226	19,822,690	333,536	22,556,414
Health and hospital services	52,815,560	52,480,973	334,587	45,031,381
Human resource development	7,123,878	6,968,342	155,536	6,187,260
Education	61,520,376	61,516,982	3,394	56,488,499
Intergovernmental	10,858,105	10,977,906	(119,801)	9,990,355
Water	3,918,755	3,787,693	131,062	3,932,794
Debt Service:				
Principal retirement	3,964,874	3,964,874	-	3,240,000
Interest	1,567,040	1,527,789	39,251	1,574,157
Total expenditures and encumbrances	218,882,445	216,402,492	2,479,953	194,249,569
Excess (deficiency) of revenues over expenditures and encumbrances	(10,790,544)	(4,830,609)	5,959,935	5,747,766
Operating transfers in (out):				
Special Revenue Funds	10,110,354	10,110,354	-	6,371,600
Capital Project Funds	(4,420,935)	(4,420,935)	-	(5,422,045)
Trust Funds	101,125	101,125	-	(1,350,000)
Total Operating Transfers	5,790,544	5,790,544	-	(400,445)
Excess (deficiency) of revenues and operating transfers in over expenditures and operating transfers out	(5,000,000)	959,935	5,959,935	5,347,321
Other Budget Items:				
Free Cash Appropriations	5,000,000	5,000,000	-	5,160,000
Net Budget and Actual	$ - 0 -	$ 5,959,935	$ 5,959,935	$ 10,507,321

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, 1989

	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	$ 38,411,269	$ -	$ -	$ -	$ 38,411,269
Charges for services	5,183,116	250,516	-	-	5,433,632
Income from employer and member contributions	-	-	17,586,487	-	17,586,487
Donations	-	-	-	18,735	18,735
Investment income	-	-	5,789,730	11,189	5,800,919
Donations including direct income	-	-	-	-	-
Bond amortization	-	-	621,749	-	621,749
Other	1,511,580	-	-	-	1,511,580
Total operating revenues	45,105,965	250,516	23,997,966	29,924	69,384,371
Operating expenses:					
Administration	6,076,557	-	-	-	6,076,557
Finance	5,215,812	-	-	-	5,215,812
Service and support programs	27,391,705	47,378	-	-	27,439,083
General services	5,114,998	-	-	-	5,114,998
Depreciation	1,436,919	12,784	-	-	1,449,703
Pension plan benefit payments	-	-	16,239,609	-	16,239,609
Net loss on sale of investments	-	-	618,867	-	618,867
Other	2,364,192	-	177,040	-	2,541,232
Total operating expenses	47,600,183	60,162	17,035,516	-	64,695,861
Operating income (loss)	(2,494,218)	190,354	6,962,450	29,924	4,688,510
Non-operating revenues and expenses:					
Interest expense	(235,272)	-	-	-	(235,272)
Income (loss) before operating transfers	(2,729,490)	190,354	6,962,450	29,924	4,453,238
Operating transfers from other funds	7,705,512	-	-	-	7,705,512
Operating transfers to other funds	(1,226,145)	-	-	(11,189)	(1,237,334)
Net income	3,749,877	190,354	6,962,450	18,735	10,921,416
Retained Earnings / Fund Balances:					
Beginning of year	58,599,130	276,505	89,361,520	143,616	148,380,771
End of year	$ 62,349,007	$ 466,859	$ 96,323,970	$ 162,351	$ 159,302,187

See accompanying notes to general purpose financial statements.

CITY OF CAMBRIDGE, MASSACHUSETTS

Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Funds

Year ended June 30, 1989

	Proprietary Fund Types		Fiduciary Fund Types	Combined
	Enterprise (note 9)	Internal Service	Non-expendable Trust	Total (Memorandum Only)
Cash flows from operating activities:				
Operating income (loss)	$ (2,494,218)	$ 190,354	$ 29,924	$ (2,273,940)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,436,919	12,784	-	1,449,703
Provision for uncollectible accounts	8,830,018	-	-	8,830,018
Loss on disposal of assets	-	1,565	-	1,565
Change in assets and liabilities:				
Increase in due from third parties	(592,726)	-	-	(592,726)
Increase in accounts receivable	(10,162,924)	-	-	(10,162,924)
Increase in other assets	(28,710)	-	-	(28,710)
Increase in accrued liabilities	395,194	-	-	395,194
Decrease in interfund payables	(3,117,781)	-	-	(3,117,781)
Increase in accrued compensated absences	233,721	-	-	233,721
Net cash provided (used) by operating activities	(5,500,507)	204,703	29,924	(5,265,880)
Cash flows from noncapital financing activities:				
Operating transfers - in from General Fund	7,705,512	-	-	7,705,512
Operating transfers - out to General Fund	(226,145)	-	-	(226,145)
Operating transfers - out to Capital Projects Fund	(1,000,000)	-	-	(1,000,000)
Operating transfers - out to Expendable Trust Funds	-	-	(11,189)	(11,189)
Net cash provided (used) for noncapital financing activities	6,479,367	-	(11,189)	6,468,178
Cash flows from capital and related financing activities:				
Proceeds on sale of bonds	6,000,000	-	-	6,000,000
Acquisition of capital assets	(4,991,747)	(21,094)	-	(5,012,841)
Principal paid on revenue bonds	(1,290,000)	-	-	(1,290,000)
Interest paid on revenue bonds	(235,272)	-	-	(235,272)
Net cash used for capital and related financing activities	(517,019)	(21,094)	-	(538,113)
Net increase in cash and cash equivalents	461,841	183,609	18,735	664,185
Cash and cash equivalents at beginning of year	1,422,969	219,863	139,597	1,782,429
Cash and cash equivalents at end of year	1,884,810	403,472	158,332	2,446,614

See accompanying notes to general purpose financial statements.

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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.

CITY OF CAMBRIDGE, MASSACHUSETTS

Notes to General Purpose Financial Statements

June 30, 1989

(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, 1988, 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:

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 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.

(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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the liability is incurred except for (1) interest on general long-term obligations, which is recorded when due, and (2) the noncurrent portion of accrued pension costs and accrued vacation and sick leave, which are recorded as liabilities of the general long-term obligations account group.

Those revenues susceptible to accrual are property taxes, investment income and intergovernmental revenue. Excise taxes, licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

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.

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 which are deducted to arrive at net patient service revenue. Patient service revenue received under certain cost reimbursement agreements is subject to audit and adjustments by third party payors. Provisions for estimated adjustments under these agreements are accrued in the period in which the related services are rendered and adjusted in future periods as final settlements are determined.

Third-Party Reimbursements

Effective July 1, 1983, Massachusetts payment legislation Chapter 372 was enacted to govern the establishment of hospital charges and government rates of payment. Chapter 372 established a prospective payment system for substantially all payors and adopted the Blue Cross basis of payment as the basis for determining the approved level of gross patient service revenue and Medicaid and Medicare rates of payment. Effective July 1, 1986, the payment system established pursuant to the Chapter 372 legislation was amended for a two-year period by Chapter 574. The two principal modifications were the exclusion of Medicare reimbursement from the Massachusetts system and the establishment of an uncompensated care pool to uniformly fund free care and bad debts incurred by hospitals. Effective July 1, 1988, the Massachusetts legislature enacted Chapter 23 to govern hospital charges through June 30, 1992. The system established under Chapter 23 continues the methodology established under Chapters 372/574 with some modifications including a discontinuance of the productivity factors after fiscal 1988 which reduced hospital payments under Chapters 372/574; greater incentives for changes in volume and case mix and a rebasing of the fiscal 1988 inpatient volume allowance; and the establishment of a statewide cap on the amount of uncompensated care costs that can be recovered through hospital charges.

For fiscal 1989 and 1988, pursuant to Hospital Agreements HA-31 and HA-30, respectively, Blue Cross paid the Hospital a proportionate share of the substantially fixed Maximum Allowable Costs (MAC) as well as their share of the statewide uniform uncompensated care allowance. The MAC is based upon base year (fiscal 1981) patient care costs with annual adjustments for inflation, an add-on to inflation and changes in volume and case mix, and, with certain items, principally depreciation, interest and malpractice insurance, reimbursed on a cost basis outside the MAC. The current agreement, HA-31, expires on June 30, 1992. In fiscal 1988, the Blue Cross basis of payment was reduced by a 6% productivity factor as mandated by Chapters 372/574. This reduced basis of payment served as the base for determining the fiscal 1989 Blue Cross basis of payment.

Under Chapters 372/574, Medicaid reimbursement is based upon Medicaid's proportionate share of the Blue Cross MAC basis of payment reduced by a fixed discount to maintain Medicaid's discount at the fiscal 1982 level. In fiscal 1988, the basis of payment for Medicaid was reduced by an 8% productivity factor as mandated by Chapters 372/574. Under Chapter 23, Medicaid reimbursement in fiscal 1989 was based upon approved charges less a discount which reflected the fiscal 1988 relationship between Medicaid reimbursement and approved charges.

The Hospital is reimbursed for services during the year at interim rates by Blue Cross, Medicaid and Medicare with differences between Hospital charges and estimated final reimbursement recorded as contractual adjustments.

Also under Chapter 23 and Chapters 372/574, gross patient service revenue is limited to a maximum level based upon the Blue Cross basis of payment. Any under or over-generation of revenue in one year results in an increase or reduction in approved charges in the succeeding year. Any over-generation is deferred by the Hospital.

The Hospital is required to prepare and file certain compliance reports pursuant to the Blue Cross agreement, Chapters 23 and 372/574, and Medicare regulations. The Hospital is current with respect to all compliance filings.

(c) Other Investments

Investments, other than those of the Pension Trust Fund, are carried at cost or amortized cost which approximates market value. The accounting policy for investments of the Pension Trust Fund is described in note 12.

(d) 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 General Fund 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.

(e) 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 noncurrent portion 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. The liabilities for sick and vacation pay of Proprietary Funds are recorded as liabilities of those funds.

(f) Judgments and Claims

Expenditures for judgments and claims are recorded in the governmental funds to the extent they are expected to be paid from expendable available resources. The balance of these liabilities is recorded in the General Long-Term Obligations Account Group. Estimated liabilities for judgments and claims of Proprietary Funds are recorded as liabilities of those funds.

(g) 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.

(h) 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	5-30	years

(i) 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. In fiscal 1989, real estate and personal property taxes were assessed and billed in accordance with this timetable. 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's Pension Trust Fund has additional investment powers, most notably the ability to invest in common stocks, corporate bonds and other specified investments.

Deposits

The City maintains deposits in several financial institutions. Of the total amount of bank recorded deposits at year end of $16,529,388, $1,659,559 was covered by federal depository insurance, and the remainder was uninsured and uncollateralized. The carrying amount of these deposits was $18,798,348.

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 1	Category 2	Category 3	Not Categorized	Carrying Amount	Estimated Market Value
MMDT	$ -	-	-	42,525,502	42,525,502	42,525,502
Money Market	-	-	-	12,770,226	12,770,226	12,770,226
Total short term investments	-	-	-	55,295,728	55,295,728	55,295,728
U.S. Treasury bills	667,844	-	-	-	667,844	749,687
Common stock	48,187,672	-	-	-	48,187,672	49,471,924
Bonds	34,437,409	-	-	-	34,437,409	33,927,477
Total other investments	83,292,925	-	-	-	83,292,925	84,149,088
Total	$83,292,925	-	-	55,295,728	138,588,653	139,444,816

(5) Due From Other Governments

The following is a summary of amounts due from other governments as of June 30, 1989:

U.S. Department of Housing and Urban Development	$ 4,059,727
Other Federal and State Agencies	3,205,264
	$ 7,264,991

(6) Fixed Assets

A summary of general fixed assets activity for the year ended June 30, 1989 follows:

	Balance June 30, 1988	Additions	Deletions	Balance June 30, 1989
Land	$ 168,997,884	-	-	168,997,884
Buildings	63,570,750	4,563,974	-	68,134,724
Improvements other than buildings	1,493,149	-	-	1,493,149
Equipment	13,442,734	1,920,976	461,556	14,902,154
Construction in progress	5,174,224	892,279	2,940,228	3,126,275
	$ 252,678,741	7,377,229	3,401,784	256,654,186

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, 1989 is composed of the following:

	Project Authorization	Expended	Committed
Danehy Park	$ 11,395,000	2,037,352	9,357,648
Fire Headquarters	1,100,000	-	1,100,000
Porter Square Fire Station	1,200,000	120,854	1,079,146
Cambridgeport Playgrounds	500,000	-	500,000
Public Works Garage Renovations	1,570,000	938,775	631,225
Payson Park Reservoir Cover	18,000,000	-	18,000,000
Lechmere Canal Park	600,000	29,294	570,706
	$ 34,365,000	3,126,275	31,238,725

As of June 30, 1989 there is no required future financing for these construction projects.

A summary of proprietary fund type property, plant, and equipment at June 30, 1989 follows:

	Hospital and Neighborhood Health Centers	Water	Total Enterprise	Internal Service
Land	$ -	39,264,325	39,264,325	-
Buildings	10,738,415	8,527,921	19,266,336	-
Improvements other than buildings	2,855	56,863	59,718	-
Equipment	12,537,548	4,309,772	16,847,320	154,981
	23,278,818	52,158,881	75,437,699	154,981
Less accumulated depreciation	11,370,754	7,776,318	19,147,072	91,594
	11,908,064	44,382,563	56,290,627	63,387

(7) Long-Term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. Bonds reported in the proprietary funds are expected to be paid from proprietary fund revenues. Bonds reported in the general long-term obligations account group are expected to be paid from general fund revenues.

The following is a summary of general obligation bond transactions of the City for the year ended June 30, 1989:

	General Obligation	Enterprise Funds	Total
Bonds payable at June 30, 1988	$ 49,530,000	4,540,000	54,070,000
New debt issued: Municipal Purpose Loans	6,015,000	6,000,000	12,015,000
Debt retired: Serial bonds	7,845,000	1,290,000	9,135,000
Bonds payable at June 30, 1989	$ 47,700,000	9,250,000	56,950,000

Principal retirement of general obligation bonds is recorded in the financial statements as debt service expenditures of $3,941,074, education expenditures of $3,903,926, and operating transfers to other funds of $1,290,000 totalling $9,135,000 of principal retirement costs.

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, 1988 and 1989:

Description and Repayment Terms	Date of Obligation	Original Issue	Maturity Date	Interest Rates	Outstanding June 30, 1988	Additions	Reductions	Outstanding June 30, 1989
Bonds:								
General purpose, serial maturities through June 15, 1998	6/15/87 to 6/15/88	$ 3,975,000	6/15/98	5.6% to 6.35%	$ 3,575,000	-	$ 730,000	$ 2,845,000
Urban redevelopment, serial maturities through June 15, 1999	6/1/82 to 6/15/89	17,260,000	6/15/99	6.1% to 11.6%	11,375,000	3,515,000	1,520,000	13,370,000
Schools, serial maturities through June 15, 1998	11/1/69 to 6/15/87	56,075,000	6/15/98	5.25% to 11.6%	24,805,000	-	3,905,000	20,900,000
Street reconstruction, serial maturities through June 15, 1999	6/15/87 to 6/15/89	6,500,000	6/15/99	5.6% to 6.5%	3,700,000	2,500,000	400,000	5,800,000
Water, serial maturities through October 15, 1996	9/1/72 to 2/15/84	15,065,000	10/15/96	4.7% to 9.2%	6,075,000	-	1,290,000	4,785,000
Total bonds		$98,875,000			49,530,000	6,015,000	7,845,000	47,700,000
Accrued compensated absences					7,309,697	936,977	-	8,246,674
Accrued pension costs					89,080,480	1,232,272	-	90,312,752
Total general long term obligations					$ 145,920,177	8,184,249	7,845,000	146,259,426

Notes to General Purpose Financial Statements

The annual sinking fund requirements for general long term obligation debt outstanding as of June 30, 1989 are as follows:

Year Ending June 30	Principal	Interest	Total
1990	$ 7,965,000	2,984,230	10,949,230
1991	7,750,000	2,448,548	10,198,548
1992	6,830,000	1,931,636	8,761,636
1993	6,135,000	1,469,241	7,604,241
1994	5,440,000	1,080,946	6,520,946
1995-99	13,580,000	1,888,243	15,468,243
	$ 47,700,000	11,802,844	59,502,844

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance 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, 1989, the City had available borrowings inside the debt margin of $148,112,650. Authorized and unissued debt at June 30, 1989 was $28,160,000.

At June 30. 1989, the City had grants receivable from the School Building Assistance Bureau (SBAB) of $13,169,690 to defray principal and interest costs related to $19,885,000 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, $2,608,574 will be received in 1990, $2,757,017 in 1991 and the balance will be received in subsequent years.

Enterprise Fund Serial bond issues outstanding at June 30, 1989 were $8,250,000 and $1,000,000 for the Cambridge Hospital and Water Fund, respectively. Interest rates range from 5.6% to 7.0% for the Hospital and 6.4% to 6.5% for the Water Fund. The Hospital and Water weighted average interest rates were 6.33% and 6.40%, respectively. Outstanding debt matures in subsequent fiscal years as follows:

	Principal	Interest	Total
1990	$ 1,280,000	579,900	1,859,900
1991	1,280,000	500,200	1,780,200
1992	1,280,000	419,900	1,699,900
1993	980,000	339,600	1,319,600
1994	980,000	276,100	1,256,100
Thereafter	3,450,000	636,750	4,086,750
	$ 9,250,000	2,752,450	12,002,450

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 as well as the City's share of the debt at June 30, 1989 and the City's 1989 assessment from each entity:

	Long-term debt outstanding	The City's estimated share	The City's estimated indirect debt	Assessment including debt service
MWRA	$ 702,534,150	3.8%	26,916,606	$ 4,647,302
MBTA	1,071,735,000	5.1	54,698,139	5,643,870
Middlesex County	4,875,000	6.8	331,500	95,480

(8) Fund Balances Reserved for Specific Purposes

Fund balances are reserved for the following purposes as of June 30, 1989:

General Fund:	
Sale of Real Estate (section 63 of Chapter 44 Massachusetts General Laws)	$ 48,157
Police Officer Detail and Other	62,805
	$ 110,962
Special Revenue Funds:	
School Grants	$ 633,371
Fuel Assistance Grants	191,004
	$ 824,375
Trust Funds:	
Retirement	$ 96,323,970
Stabilization	3,476,942
Cemetery Perpetual Care	1,258,931
Health Claims	4,035,097
School	50,695
Neville Manor	66,301
Library	102,703
Bridge Charitable	13,779
Charles Bullock	176,706
Facade Preservation	18,804
Housing	505,464
Smith-Hughes	5,203
John Kinnear	12,683
Melville Shoe	863
Bridget McGuire	6,000
Cambridge Plant and Garden	13,197
Molly Ramsey	16,425
Soldier's Monument	879
Sheehan War Memorial	6,712
Daniel White/Warren Merrill	19,638
	$ 106,110,992

(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, 1989 follows:

		Hospital and Neighborhood Health Centers	Water	Total
Operating revenues	$	39,485,921	5,620,044	45,105,965
Operating income (loss)		(6,193,736)	3,699,518	(2,494,218)
Net operating transfers		7,705,512	(1,226,145)	6,479,367
Depreciation Expense		1,108,036	328,883	1,436,919
Net income (loss)		1,276,504	2,473,373	3,749,877
Fixed assets		11,908,064	44,382,563	56,290,627
Net working capital		13,122,712	2,185,668	15,308,380
Total assets		28,323,077	46,812,088	75,135,165
Long-term obligations		8,250,000	1,000,000	9,250,000
Retained earnings	$	16,780,776	45,568,231	62,349,007

(10) Individual Fund Receivables/Payables and Deficits

Individual balances of amounts due from and to other funds at June 30, 1989 are as follows:

	Due from other funds	Due to other funds
General Fund	$ 594,208	-
Special Revenue Fund	-	753,028
Capital Projects Fund	-	3,147,294
Enterprise Funds:		
Hospital and Neighborhood Health Centers Fund	3,549,971	-
Water Fund	-	243,857
	$ 4,144,179	4,144,179

There were no individual fund deficits or significant operating deficits for fiscal year 1989.

(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 or unasserted claims for malpractice are 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 through June 30, 1989, 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.

(12) Pension Plan

(a) Plan Description

The City contributes to the City of Cambridge Employees' Retirement System ("System"), a single employer public employee retirement system that acts as the investment and administrative agent for the City. The City's payroll for employees covered by the System for the year ended June 30, 1989 was $87,919,092. Public school teachers are covered by the Commonwealth of Massachusetts Teachers' Retirement System (TRS) to which the City of Cambridge, Massachusetts does not contribute. The City's payroll for teachers covered by the TRS for the year ended June 30, 1989 was $30,094,955. The total payroll for the City was $118,014,047.

The System and the TRS are contributory defined benefit plans covering all City employees and teachers deemed eligible.

Instituted in 1939, the System is a member of the Massachusetts Contributory System and is governed by M.G.L.c . 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees. Current members of the Plan consist of the following:

Retired and Inactive	1,547
Active:	
Vested	1,260
Nonvested employees covered by the Plan	1,259
Total	4,066

The System and TRS provide for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification. Members joining the System after January 1, 1979 are subject to a cap of $30,000 on the level of compensation upon which their benefit is calculated.

Members of both systems become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 65 or upon attaining 20 years of service. The Plans also provide for early retirement at age 55 if the Participant (1) has a record of 10 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. Active members contribute either 5, 7, or 8% of their gross regular compensation depending on the date upon which their membership began.

The System also provides death and disability benefits.

(b) Significant Accounting Policies and Plan Assets

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Commissioner of the Public Employee Retirement Administration.

The investments of the System are valued as follows:

Bonds are valued at amortized cost which is the original cost of the investment plus or minus any bond discount or bond premium calculated ratably to maturity.

Stocks are reflected at the lower of cost of market.

Investments at December 31, 1988 are summarized as follows:

	Book Value	Market Value
Bonds	$ 34,423,390	$ 33,913,458
Stocks	48,187,672	49,471,924
Cash	12,233,383	12,233,383
Total	$ 94,844,445	$ 95,618,765

(c)Funding Status and Progress

The amount shown below as the "Pension Benefit Obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the system on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

The Pension Benefit Obligation was computed as part of an actuarial valuation performed as of January 1, 1988 (which was updated as of January 1, 1989). Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8% a year compounded annually, (b) projected salary increases of 2% a year compounded annually, attributed to inflation, (c) additional projected salary increases of 4% a year, attributable to seniority/merit, and (d) no post-retirement benefit increases.

Total unfunded pension benefit obligation applicable to the City's employees was $115,759,000 at December 31, 1988 as follows (in thousands):

Pension Benefit Obligation	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 99,659
Current employees:	
Accumulated employee contributions, including allocated investment earnings	43,505
Employer-financed vested	28,963
Employer-financed nonvested	39,956
Total Pension Benefit Obligation	212,083
Net assets available for benefits, at cost	96,324
Unfunded Pension Benefit Obligation	$ 115,759

(d)Contribution Requirements and Contribution Made

The City is required to contribute, each fiscal year, an amount approximating 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 Public Employees Retirement Administration (PERA) and is based in part on the previous year's benefit payout. No actuarial information is used in determining this amount. The Commonwealth of Massachusetts currently reimburses the System on a quarterly basis for the portion of benefits payments owing to cost-of-living increases granted after the implementation of Proposition 2-1/2.

The City's required minimum contribution to the system was $ 10,625,826 for the year ended December 31, 1988. The City actually contributed $ 10,877,135 (12% of covered payroll) and the employees contributed $ 4,788,252 (5% of covered payroll) for a total contribution of $ 15,665,387.

(e)Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information may be found in the required supplementary schedules on pages 34 and 35 of the City's Comprehensive Annual Financial Report. For the years ended December 31, 1988 and 1987, available assets were sufficient to fund $96,323,970 and $89,361,520, or 45% and 44% of the Pension Benefit Obligation, respectively. Unfunded Pension Benefit Obligation represented 132% and 162% of the annual payroll for employees covered by the system for 1989 and 1988 respectively. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the three years ended June 30, 1989, 1988 and 1987, the City's contributions to the system, all made in accordance with the above requirements, were $10,877,135, $10,315,154 and $10,867,977 which is 12%, 15%, and 12% respectively, of annual covered payroll.

It is the City's policy to charge expenditures with the amount of pension costs actually funded. The City records the unfunded accumulated benefit obligation as a liability of the general long term obligations account group.

All retired employees eligible for pension benefits as well as teachers covered under the Commonwealth of Massachusetts Teacher's Retirement System receive certain post-retirement benefits including major health, dental, and life insurance. The cost of the health insurance premiums is the City's responsibility. 75% of life insurance premiums are paid by the City with the remaining 25% paid by the retiree. Dental insurance premiums are the retiree's responsibility but are available at the reduced group rate. The City's cost of these post-retirement benefits for fiscal 1989 was $991,348 and is funded and accounted for on a pay-as-you-go basis.

(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	$ 216,224,406
Supplemental appropriations and budget transfers	2,658,039
	$ 218,882,445

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the City adopts an annual budget for the General Fund 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. 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, 1989, after the setting of the tax rate, were $2,981,303 and are included in the budgetary comparison 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	$ 211,571,883	216,402,492	5,790,544
To reclassify Hospital operations to enterprise fund	(37,411,022)	(45,116,534)	(7,705,512)
To reclassify Water Department operations to enterprise fund	(5,615,945)	(3,787,693)	1,000,000
To record revenue and other financing sources on a modified accrual basis of accounting	2,173,018	-	(1,518,747)
To record 1988 encumbrances and continuing appropriations paid during 1989	-	1,686,549	-
To eliminate 1989 encumbrances and continuing appropriations	-	(2,962,668)	-
As reported on GAAP basis	$ 170,717,934	166,222,146	(2,433,715)

REQUIRED SUPPLEMENTARY INFORMATION

The following two schedules present historical trend information for the City of Cambridge, Massachusetts Employees' Retirement System. The information is presented in accordance with the requirements of Statement No. 5 of the Governmental Accounting Standards Board, "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Government Employers."

CITY OF CAMBRIDGE, MASSACHUSETTS

Employees' Retirement System

Required Supplementary Information

Analysis of Funding Progress
(in thousands)
(unaudited)

June 30, 1989

Fiscal year	(1) Net assets available for benefits	(2) Pension benefit obligation	(3) Percentage funded (1)/(2)	(4) Unfunded pension benefit obligation (2)-(1)	(5) Annual covered payroll	(6) Unfunded Pension benefit obligation as a percentage of covered payroll (4)/(5)
1989	$ 96,324	$ 212,083	45%	$ 115,759	$ 87,919	132%
1988	$ 89,362	$ 202,771	44%	$ 113,409	$ 69,965	162%

Isolated analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides an indication of the City's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employee Retirement System (PERS). Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

Note: Information prior to 1988 not available.

CITY OF CAMBRIDGE, MASSACHUSETTS

Employees' Retirement System

Required Supplementary Information
Revenues by Source and Expenses by Type
(unaudited)

June 30, 1989

	Revenues by Source				
		Employer Contributions			
Year	Employee contributions	Dollar amount	Percentage of annual covered payroll	Investment income	Total
1989	$ 4,788,252	$ 10,877,135	12%	$ 5,792,612	$ 21,457,999
1988	4,530,895	10,315,154	15	8,316,275	23,162,324
1987	4,128,139	10,867,977	12	8,383,230	23,379,346
1986	3,902,428	8,871,703	-	6,092,556	18,866,687
1985	3,496,863	8,975,097	-	4,930,030	17,401,990
1984	3,268,040	8,016,833	-	4,218,225	15,503,098
1983	2,875,600	7,153,573	-	3,410,962	13,440,135
1982	2,718,565	6,578,758	-	2,844,091	12,141,414
1981	2,590,840	6,079,460	-	2,323,245	10,993,545
1980	2,311,330	5,229,868	-	1,879,236	9,420,434

	Expenses by Type			
Fiscal year	Benefits	Administrative expenses	Refunds	Total
1989	$ 14,724,007	$ 177,040	$ 1,515,602	$ 16,416,649
1988	13,429,757	180,155	1,303,227	14,913,839
1987	13,164,057	163,714	1,211,495	14,539,260
1986	11,539,930	164,664	898,077	12,602,671
1985	10,720,775	148,425	972,267	11,841,467
1984	9,930,933	139,281	832,712	10,902,926
1983	9,170,655	112,309	885,179	10,168,143
1982	8,201,743	95,335	1,240,296	9,537,374
1981	7,337,259	100,573	693,507	8,131,339
1980	6,622,248	89,858	545,906	7,258,012

Note: Annual covered payroll information is not available for years prior to 1987.

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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, 1989

	Budget	Actual	Variance- Favorable (Unfavorable)
General Government:			
Mayor:			
Salaries and wages	$ 233,410	193,897	39,513
Other ordinary maintenance	68,200	66,906	1,294
Travel and training	10,760	10,008	752
Extraordinary expenditures	-	-	-
Total Mayor	312,370	270,811	41,559
City Manager:			
Salaries and wages	370,130	370,104	26
Other ordinary maintenance	197,550	188,332	9,218
Travel and training	23,448	22,727	721
Extraordinary expenditures	-	-	-
Total City Manager	591,128	581,163	9,965
City Council:			
Salaries and wages	448,005	447,341	664
Other ordinary maintenance	19,645	19,413	232
Travel and training	21,950	14,830	7,120
Extraordinary expenditures	-	-	-
Total City Council	489,600	481,584	8,016
City Clerk:			
Salaries and wages	284,755	284,742	13
Other ordinary maintenance	47,335	46,153	1,182
Travel and training	1,150	873	277
Extraordinary expenditures	-	-	-
Total City Clerk	333,240	331,768	1,472
Law:			
Salaries and wages	478,810	467,034	11,776
Other ordinary maintenance	878,450	878,321	129
Travel and training	1,265,473	1,264,553	920
Extraordinary expenditures	-	-	-
Total Law	2,622,733	2,609,908	12,825

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1989

	Budget	Actual	Variance-Favorable (Unfavorable)
Finance:			
Salaries and wages	$ 2,845,465	2,795,316	50,149
Other ordinary maintenance	1,164,195	1,129,259	34,936
Travel and training	106,239	96,801	9,438
Extraordinary expenditures	86,000	84,762	1,238
Total Finance	4,201,899	4,106,138	95,761
Employee Benefits:			
Salaries and wages	1,336,686	180,572	1,156,114
Other ordinary maintenance	3,475,030	3,467,316	7,714
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total Employee Benefits	4,811,716	3,647,888	1,163,828
General Services:			
Salaries and wages	321,560	321,470	90
Other ordinary maintenance	366,785	365,851	934
Travel and training	2,950	2,798	152
Extraordinary expenditures	19,200	19,082	118
Total General Services	710,495	709,201	1,294
Election Commission:			
Salaries and wages	307,740	307,662	78
Other ordinary maintenance	149,235	147,405	1,830
Travel and training	6,250	5,817	433
Extraordinary expenditures	24,000	24,000	-
Total Election Commission	487,225	484,884	2,341
Public Celebrations:			
Salaries and wages	49,710	46,678	3,032
Other ordinary maintenance	275,165	252,540	22,625
Travel and training	500	218	282
Extraordinary expenditures	-	-	-
Total Public Celebrations	325,375	299,436	25,939

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1989

	Budget	Actual	Variance-Favorable (Unfavorable)
Animal Commission:			
Salaries and wages	$ 108,015	102,279	5,736
Other ordinary maintenance	23,410	19,917	3,493
Travel and training	1,000	50	950
Extraordinary expenditures	-	-	-
Total Animal Commission	132,425	122,246	10,179
Total General Government	15,018,206	13,645,027	1,373,179
Public Safety:			
Fire:			
Salaries and wages	14,986,565	14,986,005	560
Other ordinary maintenance	437,230	448,004	(10,774)
Travel and training	114,450	113,831	619
Extraordinary expenditures	40,000	38,774	1,226
Total Fire	15,578,245	15,586,614	(8,369)
Police:			
Salaries and wages	15,947,045	15,947,045	-
Other ordinary maintenance	710,780	657,044	53,736
Travel and training	76,500	72,034	4,466
Extraordinary expenditures	168,000	158,360	9,640
Total Police	16,902,325	16,834,483	67,842
Traffic and Parking:			
Salaries and wages	$ 2,744,090	2,720,837	23,253
Other ordinary maintenance	2,232,320	2,233,732	(1,412)
Travel and training	72,400	71,096	1,304
Extraordinary expenditures	52,875	52,276	599
Total Traffic and Parking	5,101,685	5,077,941	23,744

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1989

	Budget	Actual	Variance-Favorable (Unfavorable)
Police Review and Advisory Board:			
Salaries and wages	75,570	48,535	27,035
Other ordinary maintenance	9,000	2,337	6,663
Travel and training	3,000	1,334	1,666
Extraordinary expenditures	-	-	-
Total Police Review and Advisory Board	87,570	52,206	35,364
Inspectional Services:			
Salaries and wages	1,078,385	1,065,044	13,341
Other ordinary maintenance	118,735	107,039	11,696
Travel and training	56,925	48,429	8,496
Extraordinary expenditures	-	-	-
Total Inspectional Services	1,254,045	1,220,512	33,533
License:			
Salaries and wages	299,615	299,566	49
Other ordinary maintenance	116,376	115,425	951
Travel and training	8,689	8,143	546
Extraordinary expenditures	-	-	-
Total License	424,680	423,134	1,546
Weights and Measures:			
Salaries and wages	132,365	124,933	7,432
Other ordinary maintenance	3,250	1,806	1,444
Travel and training	250	250	-
Extraordinary expenditures	-	-	-
Total Weights and Measures	135,865	126,989	8,876

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1989

	Budget	Actual	Variance-Favorable (Unfavorable)
Electrical:			
Salaries and wages	$ 1,095,560	1,056,664	38,896
Other ordinary maintenance	1,218,540	1,197,967	20,573
Travel and training	5,660	5,228	432
Extraordinary expenditures	50,000	44,546	5,454
Total Electrical	2,369,760	2,304,405	65,355
Emergency Management:			
Salaries and wages	69,200	69,152	48
Other ordinary maintenance	10,850	10,180	670
Travel and training	100	-	100
Extraordinary expenditures	5,100	4,600	500
Total Emergency Management	85,250	83,932	1,318
Total Public Safety	41,939,425	41,710,216	229,209
Community Maintenance and Development:			
Public Works:			
Salaries and wages	9,430,990	9,400,657	30,333
Other ordinary maintenance	6,180,950	6,150,215	30,735
Travel and training	249,510	240,404	9,106
Extraordinary expenditures	474,000	469,240	4,760
Total Public Works	16,335,450	16,260,516	74,934
Community Development:			
Salaries and wages	1,523,809	1,481,031	42,778
Other ordinary maintenance	498,609	400,709	97,900
Travel and training	12,700	11,470	1,230
Extraordinary expenditures	97,670	-	97,670
Total Community Development	2,132,788	1,893,210	239,578
Historical Commission:			
Salaries and wages	115,010	109,964	5,046
Other ordinary maintenance	52,625	52,623	2
Travel and training	1,350	1,339	11
Extraordinary expenditures	-	-	-
Total Historical Commission	168,985	163,926	5,059

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1989

	Budget	Actual	Variance-Favorable (Unfavorable)
Conservation Commission:			
Salaries and wages	$ 37,770	37,709	61
Other ordinary maintenance	2,350	1,980	370
Travel and training	640	550	90
Extraordinary expenditures	-	-	-
Total Conservation Commission	40,760	40,239	521
Peace Commission:			
Salaries and wages	20,925	20,859	66
Other ordinary maintenance	2,100	1,930	170
Travel and training	300	300	-
Extraordinary expenditures	-	-	-
Total Peace Commission	23,325	23,089	236
Rent Control:			
Salaries and wages	1,040,710	1,033,621	7,089
Other ordinary maintenance	212,990	210,334	2,656
Travel and training	1,560	1,515	45
Extraordinary expenditures	10,000	10,088	(88)
Total Rent Control	1,265,260	1,255,558	9,702
Cable Vision:			
Salaries and wages	77,455	77,443	12
Other ordinary maintenance	67,750	64,527	3,223
Travel and training	1,250	990	260
Extraordinary expenditures	43,203	43,192	11
Total Cable Vision	189,658	186,152	3,506
Total Community Maintenance and Development	20,156,226	19,822,690	333,536

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1989

	Budget	Actual	Variance-Favorable (Unfavorable)
Health and Hospital Services:			
Health:			
Salaries and wages	685,055	685,040	15
Other ordinary maintenance	69,025	68,165	860
Travel and training	5,550	4,977	573
Extraordinary expenditures	-	-	-
Total Health	759,630	758,182	1,448
Neville Manor:			
Salaries and wages	4,957,210	4,826,495	130,715
Other ordinary maintenance	2,080,090	1,942,026	138,064
Travel and training	104,530	98,765	5,765
Extraordinary expenditures	21,500	10,808	10,692
Total Neville Manor	7,163,330	6,878,094	285,236
Hospital:			
Salaries and wages	25,655,184	25,654,429	755
Other ordinary maintenance	17,401,961	17,357,087	44,874
Travel and training	290,450	288,296	2,154
Extraordinary expenditures	1,545,005	1,544,885	120
Total Hospital	44,892,600	44,844,697	47,903
Total Health and Hospital Services	52,815,560	52,480,973	334,587

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1989

	Budget	Actual	Variance-Favorable (Unfavorable)
Human Resource Development:			
Library:			
Salaries and wages	$ 1,952,693	1,946,444	6,249
Other ordinary maintenance	456,305	452,240	4,065
Travel and training	10,965	10,945	20
Extraordinary expenditures	19,677	19,677	-
Total Library	2,439,640	2,429,306	10,334
Human Services:			
Salaries and wages	3,073,972	3,063,525	10,447
Other ordinary maintenance	1,023,559	939,888	83,671
Travel and training	10,520	8,515	2,005
Extraordinary expenditures	25,000	24,986	14
Total Human Services	4,133,051	4,036,914	96,137
Human Rights:			
Salaries and wages	64,020	51,570	12,450
Other ordinary maintenance	23,400	11,478	11,922
Travel and training	4,850	4,623	227
Extraordinary expenditures	-	-	-
Total Human Rights	92,270	67,671	24,599
Veterans Benefits:			
Salaries and wages	212,325	212,239	86
Other ordinary maintenance	165,820	147,015	18,805
Travel and training	3,505	2,596	909
Extraordinary expenditures	-	-	-
Total Veterans Benefits	381,650	361,850	19,800
Women's Commission:			
Salaries and wages	66,045	62,509	3,536
Other ordinary maintenance	10,345	9,857	488
Travel and training	877	235	642
Extraordinary expenditures	-	-	-
Total Women's Commission	77,267	72,601	4,666
Total Human Resource Development	7,123,878	6,968,342	155,536

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1989

	Budget	Actual	Variance-Favorable (Unfavorable)
Education:			
Salary and wages	$ 46,025,376	45,999,602	25,774
Other ordinary maintenance	9,529,302	9,542,030	(12,728)
Travel and training	266,042	265,978	64
Extraordinary expenditures	5,699,656	5,709,372	(9,716)
Total Education	61,520,376	61,516,982	3,394
Water:			
Salaries and wages	2,801,735	2,798,805	2,930
Other ordinary maintenance	1,025,220	898,815	126,405
Travel and training	22,800	21,929	871
Extraordinary expenditures	69,000	68,144	856
Total Water	3,918,755	3,787,693	131,062
Debt Principal:			
Salaries and wages	-	-	-
Other ordinary maintenance	-	-	-
Travel and training	-	-	-
Extraordinary expenditures	3,964,874	3,964,874	-
Total Debt Principal	3,964,874	3,964,874	-
Interest:			
Salaries and wages	-	-	-
Other ordinary maintenance	81,200	55,914	25,286
Travel and training	-	-	-
Extraordinary expenditures	1,485,840	1,471,875	13,965
Total Interest	1,567,040	1,527,789	39,251
Intergovernmental:			
MBTA:			
Salaries and wages	-	-	-
Other ordinary maintenance	5,645,970	5,645,970	-
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total MBTA	5,645,970	5,645,970	-

CITY OF CAMBRIDGE, MASSACHUSETTS

General Fund

Schedule of Expenditures and Encumbrances - Budget and Actual, Continued

Year ended June 30, 1989

County Tax:			
Salaries and wages	-	-	-
Other ordinary maintenance	95,495	95,494	1
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total County Tax	95,495	95,494	1
Massachusetts Water Resources Authority:			
Salaries and wages	-	-	-
Other ordinary maintenance	5,018,585	4,647,302	371,283
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total Massachusetts Water Resources Authority	5,018,585	4,647,302	371,283
Other State Assessments:			
Salaries and wages	-	-	-
Other ordinary maintenance	98,055	589,140	(491,085)
Travel and training	-	-	-
Extraordinary expenditures	-	-	-
Total Other State Assessments	98,055	589,140	(491,085)
Total Intergovernmental:	10,858,105	10,977,906	(119,801)
Total General Fund	$ 218,882,445	216,402,492	2,479,953

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SPECIAL REVENUE FUNDS

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. 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 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, 1989

Assets	School Grants	Fuel Assistance	Parking Fund	Other Grants	Total
Cash	$ 820,101	204,023	2,440,278	147,797	3,612,199
Due from other governments	-	-	-	1,335,335	1,335,335
Total assets	820,101	204,023	2,440,278	1,483,132	4,947,534
Liabilities and Fund Equity					
Due to other funds	-	-	-	753,028	753,028
Total liabilities	-	-	-	753,028	753,028
Fund equity:					
Reserved for encumbrances	186,730	13,019	-	730,104	929,853
Reserved for specific purposes	633,371	191,004	-	-	824,375
Unreserved	-	-	2,440,278	-	2,440,278
Total fund equity	820,101	204,023	2,440,278	730,104	4,194,506
Total liabilities and fund equity	$ 820,101	204,023	2,440,278	1,483,132	4,947,534

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Special Revenue Funds

Year ended June 30, 1989

	Community Development Block Grants	School Grants	Fuel Assistance	Parking Fund	Other Grants	Total
Revenues:						
Intergovernmental	$ 3,133,766	5,156,652	1,643,456	-	7,812,580	17,746,454
Investment income	-	-	28,102	459,483	-	487,585
Other	-	-	-	9,897,278	-	9,897,278
Total revenues	3,133,766	5,156,652	1,671,558	10,356,761	7,812,580	28,131,317
Expenditures:						
Education	-	5,518,241	-	-	-	5,518,241
Fuel assistance	-	-	1,776,573	-	-	1,776,573
Other	-	-	-	-	7,376,592	7,376,592
Total expenditures	-	5,518,241	1,776,573	-	7,376,592	14,671,406
Excess (deficiency) of revenues over expenditures	3,133,766	(361,589)	(105,015)	10,356,761	435,988	13,459,911
Other financing sources (uses):						
Operating transfers from other funds	-	-	-	-	-	-
Operating transfers to other funds	(3,133,766)	-	-	(9,117,160)	-	(12,250,926)
Excess (deficiency) of revenues over expenditures and transfers	-	(361,589)	(105,015)	1,239,601	435,988	1,208,985
Fund equity at beginning of year	-	1,181,690	309,038	1,200,677	294,116	2,985,521
Fund equity at end of year	$ -	820,101	204,023	2,440,278	730,104	4,194,506

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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, 1989

	Hospital and Neighborhood Health Centers	Water	Total
Assets			
Cash	$ -	1,884,810	1,884,810
Accounts receivable	13,420,082	635,213	14,055,295
Allowance for uncollectible receivables	(5,327,141)	(90,498)	(5,417,639)
Due from third parties	4,497,883	-	4,497,883
Due from other funds	3,549,971	-	3,549,971
Property, plant and equipment, net of accumulated depreciation	11,908,064	44,382,563	56,290,627
Other assets	274,218	-	274,218
Total assets	28,323,077	46,812,088	75,135,165
Liabilities and Fund Equity/Retained Earnings			
Accrued liabilities	1,871,256	-	1,871,256
Due to other funds	-	243,857	243,857
Accrued compensated absences	1,421,045	-	1,421,045
General obligation bonds payable	8,250,000	1,000,000	9,250,000
Total liabilities	11,542,301	1,243,857	12,786,158
Fund equity/retained earnings	16,780,776	45,568,231	62,349,007
Total liabilities and fund equity/retained earnings	$ 28,323,077	46,812,088	75,135,165

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Enterprise Funds

Year ended June 30, 1989

	Hospital and Neighborhood Health Centers	Water	Total
Operating revenues:			
Patient service revenue, net of allowances and uncollectible accounts	$ 38,411,269	-	38,411,269
Charges for services	-	5,183,116	5,183,116
Other	1,074,652	436,928	1,511,580
Total operating revenues	39,485,921	5,620,044	45,105,965
Operating expenses:			
Administration	4,970,972	1,105,585	6,076,557
Finance	5,215,812	-	5,215,812
Service and support programs	27,008,201	383,504	27,391,705
General services	5,114,998	-	5,114,998
Depreciation	1,108,036	328,883	1,436,919
Other	2,261,638	102,554	2,364,192
Total operating expenses	45,679,657	1,920,526	47,600,183
Operating income (loss)	(6,193,736)	3,699,518	(2,494,218)
Non-operating revenues and expenses:			
Interest expense	(235,272)	-	(235,272)
Net income (loss) before operating transfers	(6,429,008)	3,699,518	(2,729,490)
Operating transfers from other funds	7,705,512	-	7,705,512
Operating transfers to other funds	-	(1,226,145)	(1,226,145)
Net income (loss)	1,276,504	2,473,373	3,749,877
Fund Balances/Retained earnings:			
Beginning of year	15,504,272	43,094,858	58,599,130
End of year	$16,780,776	45,568,231	62,349,007

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Cash Flows

Enterprise Funds

Year ended June 30, 1989

	Hospital and Neighborhood Health Centers	Water	Total
Cash flows from operating activities:			
Operating Income (Loss)	$ (6,193,736)	$ 3,699,518	$ (2,494,218)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,108,036	328,883	1,436,919
Provision for uncollectible accounts	8,805,073	24,945	8,830,018
Change in assets and liabilities:			
Increase in due from third parties	(592,726)	-	(592,726)
Increase in accounts receivable	(10,133,880)	(29,044)	(10,162,924)
Increase in other assets	(28,710)	-	(28,710)
Increase (decrease) in accrued liabilities	518,578	(123,384)	395,194
Decrease in interfund payables	(2,117,781)	(1,000,000)	(3,117,781)
Increase in accrued uncompensates absences	233,721	-	233,721
Net cash provided (used) by operating activities	(8,401,425)	2,900,918	(5,500,507)
Cash flows from noncapital financing activities:			
Operating transfer-in from General Fund	7,705,512	-	7,705,512
Operating transfer-out to General Fund	-	(226,145)	(226,145)
Operating transfer-out to Capital Projects Fund	-	(1,000,000)	(1,000,000)
Net cash provided (used) for noncapital financing activities	7,705,512	(1,226,145)	6,479,367
Cash flows from capital and related financing activities:			
Proceeds from sale of bonds	5,000,000	1,000,000	6,000,000
Acquistion of capital assets	(2,778,815)	(2,212,932)	(4,991,747)
Principal paid on bonds	(1,290,000)	-	(1,290,000)
Interest paid on bonds	(235,272)	-	(235,272)
Net cash provided used for capital and related financing activities	695,913	(1,212,932)	(517,019)
Net increase in cash and cash equivalents	-	461,841	461,841
Cash and cash equivalents at beginning of year	-	1,422,969	1,422,969
Cash and cash equivalents at end of year	-	1,884,810	1,884,810

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 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, 1989

	Pension Trust Funds	Nonexpendable Trust Funds				Expendable Trust Funds								
	Retirement Trust Fund	School Fund	Neville Manor Fund	Library Fund	Other Funds	School Fund	Neville Manor Fund	Library Fund	Cemetary Fund	Health Claims Trust Fund	Stabilization Trust Fund	Other Funds	Agency Funds	Total
Assets														
Cash and short term investments	$ 12,233,383	23,289	25,733	49,210	60,100	27,406	40,568	39,474	591,087	4,035,097	3,476,942	736,253	555,280	21,893,822
Other investments	82,611,062	-	-	4,019	-	-	-	10,000	667,844	-	-	-	-	83,292,925
Other assets	1,487,275	-	-	-	-	-	-	-	-	-	-	-	-	1,487,275
Total assets	96,331,720	23,289	25,733	53,229	60,100	27,406	40,568	49,474	1,258,931	4,035,097	3,476,942	736,253	555,280	106,674,022
Liabilities and Fund Equity														
Guarantee deposits and amounts due other taxing authorities	-	-	-	-	-	-	-	-	-	-	-	-	555,280	555,280
Accrued liabilities	7,750	-	-	-	-	-	-	-	-	-	-	-	-	7,750
Total liabilities	7,750	-	-	-	-	-	-	-	-	-	-	-	555,280	563,030
Fund equity	96,323,970	23,289	25,733	53,229	60,100	27,406	40,568	49,474	1,258,931	4,035,097	3,476,942	736,253	-	106,110,992
Total liabilities and fund equity	$ 96,331,720	23,289	25,733	53,229	60,100	27,406	40,568	49,474	1,258,931	4,035,097	3,476,942	736,253	555,280	106,674,022

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Pension and Nonexpendable Trust Funds

Year ended June 30, 1989

	Pension Trust Funds	Nonexpendable Trust Funds				
	Retirement Trust Fund	School Fund	Neville Manor Fund	Library Fund	Other Funds	Total
Revenues:						
Income from employer and member contributions	$ 17,586,487	-	-	-	-	-
Donations	-	18,735	-	-	-	18,735
Investment income	5,789,730	416	2,353	2,923	5,497	11,189
Net Gain on sale of investments	-	-	-	-	-	-
Bond amortization	621,749	-	-	-	-	-
Total revenues	23,997,966	19,151	2,353	2,923	5,497	29,924
Expenses:						
Pension plan benefit payments	16,239,609	-	-	-	-	-
Net Loss on Sale of Investments	618,867	-	-	-	-	-
Other	177,040	-	-	-	-	-
Income before operating transfers	6,962,450	19,151	2,353	2,923	5,497	29,924
Transfers to other funds	-	(416)	(2,353)	(2,923)	(5,497)	(11,189)
Net income	6,962,450	18,735	-	-	-	18,735
Fund equity at beginning of year	89,361,520	4,554	25,733	53,229	60,100	143,616
Fund equity at end of year	$ 96,323,970	23,289	25,733	53,229	60,100	162,351

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Cash Flows

Nonexpendable Trust Funds

Year ended June 30, 1989

	Nonexpendable Trust Funds				
	School Fund	Neville Manor Fund	Library Fund	Other Fund	Total
Cash flows from operating activities:					
Operating income	$ 19,151	2,353	2,923	5,497	29,924
Cash flows from noncapital financing activities					
Operating transfer - out to Expendable trusts	(416)	(2,353)	(2,923)	(5,497)	(11,189)
Net increase in cash and cash equivalents	18,735	-	-	-	18,735
Cash and cash equivalents at beginning of year	4,554	25,733	49,210	60,100	139,597
Cash and cash equivalents at end of year	$ 23,289	25,733	49,210	60,100	158,332

CITY OF CAMBRIDGE

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

Expendable Trust Funds

Year ended June 30, 1989

	Expendable Trust Funds							
	School Fund	Neville Manor Fund	Library Fund	Cemetery Fund	Health Claims Trust Fund	Stabilization Trust Fund	Other Funds	Total
Revenues:								
Investment income	$ 2,257	3,295	4,309	130,042	183,984	208,357	39,180	571,424
Donations	8,167	-	2,982	-	-	-	317,785	328,934
Contributions	-	-	-	-	1,043,924	-	-	1,043,924
Cemetery deposits	-	-	-	28,312	-	-	-	28,312
	10,424	3,295	7,291	158,354	1,227,908	208,357	356,965	1,972,594
Expenditures:								
Other	7,013	1,792	16,660	-	23,441	-	8,706	57,612
Excess (deficiency) of revenues over expenditures	3,411	1,503	(9,369)	158,354	1,204,467	208,357	348,259	1,914,982
Operating transfers from other funds	416	2,353	2,923	-	998,949	744,892	5,497	1,755,030
Operating transfers to other funds	-	-	-	(100,000)	-	-	-	(100,000)
Excess of revenue over expenditures and transfers	3,827	3,856	(6,446)	58,354	2,203,416	953,249	353,756	3,570,012
Fund equity at beginning of year	23,579	36,712	55,920	1,200,577	1,831,681	2,523,693	382,497	6,054,659
Fund equity at end of year	$ 27,406	40,568	49,474	1,258,931	4,035,097	3,476,942	736,253	9,624,671

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Assets and Liabilities Agency Funds

Year ended June 30, 1989

Assets	Balance June 30, 1988	Additions	Deductions	Balance June 30, 1989
Cash:				
ERI	$ 8,251	-	8,251	-
Contract bids	11,680	-	-	11,680
Plans	315	1,688	-	2,003
Tree removals	485	-	-	485
Driveways	143,206	21,355	-	164,561
Street openings	171,177	72,455	32,600	211,032
Sidewalk openings	150	-	-	150
In lieu of bond	70,645	-	-	70,645
License commission	44,900	5,629	5,529	45,000
Cambridge police detail	(140,194)	2,205,595	2,317,646	(252,245)
Cambridge fire detail	1,146	27,571	28,571	146
Dog licenses	(911)	-	-	(911)
Sporting licenses	(342)	10,836	10,490	4
Dog officer	570	-	-	570
Constable fees	(3,859)	114,378	113,790	(3,271)
Meal tax agency	36,619	-	-	36,619
Senior cab	4,279	-	-	4,279
Water service renewal	17,422	-	-	17,422
Undistributed interest	3,808	-	-	3,808
Purchase of trees	1,328	20,746	19,740	2,334
Blue Cross	634,839	-	634,839	-
Accident & Life Insurance	19,629	75,173	50,515	44,287
Medicare	1,953	253	-	2,206
Car seat program	1,464	75	-	1,539
Deferred compensation	1,286	123	-	1,409
Commonwealth Health	32,518	40,985	67,578	5,925
Legal fees	15,600	6,393	-	21,993
Retirement office payroll	394,290	259,362	527,774	125,878
Lahey Health Insurance	(2,694)	2,694	-	-
Tufts Health Insurance	491	-	491	-
Optional Boston Mutual	24,072	112,392	134,657	1,807
New England Life	2,493	6,164	-	8,657
Continental Casualty	1,681	8,075	9,620	136
Teacher Insurance Reimbursment	4,940	-	-	4,940
Bay State Health Insurance	9,333	-	9,333	-
Teachers Retirement	-	13,437	527	12,910
Excise Registry Fees	-	10,625	6360	4,265
3 Bigelow Contingency Fund	-	3,922	-	3,922
Retroactive Wages	-	480	-	480
Land Court Fees	-	615	-	615
Total	$ 1,512,570	3,021,021	3,978,311	555,280

(continued)

CITY OF CAMBRIDGE, MASSACHUSETTS

Combining Statement of Changes in Assets and Liabilities Agency Funds, continued

Year ended June 30, 1989

Liabilities	Balance June 30, 1988	Additions	Deductions	Balance June 30, 1989
Guarantee deposits and amounts due other taxing authorities:				
ERI	$ 8,251	-	8,251	-
Contract bids	11,680	-	-	11,680
Plans	315	1,688	-	2,003
Tree removals	485	-	-	485
Driveways	143,206	21,355	-	164,561
Street openings	171,177	72,455	32,600	211,032
Sidewalk openings	150	-	-	150
In lieu of bond	70,645	-	-	70,645
License commission	44,900	5,629	5,529	45,000
Cambridge police detail	(140,194)	2,205,595	2,317,646	(252,245)
Cambridge fire detail	1,146	27,571	28,571	146
Dog licenses	(911)	-	-	(911)
Sporting licenses	(342)	10,836	10,490	4
Dog officer	570	-	-	570
Constable fees	(3859)	114,378	113,790	(3,271)
Meal tax agency	36,619	-	-	36,619
Senior cab	4,279	-	-	4,279
Water service renewal	17,422	-	-	17,422
Undistributed interest	3,808	-	-	3,808
Purchase of trees	1,328	20,746	19,740	2,334
Blue Cross	634,839	-	634,839	-
Accident & Life Insurance	19,629	75,173	50,515	44,287
Medicare	1,953	253	-	2,206
Car seat program	1,464	75	-	1,539
Deferred compensation	1,286	123	-	1,409
Commonwealth Health	32,518	40,985	67,578	5,925
Legal fees	15,600	6,393	-	21,993
Retirement office payroll	394,290	259,362	527,774	125,878
Lahey Health Insurance	(2,694)	2,694	-	-
Tufts Health Insurance	491	-	491	-
Optional Boston Mutual	24,072	112,392	134,657	1,807
New England Life	2,493	6,164	-	8,657
Continental Casualty	1,681	8,075	9,620	136
Teacher Insurance Reimbursment	4,940	-	-	4,940
Bay State Health Insurance	9,333	-	9,333	-
Teachers Retirement	-	13,437	527	12,910
Excise Registry Fees	-	10,625	6,360	4,265
3 Bigelow Contingency Fund	-	3,922	-	3,922
Retroactive Wages	-	480	-	480
Land Court Fees	-	615	-	615
Total	$ 1,512,570	3,021,021	3,978,311	555,280

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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 used 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 that the balance shall not fall below $ 2000. As of June 30, 1989, the expendable balance was $ 5,840.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 7,183	$ 0	$ 658	$ 7,841

Cambridge Public School Fund

In February of 1986, the City accepted a $ 10,000 gift from 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, 1989, the expendable balance was $ 1,636.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 123	$ 4,090	$ 5,603	$ 1,636

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 was subsequently closed and demolished; the trust now provides funds for the purchase of books or works of art for any school. As of June 30, 1989, the expendable balance was $ 985.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 1,135	$ 0	$ 104	$ 1,239

Georgia Hardy Spelling Contest

This fund was a gift from Georgia Hardy which consisted of one 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, 1989, the expendable balance was $ 869.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 796	$ 0	$ 73	$ 869

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 levels 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 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ (1,026)	$ 0	$ 0	$ (1,026)

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 and who attends college the next year. As of June 30, 1989, the expendable balance was $ 6,921.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 8,357	$ 500	$ 764	$ 8,621

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, 1989, the expendable balance was $ 1,855.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 1,700	$ 0	$ 155	$ 1,855

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, 1989, the expendable balance was $ 672.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 616	$ 0	$ 56	$ 672

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, 1989, the expendable balance was $ 4,888.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 5,203	$ 2,373	$ 2,058	$ 4,888

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, 1989, the expendable balance was $ 1,136.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 1,041	$ 0	$ 95	$ 1,136

Edward J. Shea Memorial Fund

In June of 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, 1989, the expendable balance was $ 698.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 960	$ 50	$ 88	$ 998

Webster H. Thierry Historic Prize Fund

This fund was established through a $ 300 donation 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, 1989, the expendable balance was $ 1,932.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 2,044	$ 0	$ 187	$ 2,231

J. Maxwell Joseph Memorial Writing Award Trust Fund

The J. Maxwell Joseph Memorial Writing Award Trust Fund was established to commemorate J. Maxwell Joseph, a 1988 graduate of Cambridge Ringe and Latin High School, who died on August 26, 1988. The purpose of the Trust is to provide an annual Writing Center Award at Cambridge Ringe and Latin High School (CRLS). The CRLS Writing Center provides students with the opportunity to develop writing skills. This award will be granted to the graduating senior who makes the best use of the Writing Center. As of June 30, 1989, the expendable balance was $ 1,000.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 0	$ 0	$ 19,735	$ 19,735

Neville Manor Nursing Home Trust Funds

Anna D. Behlen Fund

Under the terms of Anna D. Behlen's will, accepted by the Council on March 11, 1974, the Neville Manor Nursing Home was the recipient of a gift of $ 1,800, whose interest is to be used for the enjoyment and recreation of the residents of Neville Manor. As of June 30, 1989, the expendable balance was $ 1 ,793.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 3,293	$ 0	$ 301	$ 3,593

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 is 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, 1989, the expendable balance was $ 1,549.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 6,027	$ 0	$ 551	$ 6,578

Reverend Patrick H. Callahan Fund

A gift in the amount of $ 2,000 was willed to the City by Reverend Patrick H. Callahan, Pastor of St. Peter's Church. The interest of the trust is to be spent for a "feast day" on December 18th for the residents of the Neville Manor. As of June 30, 1989, the expendable balance was $ 3,060.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 4,636	$ 0	$ 424	$ 5,060

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, 1989, the expendable balance was $ 3,172.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 2,953	$ 0	$ 219	$ 3,172

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 is used to provide a Christmas of "good cheer" for the residents. As of June 30, 1989, the expendable balance was $ 4,474.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 7,069	$ 1,793	$ 698	$ 5,974

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, 1989, the expendable balance was $ 10,689.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 16,751	$ 0	$ 1,528	$ 18,279

Frank F. Rogers, Jr. Fund

At the time of the death of the wife of Frank F. Rogers, $ 50,000 was divided into 10 equal shares, one of which Neville Manor received. The trust stipulates that the annual income should be expended for entertainment and gifts for the residents of Neville Manor. As of June 30, 1989, the expendable balance was $ 4,635.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 8,882	$ 0	$ 753	$ 9,635

Sarah E. Russell Fund

As provided in the will of Sarah E. Russell, who died Oct 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, 1989, the expendable balance was $ 2,257.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 2,814	$ 0	$ 257	$ 3,071

John and Catherine Shine Fund

Elizabeth M. Shine bequeathed the sum of $ 2,000 to Neville Manor. The income is to be used for a celebration on January 9th, in memory of the wedding day of Miss Shine's parents. As of June 30, 1989, the expendable balance was $ 8,939.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 10,022	$ 0	$ 917	$ 10,939

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 children's book collection and to cover any unbudgeted or unexpected maintenance costs for the bookmobile. As of June 30, 1989, the expendable balance was $ (248).

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 4,944	$ 5,570	$ 378	$ (248)

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, 1989, the expendable balance was $ 9,264.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 9,106	$ 2,588	$ 2,746	$ 9,264

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, 1989, the expendable balance was $ 8,734.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 25,486	$ 8,500	$ 1,949	$ 18,934

Library Trust Funds

Bookmobile Trust Fund

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FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 9,106	$ 2,588	$ 2,746	$ 9,264

Cambridge History Fund

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FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 25,486	$ 8,500	$ 1,949	$ 18,934

Library Trust Funds

Bookmobile Trust Fund

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FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 4,944	$ 5,570	$ 378	$ (248)

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, 1989, the expendable balance was $ 9,264.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 9,106	$ 2,588	$ 2,746	$ 9,264

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, 1989, the expendable balance was $ 8,734.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 25,486	$ 8,500	$ 1,949	$ 18,934

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 children's book collection and to cover any unbudgeted or unexpected maintenance costs for the bookmobile. As of June 30, 1989, the expendable balance was $ (248).

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 4,944	$ 5,570	$ 378	$ (248)

Cambridge Field Branch Library Fund

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FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 25,486	$ 8,500	$ 1,949	$ 18,934

Cambridge Public Library Benefit Fund

The City Council authorized the establishment of a Library Benefit Trust Fund by the Trustees of the Cambridge Library in February 1988. The trust is to be used for general library purposes. As of June 30, 1989, the expendable balance was $ 2,191.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 1,246	$ 0	$ 945	$ 2,191

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, 1989, the expendable balance was $ 2,924.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 9,591	$ 0	$ 733	$ 10,324

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 placed 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, 1989, the expendable balance was $ 755.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 6,182	$ 0	$ 73	$ 6,255

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, 1989, the expendable balance was $ 834.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 2,633	$ 0	$ 201	$ 2,834

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, 1989, the expendable balance was $ 226.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 1,139	$ 0	$ 87	$ 1,226

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, 1989, the expendable balance was $ 43.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 40	$ 0	$ 3	$ 43

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, 1989, the expendable balance was $ 463.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 1,359	$ 0	$ 104	$ 1,463

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, 1989, the expendable balance was $ 1,002.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 3,718	$ 0	$ 284	$ 4,002

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 the residents of Cambridge. As of June 30, 1989 the expendable balance was $ 219.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 1,132	$ 0	$ 87	$ 1,219

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 Library for book purchases as necessary and interest income from the principal is unrestricted. As of June 30, 1989, the expendable balance was $ 550.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 511	$ 0	$ 39	$ 550

Maria Murdock Fund

In 1922, Maria Murdock left to the Cambridge Public Library an unrestricted gift of $ 2,000. As of June 30, 1989, the expendable balance was $ 595.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 2,411	$ 0	$ 184	$ 2,595

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, 1989, the expendable balance was $ 2,600.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 3,809	$ 0	$ 291	$ 4,100

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, 1989, the expendable balance was $ 4,308.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 10,860	$ 0	$ 448	$ 11,308

Webster H. Thierry Library Fund

In 1956, Adelaide R. Thierry donated the sum of $ 1 ,128 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, 1989, the expendable balance was $ 3,781.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 4,561	$ 0	$ 349	$ 4,910

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, 1989, the expendable balance was $ 6,915.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 10,140	$ 0	$ 775	$ 10,915

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, 1989, the expendable balance was $ 712.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 2,055	$ 0	$ 157	$ 2,212

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 trust is to be expended for the purchase of books that are designated by an appropriate plate or card. As of June 30, 1989, the expendable balance was $ 3,606.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 8,226	$ 0	$ 380	$ 8,606

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, 1989, the expendable balance was $ 9,573.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 12,808	$ 450	$ 1,421	$ 13,779

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, 1989, the expendable balance was $ 146,706.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 158,513	$ 0	$ 18,193	$ 176,706

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, 1989, the expendable balance was $ 18,804.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 17,228	$ 0	$ 1,576	$ 18,804

Housing Trust Fund

In fiscal year 1988, the City established an Affordable Housing Trust to facilitate the development and/or rehabilitation of affordable housing units. Developers that obtain a special permit authorizing an increase in the permisable density of population or intensity of a particular use in a proposed development, are required either to create housing or to contribute an amount based on square footage to the Affordable Housing Trust. As of June 30, 1989, the expendable balance was $ 505,464.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 176,901	$ 0	$ 328,561	$ 505,464

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, 1989, the expendable balance was $ 5,203.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 2,641	$ 0	$ 2,562	$ 5,203

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, 1989, the expendable balance was $ 2,683.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 16,380	$ 5,195	$ 1,498	$ 12,683

Melville Shoe Fund

In 1969, the Melville Shoe Company set up a fund to support a program for training retarded young adults. As of June 30, 1989, the expendable balance was $ 863.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 791	$ 0	$ 72	$ 863

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, 1989, the expendable balance was $ 6,000.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 5,497	$ 0	$ 503	$ 6,000

Cambridge Plant & Garden Club Tree Fund

In the spring of 1963, the City accepted a gift of $ 300 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 should be used for conservation and horticultural activities. As of June 30, 1989, the expendable balance was $ 13,197.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 10,941	$ 2,536	$ 4,792	$ 13,197

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, 1989, the expendable balance was $ 11,425.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 15,949	$ 525	$ 1,001	$ 16,425

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, 1989, the expendable balance was $ 879.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 805	$ 0	$ 74	$ 879

Sheehan War Memorial Fund

This fund was begun by the students of Cambridge Rindge and Latin High School to install a plaque in the War Memorial in honor of the war dead. However, the City dedicated a plaque before the Cambridge Rindge and Latin High School 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, 1989, the expendable balance was $ 6,712.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 6,150	$ 0	$ 562	$ 6,712

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, 1989, the expendable balance was $ 8,744.

FY 1989 Opening Balance	FY 1989 Expenditures	FY 1989 Income	FY 1989 Closing Balance
$ 17,992	$ 0	$ 1,646	$ 19,638

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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 30,1989.

CITY OF CAMBRIDGE, MASSACHUSETTS

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

Year ended June 30, 1989

	Uncollected June 30, 1988	Commitments	Abatements	Transfers to Tax Title	Refunds	Collections	Adjustments Increase (decrease)	Uncollected June 30, 1989
Real estate taxes:								
1979 and prior	$ 197,640	-	3,259	-	1,556	6,766	2,633	191,804
1980	87,405	-	1,319	-	-	14,343	5,570	77,313
1981	62,275	-	829	-	2	4,886	1,944	58,506
1982	76,802	-	999	-	-	5,371	(1,937)	68,495
1983	142,155	-	-	-	1,268	15,976	(9,883)	117,564
1984	82,031	-	24,161	-	14,191	7,785	11,196	75,472
1985	114,359	-	7,732	-	36,223	26,569	(20,543)	95,738
1986	39,653	-	6,067	-	44,925	6,631	(25,665)	46,215
1987	890,316	-	408,507	113,916	289,767	208,731	(365,190)	83,739
1988	3,449,227	-	747,625	587,939	577,742	2,701,775	82,021	71,651
1989	-	91,695,623	1,632,317	-	345,690	86,849,916	227,558	3,786,638
	$ 5,141,863	91,695,623	2,832,815	701,855	1,311,364	89,848,749	(92,296)	4,673,135
Personal property taxes:								
1979 and prior	$ 204,535	-	-	-	-	-	-	204,535
1980	58,528	-	-	-	-	-	-	58,528
1981	71,221	-	-	-	-	-	-	71,221
1982	85,147	-	-	-	-	-	-	85,147
1983	103,931	-	-	-	-	-	-	103,931
1984	69,833	-	-	-	-	9	-	69,824
1985	79,889	-	-	-	-	-	-	79,889
1986	68,456	-	-	-	-	392	-	68,064
1987	472,791	-	-	-	7,837	7,391	-	473,237
1988	226,339	-	27,475	-	423	17,553	3,513	185,247
1989	-	2,881,055	11,429	-	66,599	2,772,752	(167)	163,306
	$ 1,440,670	2,881,055	38,904	-	74,859	2,798,097	3,346	1,562,929
Motor vehicle excise taxes:								
1979 and prior	$ 1,296,758	-	5,672	-	283	33,154	(1)	1,258,214
1980	345,369	-	2,714	-	148	13,165	(115)	329,523
1981	138,314	-	858	-	61	5,242	(38)	132,237
1982	139,098	-	566	-	125	9,892	2,891	131,656
1983	125,341	-	1,004	-	236	11,650	(256)	112,667
1984	120,046	-	1,270	-	20	10,498	(138)	108,160
1985	181,712	-	383	-	455	13,704	(170)	167,910
1986	160,832	-	1,438	-	438	13,703	(1,052)	145,077
1987	366,563	70,203	25,024	-	13,177	151,544	(6,505)	266,870
1988	652,601	605,124	65,408	-	37,699	903,898	(8,250)	317,868
1989	-	2,200,622	86,935	-	9,648	1,758,392	0	364,943
	$ 3,526,634	2,875,949	191,272	-	62,290	2,924,842	(13,634)	3,335,125
Boat Excise Taxes								
1980	6,942	-	-	-	-	-	(6,942)	-
1981	6,665	-	-	-	-	-	(6,665)	-
1982	7,251	-	-	-	-	-	(7,251)	-
1983	4,677	-	-	-	-	-	(4,677)	-
1984	10,175	-	-	-	-	-	(10,175)	-
Totals	$ 35,710	-	-	-	-	-	(35,710)	-

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of Bonds Payable

June 30, 1989

	Interest Rates	Issue Date	Final Maturity Date	Balance June 30,1988	Additions	Retired	Balance June 30, 1989
Inside Debt Limit:							
Surface drainage loan	4.7%	9/1/72	9/1/92	75,000	-	15,000	60,000
Surface drainage loan	5.38%	10/15/76	10/15/96	675,000	-	75,000	600,000
Multi-purpose	11.4-11.6%	6/1/82	6/1/92	200,000	-	50,000	150,000
Multi-purpose	5.6-5.7%	6/15/87	6/15/97	8,380,000	-	1,205,000	7,175,000
Multi-purpose	6.4-6.5%	6/15/89	6/15/99	-	12,015,000	-	12,015,000
Sewer loan	9.1-9.2%	12/15/82	12/15/92	2,500,000	-	500,000	2,000,000
Surface drainage loan	7.2%	2/15/84	11/15/88	380,000	-	380,000	-
Lechmere Canal Park Loan	7.0%	7/1/85	7/1/95	3,550,000	-	450,000	3,100,000
Public Building Renovation	7.0%	7/1/85	7/1/90	900,000	-	300,000	600,000
Hospital loan (Boiler renovations)	7.0%	7/1/85	7/1/93	1,380,000	-	230,000	1,150,000
Hospital loan (Equipment)	7.0%	7/1/85	7/1/88	495,000	-	495,000	-
Lechmere Parking Garage	6.1-6.2%	7/1/86	7/1/94	615,000	-	85,000	530,000
Building Renovations	5.9-6.35%	6/15/88	6/15/98	3,025,000	-	305,000	2,720,000
Streets and Sidewalks	5.9-6.35%	6/15/88	6/15/98	1,000,000	-	100,000	900,000
Radio Equipment	5.9-6.35%	6/15/88	6/15/98	975,000	-	330,000	645,000
				24,150,000	12,015,000	4,520,000	31,645,000
Outside Debt Limit:							
School Debt: School Project Loan	5.8%	11/1/69	11/1/88	100,000	-	100,000	-
School Project Loan	5.8%	11/1/69	11/1/89	400,000	-	200,000	200,000
School Project Loan	5.7%	9/1/70	9/1/90	900,000	-	300,000	600,000
School Project Loan	5.25%	7/1/71	7/1/91	760,000	-	190,000	570,000
School Project Loan	11.4-11.6%	6/1/82	6/1/92	1,000,000	-	250,000	750,000
High School Loan	5.7%	6/15/78	6/15/98	11,550,000	-	1,155,000	10,395,000
School Project Loan	7.2%	2/15/84	11/15/93	1,200,000	-	200,000	1,000,000
School Project Loan	9%	8/1/84	8/1/93	5,925,000	-	1,000,000	4,925,000
School Building Renovation	5.6-5.7%	6/15/87	6/15/97	1,630,000	-	185,000	1,445,000
				23,465,000	-	3,580,000	19,885,000
Parking:							
Lechmere Parking Garage	7.0%	7/1/85	7/1/93	1,570,000	-	265,000	1,305,000
Lechmere Parking Garage	6.1-6.2%	7/1/86	7/1/94	2,325,000	-	335,000	1,990,000
				3,895,000	-	600,000	3,295,000
Hospital:							
Hospital Loan	4.40%	7/1/68	7/1/88	115,000	-	115,000	-
Sewer Projects:							
Sewer Loan	5.38%	10/15/76	10/15/96	1,945,000	-	220,000	1,725,000
Sewer Loan	4.70%	9/1/72	9/1/92	500,000	-	100,000	400,000
				2,445,000	-	320,000	2,125,000
				$ 54,070,000	12,015,000	9,135,000	56,950,000

CITY OF CAMBRIDGE, MASSACHUSETTS

Schedule of General Fixed Assets - by Function and Activity

Year Ended June 30, 1989

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment
General Government:					
Control:					
Legislative	$ 34,487	$ -	$ -	$ -	$ 34,487
Executive	60,765	-	-	-	60,765
Total Control	95,252	-	-	-	95,252
Staff Agencies:					
Elections	17,323	-	-	-	17,323
Finance	1,327,236	-	-	-	1,327,236
Law	12,855	-	-	-	12,855
Employee Benefits	9,201	-	-	-	9,201
Animal Commission	5,429	-	-	-	5,429
Public Celebrations	3,322	-	-	-	3,322
Total Staff Agencies	1,375,366	-	-	-	1,375,366
Total General Government	1,470,618	-	-	-	1,470,618
Public Safety:					
Building Inspection	9,799	-	-	-	9,799
License	14,611	-	-	-	14,611
Emergency Management	43,937	-	-	-	43,937
Fire Protection	7,776,693	3,274,675	1,806,228	-	2,695,790
Police Protection	2,673,359	999,803	483,994	-	1,189,562
Traffic and Parking	20,699,033	1,952,080	18,095,215	-	651,738
Electrical	388,415	50,000	147,315	-	191,100
Total Public Safety	31,605,847	6,276,558	20,532,752	-	4,796,537
Community Maintenance and Development:					
Public Works	23,855,973	14,734,126	5,548,768	-	3,573,079
Community Development	116,225	-	-	-	116,225
Historical Commission	15,389	-	-	-	15,389
Conservation Commission	2,975	-	-	-	2,975
Rent Control	36,434	-	-	-	36,434
Cable Television	72,292	-	-	-	72,292
Total Community Maintenance and Development	24,099,288	14,734,126	5,548,768	-	3,816,394
Human Resource Development:					
Library	1,610,631	125,000	1,098,556	-	387,075
Human Services	88,817,529	87,242,253	327,377	967,281	280,618
Human Rights Commission	2,130	-	-	-	2,130
Women's Commission	6,937	-	-	-	6,937
Veteran's Benefits	4,285	-	-	-	4,285
Total Human Resources	90,441,512	87,367,253	1,425,933	967,281	681,045
Public Schools	99,385,766	55,067,765	39,808,074	525,868	3,984,059
Neville Manor	6,524,880	5,552,182	819,197	-	153,501
Construction in Progress	3,126,275	-	-	-	-
Total General Fixed Assets	$ 256,654,186	$ 168,997,884	$ 68,134,724	$ 1,493,149	$ 14,902,154

CITY OF CAMBRIDGE MASSACHUSETTS

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

Year Ended June 30, 1989

Function and Activity	General Fixed Assets June 30, 1988	Additions	Deductions	General Fixed Assets June 30, 1989
General Government				
Control:				
Legislative	$ 33,419	$ 1,068	$ -	$ 34,487
Executive	57,743	3,022	-	60,765
Total Control	91,162	4,090	-	95,252
Staff Agencies:				
Elections	14,985	2,338	-	17,323
Finance	1,214,852	112,384	-	1,327,236
Law	11,203	1,652	-	12,855
Employee Benefits	2,315	6,886	-	9,201
Animal Commission	4,761	668	-	5,429
Public Celebrations	3,322	-	-	3,322
Total Staff Agencies	1,251,438	123,928	-	1,375,366
Total General Government	1,324,600	128,018	-	1,470,618
Public Safety:				
Building Inspection	9,799	-	-	9,799
License	14,611	-	-	14,611
Emergency Management	43,937	-	-	43,937
Fire Protection	6,761,917	1,014,776	-	7,776,693
Police Protection	2,274,356	508,928	109,925	2,673,359
Traffic and Parking	20,693,113	5,920	-	20,699,033
Electrical	388,415	-	-	388,415
Total Public Safety	30,186,148	1,529,624	109,925	31,605,847
Community Maintenance and Development:				
Public Works	19,681,349	4,418,359	243,735	23,855,973
Community Development	90,693	25,532	-	116,225
Historical Commission	15,389	-	-	15,389
Conservation Commission	2,046	929	-	2,975
Rent Control	23,237	13,197	-	36,434
Cable Television	19,666	52,626	-	72,292
Total Community Maintenance and Development	19,832,380	4,510,643	243,735	24,099,288
Human Resource Development:				
Library	1,624,887	74,994	89,250	1,610,631
Human Services	88,777,380	40,149	-	88,817,529
Human Rights Commission	2,130	-	-	2,130
Women's Commission	8,270	2,864	4,197	6,937
Veteran's Benefits	4,285	-	-	4,285
Total Human Resource	90,416,952	118,007	93,447	90,441,512
Public Schools	99,246,993	138,773	-	99,385,766
Neville Manor	6,479,444	59,885	14,449	6,524,880
Construction in Progress	5,174,224	892,279	2,940,228	3,126,275
Total General Fixed Assets	$ 252,678,741	$ 7,377,229	$ 3,401,784	$ 256,654,186

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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)
General Fund--Budget Basis
Last Ten Fiscal Years

Fiscal Year	General Government and Intergovernmental	Public Safety	Community Maintenance and Development	Health and Hospital	Human Resource Development	Education	Water	Debt Services	Total
1980	17,011,920	18,191,438	16,787,679	20,480,820	10,496,178	28,512,149	3,416,401	7,010,460	121,907,045
1981	16,456,090	18,734,915	18,612,684	22,994,865	10,151,500	38,105,235	3,149,746	3,485,440	131,690,475
1982	17,109,699	19,070,531	18,218,424	25,052,675	6,469,580	36,610,665	3,697,546	3,806,780	130,035,900
1983	24,589,098	20,914,709	18,140,537	28,399,895	3,523,666 (2)	38,654,703	3,724,923	5,163,610	143,111,141
1984	27,118,518	23,032,520	17,875,362	30,585,285	3,692,420	43,079,170	4,527,783	4,847,265	154,803,323
1985	25,661,735	24,788,805	18,778,919	32,619,000	3,947,640	46,132,435	3,259,991	3,938,160	159,126,685
1986	21,217,535(3)	28,590,055	20,220,685	39,487,585	4,866,860	48,988,761	3,587,600	4,045,605	171,004,686
1987	20,988,685	32,032,930	22,737,335	42,298,735	5,303,640	51,799,155	3,549,650	3,896,035	182,705,175
1988	22,211,019	33,028,045	22,556,414	45,031,381	6,187,260	56,488,499	3,932,794	4,814,157	194,249,569
1989	24,622,933	41,710,216	19,822,690	52,480,973	6,968,342	61,516,982	3,787,693	5,492,663	216,402,492

(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).

CITY OF CAMBRIDGE, MASSACHUSETTS

General Revenues By Source

Last Ten Fiscal Years

Fiscal Year	Taxes (1)	Licenses and Permits	Inter-Govern-mental Revenue	Charges for Service	Fines and Forfeits	Miscellaneous Revenues	Total
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
1988	93,735,914	2,962,445	40,679,645	50,972,397	6,566,875 (2)	11,330,614	206,247,890 (2)
1989	100,124,906	3,990,544	42,722,387	57,425,435	7,172,974 (2)	6,870,904	218,307,150 (2)

(1) Includes property taxes, net of abatements, hotel/motel and motor excise taxes, and payments in-lieu of taxes.

(2) Includes $ 6,250,555 and $ 6,735,267 for 1988 and 1989, respectively, from parking fines reported in the Special Revenue Fund.

CITY OF CAMBRIDGE, MASSACHUSETTS

Property Tax Levies and Collections(1)

Last Ten Fiscal Years

Fiscal Year	Net Tax(2) Levy	Current Tax(3) Collections	Percent of Net Levy Collected	Prior Year Tax Collections (4)	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
1988	85,233,221	82,438,677	96.72	40,680,470(7)	123,119,147	144.35	6,582,533	7.72
1989	92,585,894	89,210,379	96.35	2,050,244	91,260,623	98.57	6,236,064	6.74

(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, net of related refunds.

(4) Prior year tax collections for any fiscal year exclude interest and penalties, and relate to collections in the current year that relate to prior year levies, net of related refunds.

(5) Outstanding and/or delinquent taxes exclude accrued interest and penalties.

(6) Fiscal year 1987 collections are lower in comparison to other years 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.

(7) Prior year tax collections are higher in comparison to previous years due to the late issuance, and correspondingly late collection, of fiscal year 1987 tax bills for the second half of the year.

Source: Audit reports for the City of Cambridge for fiscal years 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, and 1989.

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
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
1988	6,000,944,260	147,000,000	6,147,944,260	4,192,316,000	146.6
1989	6,634,779,532	143,610,072	6,778,389,604	7,190,306,000	94.3

(1) As of January 1, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987 and 1988 respectively.

(2) As of January 1, 1978, 1980, 1982, 1984, 1986 and 1988 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
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	664
1988	91,260	6,147,944,260	54,070,000	.9	592
1989	91,260	6,778,389,604	56,950,000	.8	624

(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) Includes general obligation bonds that are reported as debt of the Enterprise Funds.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Computation of Legal Debt Margin

June 30, 1989

Fiscal year 1989 equalized valuation (1)		$ 7,190,306,000
Normal debt limit (2-1/2% of equalized valuation)		$ 179,757,650
Amount of debt applicable to debt limit:		
Total bonded debt	$ 56,950,000	
Less:		
General obligation bonds exempted by authority of the state legislature	(25,305,000)	
Amount within debt limit		31,645,000
Legal Debt Margin		$ 148,112,650

(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, 1988.

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(3)	Interest(3)	Total Debt Service(1)	Total Expenditures(2)	Ratio of Debt Service To Total Expenditures
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
1988	8,595,000	3,843,586	12,438,586	194,249,569	6.4
1989	9,135,000	3,349,109	12,484,109	216,402,492	5.8
Average					

(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.

(3) Includes principal and interest on all general obligation bonds outstanding, including bonds payable reported in the Enterprise Funds.

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)
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 34.60 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
1988	9.79 Residential 21.15 Commercial	21.15	25.00
1989	9.23 Residential 20.06 Commercial	20.06	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, 1989

Name of Unit	Direct Debt(1)	Outstanding Overlapping Debt	Percentage Applicable to City of Cambridge	Total City of Cambridge Direct and Overlapping Debt
City of Cambridge	$ 56,950,000	$ -	100%	$ 56,950,000
Middlesex County	-	4,875,000	6.8	331,500
Massachusetts Water Resources Authority				
Sewer	-	562,128,131	4.78	26,843,737
Water	-	140,406,019	.05	72,869
Massachusetts Bay Transportation Authority	-	1,071,735,000	5.10	54,698,139
Total direct and overlapping debt	$56,950,000	$1,779,144,150		$112,896,245

Source: City Department of Finance.

(1) Includes general obligation bonds that are reported as debt of the Enterprise Funds.

CITY OF CAMBRIDGE, MASSACHUSETTS

Principal Taxpayers(1)

June 30, 1989

Name	Nature of Business	Assessed Valuation	Amount of Tax	% of Total Tax Levy
Boston Properties	Commercial	$ 182,945,300	$ 3,669,882	3.9%
Commonwealth Energy	Utility	156,204,900	3,121,608	3.3
Harvard College	Education	186,917,914	2,921,286	3.1
Massachusetts Institute of Technology	Education	150,619,200	2,886,178	3.1
Prudential Insurance	Commercial	135,324,000	2,714,617	2.9
Robert A. Jones and K. George Najarian	Commercial	116,231,200	2,331,597	2.5
Spaulding & Slye Corp.	Commercial	91,965,800	1,844,833	2.0
The Congress Group	Commercial	60,424,000	1,212,105	1.3
Charles Square	Commercial	58,975,400	1,183,038	1.3
New England Telephone	Utility	49,315,200	989,262	1.0
Totals		$1,188,922,914	$ 22,874,406	24.4%

(1) For fiscal year 1989 (as of January 1, 1988)

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

Salaries of Principal Officials

June 30, 1989

Official Title	Annual Salary
City council:	
Chairman (Mayor)	$ 43,232
Members	33,232
City Clerk	50,985
City Auditor	50,985
Executive:	
City Manager	101,452
Deputy City Manager	83,840
Assistant City Manager/Fiscal Affairs	67,980
Assistant City Manager/Community Development	67,980
Assistant City Manager/Human Services	67,980
Budget Director	50,985
Personnel Director	62,000
Director of Assessment	58,710
City Solicitor	50,985
Commissioner of Health, Hospitals and Welfare	74,675
Commissioner of Public Works	70,000
Commissioner of Inspectional Services	58,710
Superintendent of Schools	90,000
Police Chief	63,860(1)
Fire Chief	63,860(1)
Director of Libraries/Communications	64,976

(1) Does not include educational incentives.

Source: City Department of Finance.

CITY OF CAMBRIDGE, MASSACHUSETTS

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST SIX FISCAL YEARS

(Dollars in thousands)

Fiscal Year	Real Property Assesed Value	Building Permits Issued(1)	Construction Value(1)	% Distribution(1) Residential	Commercial	Bank Deposits(2)
1984	$2,796,449	*	$127,597	20%	80%	$1,353,731
1985	2,973,620	1,845	142,382	27	73	1,476,968
1986	3,505,211	1,866	133,090	44	56	1,655,522
1987	5,825,497	2,982	201,222	46	54	1,929,282
1988	6,000,944	2,021	208,230	22	78	1,232,253
1989	7,183,754	1,590	256,953	14	86	*

* Not available

(1) Source: Inspectional Services Department

(2) Source: Federal Deposit Insurance Corporation

CITY OF CAMBRIDGE, MASSACHUSETTS

Miscellaneous Statistics

Characteristic	Cambridge	Boston SMSA	Massachusetts	United States
Population (1):	91,260	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):				
1985	$ 13,494	$ 10,774	$ 16,324	$ 13,908
1983	11,403	9,100	10,517	9,496
1981	9,755	7,881	9,101	8,476
1979	7,957	6,555	7,458	7,313
1969	3,899	3,897	3,425	3,119
Unemployment rates (4):				
1989	2.4%	3.2%	3.9%	5.6%
1988	2.4	2.8	3.3	5.5
1987	2.4	3.1	3.8	6.2
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):				
1988	4,584	2,400	721	7,705
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," 1988.
(2) Source: U.S. Department of Commerce, Bureau of Census, and the Bureau of Economic Analysis, 1980 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, 1988 through June 30, 1989

Electronic Publishing	Advanced Data Reprographics, Inc.
Paper	70 pound Finch
Covers and Dividers	80 pound coated
Printing - Laser Printing/text	Advanced Data Reprographics, Inc.
Printing - Covers and Dividers	Quality Business Forms
Composing	Finance Department
Cover and Divider Design	Claudia Sharon Chanzit
Photograph	Claire Spinner

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

January 29, 1990

The Honorable, The City Council:

Attached is the City's Comprehensive Financial Report (CAFR) for the year ending June 30, 1989. Each year, the City's Finance Department prepares this report, which presents comprehensive financial and operating information about the City's activities during the preceding fiscal year. Every attempt is made to prepare a detailed report in a readable format that will meet the needs of many persons and groups with an interest in the financial affairs of the City of Cambridge.

REPORT CONTENTS

The report is divided into three major sections: The Introductory Section, which highlights some of the major initiatives undertaken during the fiscal year and summarizes the City's financial condition; the Financial Section, which contains the general purpose financial statements audited by the independent public accounting firm of Peat Marwick Main & Co.; and the Statistical Section, which presents an array of historical financial and socioeconomic data about the City.

FINANCIAL SUMMARY

The City ended fiscal year 1989 in a sound financial position. General Fund revenues totalled $211.5 million, an increase of almost six percent over fiscal year 1988. Property taxes were the single largest source of revenues, representing about 44 percent of General Fund revenues. Hospital receipts and intergovernmental revenues each represented approximately 20 percent of General Fund revenues, while the remaining 16 percent was comprised of water/sewer use, excise taxes, investment interest and miscellaneous receipts. Net transfers of $5.7 million from special revenue funds and a free cash appropriation of $5.0 million brought the grand total of FY 1989 General Fund revenues to $222.4 million. General Fund expenditures and encumbrances totalled $216.4 million. The largest expenditure areas were education, health and hospital services and public safety, which represented 28 percent, 24 percent and 19 percent, respectively, of the total general fund expenditures during fiscal year 1989. More detail about revenues and expenditures is provided in the narrative descriptions, tables and graphs on pages vi and viii as well as the Combined Statement of Revenues, Expenditures and Changes in Fund Balances on pages 8 and 9.

CONCLUSION

The City annually submits the CAFR to the Government Finance Officers Association (GFOA) for review and has received the GFOA's Certificate of Achievement of Excellence in Financial Reporting for the past three fiscal year (FY 1985-86, FY 1986-87, FY 1987-88). The City of Cambridge is the only City in the Commonwealth to receive this award.

Additional copies of the CAFR may be obtained by contacting the Finance Department at 498-9032.

Very truly yours,

Robert W. Healy
City Manager

RWH/mev
enclosure

Agenda # 9 F-53

City's Comprehensive Financial Report
(CAFR) for the year ending June 30, 1989.

In City Council,

January 29, 1990

1/29/90
Referred to the Finance
Committee on motion
of Councillor Cyr.
Copy sent to Finance
Committee 1/30/90 (a)